

**PUBLIC HEALTH INSTITUTE**  
**FINANCIAL STATEMENTS**  
**WITH SUPPLEMENTARY REGULATORY**  
**COMPLIANCE INFORMATION**  
December 31, 2018 and 2017

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Public Health Institute  
Oakland, California

**Report on the Financial Statements**

We have audited the accompanying financial statements of Public Health Institute (the "Institute"), which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Institute's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Institute's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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(Continued)

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Public Health Institute as of December 31, 2018 and 2017, and the change in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

As discussed in Note 1 to the financial statements, the Institute has adopted ASU 2016-14 - *Not-For-Profit Entities (Topic 958): Presentation of Financial Statements of Not-For-Profit Entities*. Our opinion is not modified with respect to this matter.

## **Other Matter**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of expenditures of federal awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain other procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

## **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated June 14, 2019 on our consideration of Public Health Institute's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Public Health Institute's internal control over financial reporting and compliance.

  
Crowe LLP

San Francisco, California  
June 14, 2019

PUBLIC HEALTH INSTITUTE  
STATEMENTS OF FINANCIAL POSITION  
December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 20,998,867	\$ 16,704,074
Grants and contracts receivable, net of allowance for doubtful accounts of \$75,000 in 2018 and 2017	10,902,414	13,090,600
Prepaid expenses	1,918,651	1,913,655
Other assets	<u>318,947</u>	<u>395,173</u>
Total current assets	<u>34,138,879</u>	<u>32,103,502</u>
Furniture, equipment and computer software, net of accumulated depreciation and amortization (Note 3)	<u>2,199,479</u>	<u>2,675,097</u>
Total assets	<u>\$ 36,338,358</u>	<u>\$ 34,778,599</u>
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities:		
Accounts payable and other accrued liabilities	\$ 4,748,376	\$ 3,729,545
Accrued salaries and related leave	7,688,009	7,664,755
Contract advances	<u>5,045,539</u>	<u>5,004,406</u>
Total current liabilities	<u>17,481,924</u>	<u>16,398,706</u>
Net assets:		
Without donor restrictions:		
Undesignated	4,699,615	4,959,632
Designated (Note 4)	<u>1,239,035</u>	<u>1,118,008</u>
Total without donor restrictions	5,938,650	6,077,640
With donor restrictions (Note 5)	<u>12,917,784</u>	<u>12,302,253</u>
Total net assets	<u>18,856,434</u>	<u>18,379,893</u>
Total liabilities and net assets	<u>\$ 36,338,358</u>	<u>\$ 34,778,599</u>

See accompanying notes to financial statements.

PUBLIC HEALTH INSTITUTE  
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS  
For The Years Ended December 31, 2018 and 2017

	2018			2017		
	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Support and revenue						
Grants and contracts (Notes 2 and 9)	\$ 93,980,291	\$ 18,025,715	\$ 112,006,006	\$ 93,475,667	\$ 18,315,600	\$ 111,791,267
Contributions	484,916	-	484,916	388,978	-	388,978
Net assets released from donor restrictions	<u>17,410,184</u>	<u>(17,410,184)</u>	<u>-</u>	<u>13,310,448</u>	<u>(13,310,448)</u>	<u>-</u>
Total support and revenue	<u>111,875,391</u>	<u>615,531</u>	<u>112,490,922</u>	<u>107,175,093</u>	<u>5,005,152</u>	<u>112,180,245</u>
Expenses						
Direct expenses:						
Salaries, wages and benefits (Note 8)	63,595,655	-	63,595,655	62,602,658	-	62,602,658
Professional services	9,975,993	-	9,975,993	6,919,065	-	6,919,065
Travel, training and professional development	7,780,636	-	7,780,636	7,082,132	-	7,082,132
Occupancy (Note 7)	3,655,037	-	3,655,037	3,567,934	-	3,567,934
Supplies	656,218	-	656,218	1,153,703	-	1,153,703
Publications and printing	166,767	-	166,767	166,412	-	166,412
Temporary help	127,730	-	127,730	155,691	-	155,691
Communications	956,285	-	956,285	1,021,338	-	1,021,338
Postage and delivery	323,857	-	323,857	395,161	-	395,161
Subcontracts and grants	8,932,537	-	8,932,537	8,246,909	-	8,246,909
Other	<u>250,916</u>	<u>-</u>	<u>250,916</u>	<u>407,866</u>	<u>-</u>	<u>407,866</u>
Total direct expenses	<u>96,421,631</u>	<u>-</u>	<u>96,421,631</u>	<u>91,718,869</u>	<u>-</u>	<u>91,718,869</u>
Indirect expenses:						
Allocated	15,505,668	-	15,505,668	15,089,514	-	15,089,514
Unallocated	<u>87,082</u>	<u>-</u>	<u>87,082</u>	<u>116,845</u>	<u>-</u>	<u>116,845</u>
Total indirect expenses	<u>15,592,750</u>	<u>-</u>	<u>15,592,750</u>	<u>15,206,359</u>	<u>-</u>	<u>15,206,359</u>
Total expenses	<u>112,014,381</u>	<u>-</u>	<u>112,014,381</u>	<u>106,925,228</u>	<u>-</u>	<u>106,925,228</u>
Change in net assets	(138,990)	615,531	476,541	249,865	5,005,152	5,255,017
Net assets at beginning of year	<u>6,077,640</u>	<u>12,302,253</u>	<u>18,379,893</u>	<u>5,827,775</u>	<u>7,297,101</u>	<u>13,124,876</u>
Net assets at end of year	<u>\$ 5,938,650</u>	<u>\$ 12,917,784</u>	<u>\$ 18,856,434</u>	<u>\$ 6,077,640</u>	<u>\$ 12,302,253</u>	<u>\$ 18,379,893</u>

See accompanying notes to financial statements.

PUBLIC HEALTH INSTITUTE  
STATEMENT OF FUNCTIONAL EXPENSES  
For The Year Ended December 31, 2018

	Program Services and Fundraising			Management and General			Total Expenses
	Program Services	Fundraising	Subtotal	PHI	ARG	Subtotal	
Salaries, wages and benefits	\$ 63,589,803	\$ 5,852	\$ 63,595,655	\$ 10,764,026	\$ 740,329	\$ 11,504,355	\$ 75,100,010
Professional services	9,949,853	26,140	9,975,993	408,981	59,653	468,634	10,444,627
Travel, training and professional development	7,780,601	35	7,780,636	242,142	6,082	248,224	8,028,860
Occupancy	3,655,037	-	3,655,037	1,061,410	349,753	1,411,163	5,066,200
Supplies	656,218	-	656,218	336,326	69,667	405,993	1,062,211
Publications and printing	165,794	973	166,767	155,897	31,318	187,215	353,982
Temporary help	127,730	-	127,730	26,260	-	26,260	153,990
Communications	954,597	1,688	956,285	183,673	19,970	203,643	1,159,928
Postage and delivery	323,501	356	323,857	15,009	244	15,253	339,110
Subcontracts and grants	8,932,537	-	8,932,537	-	-	-	8,932,537
Other	250,698	218	250,916	1,118,730	3,280	1,122,010	1,372,926
	<u>\$ 96,386,369</u>	<u>\$ 35,262</u>	<u>\$ 96,421,631</u>	<u>\$ 14,312,454</u>	<u>\$ 1,280,296</u>	<u>\$ 15,592,750</u>	<u>\$ 112,014,381</u>

See accompanying notes to financial statements.

PUBLIC HEALTH INSTITUTE  
STATEMENT OF FUNCTIONAL EXPENSES  
For The Year Ended December 31, 2017

	Program Services and Fundraising			Management and General			Total Expenses
	Program Services	Fundraising	Subtotal	PHI	ARG	Subtotal	
Salaries, wages and benefits	\$ 62,596,573	\$ 6,085	\$ 62,602,658	\$ 10,132,890	\$ 847,243	\$ 10,980,133	\$ 73,582,791
Professional services	6,918,630	435	6,919,065	514,490	68,542	583,032	7,502,097
Travel, training and professional development	7,081,996	136	7,082,132	269,843	9,172	279,015	7,361,147
Occupancy	3,567,934	-	3,567,934	1,083,036	344,679	1,427,715	4,995,649
Supplies	1,153,703	-	1,153,703	287,333	121,707	409,040	1,562,743
Publications and printing	165,825	587	166,412	125,569	28,376	153,945	320,357
Temporary help	155,691	-	155,691	14,524	-	14,524	170,215
Communications	1,019,860	1,478	1,021,338	191,418	17,920	209,338	1,230,676
Postage and delivery	395,084	77	395,161	15,142	1,181	16,323	411,484
Subcontracts and grants	8,246,909	-	8,246,909	-	-	-	8,246,909
Other	407,810	56	407,866	1,108,651	24,643	1,133,294	1,541,160
	<u>\$ 91,710,015</u>	<u>\$ 8,854</u>	<u>\$ 91,718,869</u>	<u>\$ 13,742,896</u>	<u>\$ 1,463,463</u>	<u>\$ 15,206,359</u>	<u>\$ 106,925,228</u>

See accompanying notes to financial statements.



PUBLIC HEALTH INSTITUTE  
STATEMENTS OF CASH FLOWS  
For The Years Ended December 31, 2018 and 2017

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	<u>2018</u>	<u>2017</u>
<b>Cash flows from operating activities</b>		
Change in net assets	\$ 476,541	\$ 5,255,017
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	494,087	466,903
(Increase) decrease in:		
Grants and contracts receivable	2,188,186	137,707
Prepaid expenses	(4,996)	(433,875)
Other assets	76,226	(246,569)
Increase in:		
Accounts payable and accrued liabilities	1,018,831	888,978
Accrued salaries and related leave	23,254	699,071
Contract advances	<u>41,133</u>	<u>778,693</u>
Net cash provided by operating activities	<u>4,313,262</u>	<u>7,545,925</u>
<b>Cash flows from investing activities</b>		
Purchase of furniture, equipment and computer software	<u>(18,469)</u>	<u>(275,373)</u>
Net increase in cash and cash equivalents	4,294,793	7,270,552
Cash and cash equivalents at beginning of year	<u>16,704,074</u>	<u>9,433,522</u>
<b>Cash and cash equivalents at end of year</b>	<u>\$ 20,998,867</u>	<u>\$ 16,704,074</u>

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See accompanying notes to financial statements.

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION**

Organization: The Public Health Institute is a California nonprofit public benefit corporation organized and operated for charitable and scientific purposes under section 501(c)(3) of the Internal Revenue Code. The specific and primary purposes of the Public Health Institute and its subsidiaries (collectively, the Institute) are to improve the public's health in United States and globally through research, training and professional education, institutional support, consultation and technical assistance, information dissemination and policy analysis.

Principles of Consolidation: The accompanying financial statements of the Institute include the accounts of the Public Health Institute and the Public Health Institute's controlled subsidiaries: PHI India Private Limited, a private limited company organized under the laws of India, and Instituto de Saude Publica do Brasil, a private association organized under the laws of Brazil. The Public Health Institute's controlled subsidiaries are operated exclusively for the purpose of carrying out projects that advance PHI's charitable and scientific purposes in the Republic of India and Brazil respectively. All intercompany balances and transactions have been eliminated in consolidation.

The Institute's mission is to generate and promote research, leadership and partnerships to build capacity for strong public health policy, programs, systems and practices. The Institute believes that health is a fundamental human right and just societies ensure equitable health outcomes for everyone. The Institute is guided by the following key principles:

- Accountability
- Leadership and creativity in individuals and institutions
- Cross-sector thinking
- Diverse partnerships throughout the world
- Innovation
- Evidence-based public health

The Institute has adopted a strategic framework consisting of the following six overarching goals:

- Strengthen public health engagement and leadership
- Advance sustainable global health solutions
- Strengthen public health systems, services and research
- Advance policy to improve social determinants of health
- Diversify and strengthen funding base to ensure long-term impact
- Deliver operational excellence to the Institute's programs

The Alcohol Research Group ("ARG"), is a program of the Institute which focuses on better understanding the public health implications of alcohol use patterns and associated problems. Additionally, it disseminates these findings, as well as trains future generations of public health researchers to become independent scientist in the field of alcohol studies.

Basis of Presentation: The accompanying financial statements are presented on the accrual basis of accounting, and in accordance with generally accepted accounting principles in the United States of America.

Cash and Cash Equivalents: The Institute considers all cash and other highly liquid investments with initial maturities of three months or less when purchased to be cash equivalents. This classification also includes money market accounts held by the Institute.

Bank deposit accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to a limit of \$250,000. At times during the year, the Institute maintains cash balances in excess of the FDIC insurance limits. Management believes the risk in these situations to be minimal.

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(Continued)

PUBLIC HEALTH INSTITUTE  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2018 and 2017

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION**  
(Continued)

Furniture, Equipment and Computer Software: Furniture, equipment and computer software in excess of \$5,000 are capitalized and stated at cost if purchased, or at fair value if donated.

Furniture, equipment and computer software are depreciated/amortized on a straight-line basis over the estimated useful lives of the related assets, generally five to seven years. The cost of maintenance and repairs is recorded as expenses when incurred.

Compensated Absences: The Institute's current policy is to allow employees to accrue up to a maximum of 640 hours of paid time off. As of December 31, 2018 and 2017, the liability for accrued compensated absences aggregated \$6,957,966 and \$7,160,891, respectively, and is included in accrued salaries and related leave in the accompanying Statements of Financial Position.

Net Asset Classification: The net assets are reported in two self-balancing groups as follows:

- Net assets without donor restrictions – This classification includes revenue and contributions received which have no donor-imposed restrictions. These net assets are available for the operation of the Institute and include both internally designated (Note 4) and undesignated resources.
- Net assets with donor restrictions – This classification includes revenue and contributions which are subject to donor-imposed stipulations that will be met by the actions of the Institute, and/or the passage of time. When a restriction ceases, the restricted net assets are reclassified to “net assets without donor restrictions” and reported in the Statements of Activities and Changes in Net Assets, as net assets released from restrictions.

Grants and Contracts: Grants are recognized as net assets with donor restrictions when they are deemed to have a purpose or time restricted contribution. Grants received in excess of qualifying direct and indirect expenses incurred are shown as net assets with donor restrictions in the accompanying financial statements.

Contracts are recorded as revenue without donor restrictions when reimbursable costs are incurred or on a percentage of completion method (if a fixed price agreement). Contract funding received in advance of incurring the related expenses is recorded as a contract advance.

The Institute receives funding under grants and contracts from the U.S. Government for direct and indirect program costs. This funding is subject to contractual restrictions, which must be met through incurring qualifying expenses for particular programs. Accordingly, such grants are considered to be exchange transactions and are recorded as without donor restrictions income to the extent that related direct and indirect expenses are incurred in compliance with the criteria stipulated in the grant agreements.

Grants and contracts receivable represents amounts due from funding organizations for reimbursable expenses incurred in accordance with the related agreements. Grants and contracts receivable approximate fair value.

The allowance for doubtful accounts is determined based upon an annual review of account balances, including the age of the balance and the historical experience with the funder.

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(Continued)

PUBLIC HEALTH INSTITUTE  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2018 and 2017

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION**  
(Continued)

Income Taxes: The Institute is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code and from state income and franchise taxes under Section 23701d of the California Revenue and Taxation Code, except to the extent of unrelated business taxable income as defined under Internal Revenue Code Sections 511 through 515. A provision for income taxes has not been recorded in the accompanying financial statements. The Institute is not a private foundation.

Uncertain Tax Positions: For the years ended December 31, 2018 and 2017, the Institute has documented its consideration of FASB ASC 740-10, Income Taxes, that provides guidance for reporting uncertainty in income taxes and has determined that no material uncertain tax positions qualify for either recognition or disclosure in the financial statements.

The Federal Form 990, Return of Organization Exempt from Income Tax, is subject to examination by the Internal Revenue Service, generally for three years after it is filed.

Tax positions taken related to the Institute's tax exempt status, unrelated business activities taxable income and deductibility of expenses and other miscellaneous tax positions have been reviewed, and management is of the opinion that material positions taken by the Institute would more likely than not be sustained by examination. Accordingly, the Institute has not recorded an income tax liability for uncertain tax benefits as of December 31, 2018 and 2017 nor does it expect there will be a material change in the twelve months following the year ended December 31, 2018. As of December 31, 2018, the Institute's tax years ended December 31, 2014 through December 31, 2018 remain subject to examination in the United States federal tax jurisdiction and the tax years ended December 31, 2013 through December 31, 2018 remain subject to examination in the California state tax jurisdiction.

Use of Estimates: The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Functional Allocation of Expenses: The costs of providing the various programs and other activities have been summarized on a functional basis in the Statements of Activities and Changes in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Functional expenses are allocated based on hours incurred by the individuals assigned to the program and supporting services or by directly charging costs to a given function, where applicable.

Recently Adopted Accounting Guidance: In August 2016, the Financial Accounting Standards Board (FASB) issued FASB Accounting Standard Update No. 2016-14, *Not for Profit Entities (ASU 2016-14)*. ASU 2016-14 made several improvements to current reporting requirements, which address complexities related to not-for-profit reporting. The guidance requires an entity to continue to present on the face of the statement of cash flows the net amount for operating cash flows using either the direct or indirect method, but no longer requires the presentation of the indirect method reconciliation if using the direct method. It also requires entities to provide qualitative and quantitative information to communicate how the entity manages its liquid resources available to meet cash needs within one year of the statement of net position date. It further requires the entity to disclose expenses by both natural and functional classification, as well as the methods used to allocate between program and support functions. Lastly, ASU 2016-14 requires the entity to report investment return net of external and direct internal investment expenses and no longer requires disclosure of those netted expenses. ASU 2016-14 is effective for fiscal periods beginning after December 15, 2017. The Institute retroactively implemented the applicable elements of this guidance for the year ended December 31, 2018, with the exception of liquidity and availability disclosures.

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(Continued)

PUBLIC HEALTH INSTITUTE  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2018 and 2017

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**NOTE 2 – CONCENTRATION OF REVENUE**

Approximately 71% and 72% of the Institute's total support and revenue for the years ending December 31, 2018 and 2017 was derived from various agencies of the U.S. government. Approximately 30% and 34% of the Institute's total support and revenue for the years ended December 31, 2018 and 2017 respectively, was received under a single cooperative agreement from the United States Agency for International Development. Approximately 11% of the Institute's total support and revenue for the years ended December 31, 2018 and 2017 respectively, was received under various awards from the National Institute of Health. Any interruption of these relationships (i.e. failure to renew grant agreements or withholding of funds) would require review of ongoing operations.

**NOTE 3 – FURNITURE, EQUIPMENT AND COMPUTER SOFTWARE**

Furniture, equipment and computer software consisted of the following at December 31, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Furniture and equipment	\$ 3,818,907	\$ 3,800,438
Computer software	<u>262,534</u>	<u>262,534</u>
Total furniture, equipment and computer software	4,081,441	4,062,972
Less: Accumulated depreciation and amortization	<u>(1,881,962)</u>	<u>(1,387,875)</u>
Net furniture, equipment and computer software	<u>\$ 2,199,479</u>	<u>\$ 2,675,097</u>

Total depreciation and amortization expense for the years ended December 31, 2018 and 2017 was \$494,087 and \$466,903, respectively.

**NOTE 4 – DESIGNATED NET ASSETS**

Program Designated Funds totaled \$1,239,035 and \$1,118,008, as of December 31, 2018 and 2017, respectively and were classified as designated net assets.

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(Continued)

PUBLIC HEALTH INSTITUTE  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2018 and 2017

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**NOTE 5 – NET ASSETS WITH DONOR RESTRICTIONS**

As of December 31, 2018 and 2017, net assets with donor restrictions consisted of funds set aside for specific programs, as stipulated by the following donors providing the restricted support:

	<u>2018</u>	<u>2017</u>
Nathen Cumins Foundation	\$ 2,380,117	\$ 1,291,686
The California Endowment	1,600,582	2,944,263
Robert Wood Johnson Foundation	1,219,977	353,220
University of California	966,757	(26,720)
Individual Donors	947,107	803,916
Blue Shield of California	789,798	147,989
David and Lucile Packard Foundation	662,664	125,221
The Bill and Melinda Gates Foundation	553,477	1,172,492
Kaiser Permanente	543,043	781,961
The California Wellness Foundation	493,262	674,605
The Health Trust	481,116	310,660
Whole Foods Market California Inc.	358,301	-
Novo Foundation	309,497	252,315
The Kresge Foundation	249,133	586,395
Stupski Foundation	221,989	206,435
Wwww Foundation, Inc.	198,277	137,360
The Summit Foundation	183,644	240,846
Conrad N. Hilton Foundation	139,529	-
Gordon and Betty Moore Foundation	126,310	742,688
Westwind Foundation	87,360	66,768
Mary Wohlford Foundation	53,964	52,502
Charities Aid Foundation	11,138	319,023
The United Nations Foundation	10,112	174,426
California Healthcare Foundation	-	461,464
Other	<u>330,630</u>	<u>482,737</u>
Total net assets with donor restrictions	<u>\$ 12,917,784</u>	<u>\$ 12,302,253</u>

**NOTE 6 – LINE OF CREDIT**

The Institute has a renewable revolving bank line of credit for \$4,000,000, with a current expiration date of August 1, 2019. Amounts borrowed under this agreement for 2018 and 2017 bear interest equal to Daily One Month LIBOR rate plus 2% and LIBOR Daily Floating rate plus 2% (4.52% and 3.44% at December 31, 2018 and 2017, respectively). The line is secured by the cash and accounts receivable of the Institute. As of December 31, 2018 and 2017, there were no outstanding borrowings on the line of credit.

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(Continued)

PUBLIC HEALTH INSTITUTE  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2018 and 2017

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**NOTE 7 – LEASE COMMITMENTS**

The Institute leases office space under several agreements, expiring in various years through 2024. The Institute generally attempts to include a clause in its lease agreements which enables the lease to be terminated should support from a funding agency be terminated.

Future minimum lease payments under operating leases with remaining terms in excess of one year as of December 31, 2018 are as follows:

Year Ending <u>December 31,</u>	
2019	\$ 4,651,377
2020	4,021,851
2021	2,385,062
2022	713,704
2023 and after	<u>981,750</u>
	<u>\$ 12,753,744</u>

Rent expense under all operating leases totaled \$4,716,319 and \$4,523,740 for the years ended December 31, 2018 and 2017, respectively.

Rent expense is included in direct occupancy expense in the accompanying Statements of Activities and Changes in Net Assets for the years ended December 31, 2018 and 2017 totaled \$3,480,931 and \$3,275,388, respectively. During the same years, \$1,235,388 and \$1,248,352, respectively, were included with allocated indirect expenses.

**NOTE 8 – TAX DEFERRED RETIREMENT PLAN**

The Public Health Institute offers participation in a tax deferred retirement plan. All regular full-time and part-time employees who work a minimum of 20 hours per week are eligible to make salary deferral contributions to the Plan and are eligible to receive employer contributions beginning on the first day of the month following six consecutive months of employment. The Institute contributes 10% of gross wages to the retirement plan. An employee's minimum contribution is \$25 per month. The maximum combined contributions are determined by limits set under Federal law.

During the years ended December 31, 2018 and 2017, the Institute contributed \$4,935,102 and \$4,878,521, respectively, to the tax sheltered annuity plan. The aforementioned contributions are fully vested and are administered by the Teachers Insurance and Annuity Association of America (TIAA).

**NOTE 9 – CONTINGENCIES**

The Institute receives assistance from various agencies of the United States Government; such awards are subject to audit under the provisions of Uniform Guidance. The ultimate determination of amounts received under United States Government awards is based upon the allowance of costs reported to and accepted by the United States Government. There exists a contingency to refund any amount received in excess of allowable costs. Management is of the opinion that no material contingent liability exists at December 31, 2018.

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(Continued)

PUBLIC HEALTH INSTITUTE  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2018 and 2017

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**NOTE 10 – SUBSEQUENT EVENTS**

In preparing these financial statements, the Institute has evaluated events and transactions for potential recognition or disclosure through June 14, 2019, the date the financial statements were available to be issued.

**NOTE 11 - LIQUIDITY AND AVAILABILITY**

The Institute's financial assets available within one year of the statement of financial position date for general expenditure are as follows:

	<u>2018</u>
Cash and cash equivalents	\$ 20,998,867
Grants and contracts receivable, net of allowance for doubtful accounts	<u>10,902,414</u>
	<u>\$ 31,901,281</u>

The Institute has a liquidity management policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. None of the financial assets above are subject to donor or other contractual restrictions which would make them unavailable for general expenditure within one year of the balance sheet date. The Institute also maintains a line of credit for \$4,000,000 which can be drawn upon should a need for additional liquidity arise. See additional information in Note 6.



**SUPPLEMENTARY INFORMATION**

PUBLIC HEALTH INSTITUTE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended December 31, 2018

<u>Federal Granting Agency/Program Name</u>	<u>Pass-Through Entity</u>	<u>CFDA Number</u>	<u>Grant/Contract Number</u>	<u>Provided to Sub-recipients</u>	<u>Expenditures</u>
<b>Research and Development Cluster:</b>					
<b>Department of Health and Human Services (DHHS):</b>					
ACL National Institute On Disability, Independent Living, and Rehabilitation Research	TIRR memorial Hermann	93.433	18-1836	\$ -	\$ 15,345
ACL National Institute On Disability, Independent Living, and Rehabilitation Research	Administration for Community Living	93.433	90DP0081-01-00	<u>261,540</u>	<u>1,460,119</u>
Subtotal CFDA 93.433				<u>261,540</u>	<u>1,475,464</u>
Environmental Public Health and Emergency Response	Center for Disease Control and Prev	93.070	1 NUE1EH001343-01-00	-	902,844
Environmental Public Health and Emergency Response	California Department of Public Health	93.070	17-OHE-2179	-	<u>2,410</u>
Subtotal CFDA 93.070				-	<u>905,254</u>
Alcohol Research Programs	Natl Inst On Alcohol Abuse & Alcoholism	93.273	1K01AA024832-01A1	-	146,385
Alcohol Research Programs	Natl Inst On Alcohol Abuse & Alcoholism	93.273	1R01AA021448	52,489	348,314
Alcohol Research Programs	Natl Inst On Alcohol Abuse & Alcoholism	93.273	1R03AA025205-01A1	-	69,432
Alcohol Research Programs	Natl Inst On Alcohol Abuse & Alcoholism	93.273	5P50AA005595-37	220,587	1,484,842
Alcohol Research Programs	Natl Inst On Alcohol Abuse & Alcoholism	93.273	5R01AA021742	-	225,527
Alcohol Research Programs	Natl Inst On Alcohol Abuse & Alcoholism	93.273	5R01AA022668-03	-	15,838
Alcohol Research Programs	Natl Inst On Alcohol Abuse & Alcoholism	93.273	5R01AA022791	-	274,075
Alcohol Research Programs	Natl Inst On Alcohol Abuse & Alcoholism	93.273	5R01AA022857	14,275	641,065
Alcohol Research Programs	Natl Inst On Alcohol Abuse & Alcoholism	93.273	5R01AA023870	346,129	523,264
Alcohol Research Programs	Natl Inst On Alcohol Abuse & Alcoholism	93.273	5R21AA023039-02	2,974	105,994
Alcohol Research Programs	Natl Inst On Alcohol Abuse & Alcoholism	93.273	5R34AA022697	-	95,057
Alcohol Research Programs	Natl Inst On Alcohol Abuse & Alcoholism	93.273	R01AA013750	-	390,477
Alcohol Research Programs	The SCRIPPS Research Institute	93.273	5-53746	-	9,124
Alcohol Research Programs	University of California, San Francisco	93.273	8825SC	-	76,862
Alcohol Research Programs	University of Iowa	93.273	W000814189	-	49,285
Alcohol Research Programs	University of Sheffield	93.273	R01AA024443 SUB01 PHI-ARG	-	197,820
Alcohol Research Programs	Virginia Commonwealth University	93.273	PD303768-SC105637	-	<u>99,530</u>
Subtotal CFDA 93.273				<u>636,454</u>	<u>4,752,891</u>
Blood Diseases and Resources Research	University of California, Davis	93.839	201601264-01	-	<u>9,687</u>
Cancer Cause and Prevention Research	National Cancer Institute	93.393	1R01CA214470-01	-	216,113
Cancer Cause and Prevention Research	National Cancer Institute	93.393	61739897-125888	-	33,579
Cancer Cause and Prevention Research	National Cancer Institute	93.393	107856651	-	<u>14,411</u>
Subtotal CFDA 93.393				-	<u>264,103</u>

(Continued)

PUBLIC HEALTH INSTITUTE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended December 31, 2018

Federal Granting Agency/Program Name	Pass-Through Entity	CFDA Number	Grant/Contract Number	Provided to Sub-recipients	Expenditures
<b>Research and Development Cluster (Continued):</b>					
<b>Department of Health and Human Services (DHHS) (Continued):</b>					
Cancer Treatment Research	Children's Hospital of Philadelphia	93.395	9500080217-XX	\$ -	\$ 128,788
Cancer Treatment Research	Children's Hospital of Philadelphia	93.395	20014813-RSUB	-	14,566
Cancer Treatment Research	Children's Hospital of Philadelphia	93.395	20032915-RSUB	-	504,271
Cancer Treatment Research	Children's Hospital of Philadelphia	93.395	20032934-RSUB	-	1,293,848
Cancer Treatment Research	Children's Hospital of Philadelphia	93.395	962416-RSUB	-	653,180
Cancer Treatment Research	Children's Hospital of Philadelphia	93.395	20037521-RSUB	-	685,979
Cancer Treatment Research	Children's Hospital of Philadelphia	93.395	20050991-RSUB	-	80,641
Cancer Treatment Research	Children's Hospital of Philadelphia	93.395	962575-RSUB	-	1,104,330
Cancer Treatment Research	Children's Hospital of Philadelphia	93.395	9500080218-S3	-	747
Cancer Treatment Research	Children's Hospital of Philadelphia	93.395	962851-RSUB	-	6,421,924
Cancer Treatment Research	Children's Hospital of Philadelphia	93.395	962902-RSUB	-	42,690
Cancer Treatment Research	Children's Hospital of Philadelphia	93.395	30004166-02	-	14,831
Cancer Treatment Research	Children's oncology Group Foundation	93.395	1UM1CA228823-01	-	411
Cancer Treatment Research	University of Florida	93.395	SUB00001665	-	495,653
Cancer Treatment Research	University of Florida	93.395	UFDSP00012138	-	6,228,962
Subtotal CFDA 93.395				-	<u>17,670,821</u>
Development of a database on Non-English Measure and Instruments for use in Alcohol Research	Brightoutcome, Inc.	93.U01	N/A	-	<u>73,269</u>
Biomedical Computing Support Services	Westat	93.U02	N/A	-	<u>126,295</u>
Medical: Biomedical (Applied Research/ Exploratory Development)	Medable, Inc.	93.U03	N/A	-	<u>26,281</u>
Allergy and Infectious Diseases Research	National Institutes of Health	93.855	1R01AI135118-01	<u>224,193</u>	<u>401,579</u>
Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations	California Department of Human Health	93.898	17-10098	-	<u>175,176</u>
Drug Abuse and Addiction Research Programs	National Institutes of Health	93.279	1R01DA042938-01A1	-	613,493
Drug Abuse and Addiction Research Programs	Natl Inst on Drug Abuse	93.279	1R01DA039971-01A1	78,600	548,033
Drug Abuse and Addiction Research Programs	Natl Inst on Drug Abuse	93.279	R21DA039027	-	56,006
Drug Abuse and Addiction Research Programs	Natl Institute on Drug Abuse	93.279	5R01DA036606	102,533	255,803
Drug Abuse and Addiction Research Programs	Natl Institute on Drug Abuse	93.279	R01DA034973	-	183,173
Subtotal CFDA 93.279				<u>181,133</u>	<u>1,656,508</u>
Environmental Health	Natl Inst of Environmental Health Svcs	93.113	R01ES022722	140,701	331,637
Environmental Health	University of California, Davis	93.113	201300414	-	9,557
Environmental Health	University of California, San Francisco	93.113	10640sc	-	956
Environmental Health	University of California, San Francisco	93.113	7923sc 7924sc	-	22,890
Environmental Health	University of California, San Francisco	93.113	9718sc	-	230,745
Subtotal CFDA 93.113				<u>140,701</u>	<u>595,785</u>

(Continued)

PUBLIC HEALTH INSTITUTE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended December 31, 2018

<u>Federal Granting Agency/Program Name</u>	<u>Pass-Through Entity</u>	<u>CFDA Number</u>	<u>Grant/Contract Number</u>	<u>Provided to Sub-recipients</u>	<u>Expenditures</u>
<b>Research and Development Cluster (Continued):</b>					
<b>Department of Health and Human Services (DHHS) (Continued):</b>					
International Research and Research Training	Fogarty International Center	93.989	R01TW009295	\$ -	\$ 60,327
Mental Health and Health Disparities Research	National Institutes of Health	93.307	1R03MD011481-01A1	47,633	80,898
Occupational Safety and Health Program	Natl Inst for Occupational Safety & Hlth	93.262	5U60OH010895	-	121,209
Occupational Safety and Health Program	Natl Inst for Occupational Safety & Hlth	93.262	5U60OH008468	-	739,374
Subtotal CFDA 93.262				-	860,583
Substance Abuse and Mental Health Services Projects of Regional and National Significance	Substance Abuse & Mental Hlth Svcs Admin	93.243	1H79TI080720-01	140,908	517,639
Substance Abuse and Mental Health Services Projects of Regional and National Significance	Substance Abuse & Mental Hlth Svcs Admin	93.243	1U79SM063157-01	153,543	484,214
Substance Abuse and Mental Health Services Projects of Regional and National Significance	Substance Abuse & Mental Hlth Svcs Admin	93.243	IH79SP021774-01	99,652	258,627
Subtotal CFDA 93.243				394,103	1,260,480
The Surveillance, Epidemiology, and End Results (SEER) Program on Cancer Statistics program	National Cancer Institute	93.U04	HHSN261201300014I	96,139	1,463,126
The Surveillance, Epidemiology, and End Results (SEER) Program on Cancer Statistics program	National Cancer Institute	93.U05	HHSN261201800009I	-	2,080,767
Subtotal CFDA				96,139	3,543,893
<b>Environmental Protection Agency (EPA):</b>					
Science To Achieve Results (STAR) Research Program	University of California, San Francisco	66.509	1069sc	-	3,735
Science To Achieve Results (STAR) Research Program	University of California, San Francisco	66.509	8633sc 8634sc	-	28,047
Subtotal CFDA 66.509				-	31,782
<b>U.S Department of Education:</b>					
National Institute on Disability and Rehabilitation Research	Institute for Rehabilitation	84.133	ADA-PHI-3-13	-	60,403
National Institute on Disability and Rehabilitation Research	University of New Hampshire	84.133	14-043	-	94,527
Subtotal CFDA 84.133				-	154,930

(Continued)

PUBLIC HEALTH INSTITUTE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended December 31, 2018

<u>Federal Granting Agency/Program Name</u>	<u>Pass-Through Entity</u>	<u>CFDA Number</u>	<u>Grant/Contract Number</u>	<u>Provided to Sub-recipients</u>	<u>Expenditures</u>
<b>Research and Development Cluster (Continued):</b>					
<b>Department of Defense:</b>					
Military Medical Research and Development (B)	Dept of the Army	12.420	W81XWH-16-1-0254	\$ 38,930	\$ 112,420
Military Medical Research and Development (B)	NCIRE	12.420	TAN1859-01	-	8,985
Subtotal CFDA 12.420				<u>38,930</u>	<u>121,405</u>
<b>Subtotal Research and Development Cluster</b>				<b><u>2,020,826</u></b>	<b><u>34,247,411</u></b>
<b>Other Programs:</b>					
<b>Department of Health and Human Services (DHHS):</b>					
PPHF: Racial and Ethnic Approaches to Community Health Program financed solely by Public Prevention and Health Funds	Altamed Health Services Corp.	93.738	5 NU58DP005740-03-00	-	15,309
PPHF: Racial and Ethnic Approaches to Community Health Program financed solely by Public Prevention and Health Funds	Center for Disease Control and Prev	93.738	U58DP005859	<u>45,001</u>	<u>538,932</u>
Subtotal CFDA 93.738				<u>45,001</u>	<u>554,241</u>
Autism Collaboration, Accountability, Research, Education, and Support	Assn of Maternal & Child Health Programs	93.877	12317-119	-	<u>2,813</u>
Activities to Support State, Tribal, Local and Territorial (STLT) Health Department Response to Public Health or Healthcare Crises	Assoc of State & Terr Hlth Ofc (Astho)	93.391	57-17055	-	<u>4,801</u>
Special Projects of National Significance	Health Resources & Services Admin	93.928	1 H97HA24970-01-00	-	
ACA - State Innovation Models: Funding for Model Design and Model Testing Assistance (B)	State of Vermont	93.624	31145	-	
Centers for Disease Control and Prevention Investigations and Technical Assistance	State of CA, Dept of Public Health	93.283	15-10331	-	<u>116,623</u>
NON-ACA/PPHF Building Capacity of the Public Health System to Improve Population Health through National Nonprofit Organizations	National Network of Public Health	93.424	C1193	-	21,922
NON-ACA/PPHF Building Capacity of the Public Health System to Improve Population Health through National Nonprofit Organizations	National Network of Public Health	93.424	C1231	-	22,142
NON-ACA/PPHF Building Capacity of the Public Health System to Improve Population Health through National Nonprofit Organizations	National Network of Public Health	93.424	G1063	-	51,198

(Continued)

PUBLIC HEALTH INSTITUTE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended December 31, 2018

<u>Federal Granting Agency/Program Name</u>	<u>Pass-Through Entity</u>	<u>CFDA Number</u>	<u>Grant/Contract Number</u>	<u>Provided to Sub-recipients</u>	<u>Expenditures</u>
<b>Other Programs (Continued):</b>					
<b>Department of Health and Human Services(DHHS) (Continued):</b>					
System to Improve Population Health through National Nonprofit Organizations NON-ACA/PPHF Building Capacity of the Public Health	National Network of Public Health	93.424	G1096	\$ -	\$ 79,342
System to Improve Population Health through National Nonprofit Organizations NON-ACA/PPHF Building Capacity of the Public Health	National Network of Public Health	93.424	G1097	-	260,854
System to Improve Population Health through National Nonprofit Organizations NON-ACA/PPHF Building Capacity of the Public Health	National Network of Public Health	93.424	G1104	-	14,703
System to Improve Population Health through National Nonprofit Organizations NON-ACA/PPHF Building Capacity of the Public Health	National Network of Public Health	93.424	G1118	-	99,561
System to Improve Population Health through National Nonprofit Organizations NON-ACA/PPHF Building Capacity of the Public Health	National Network of Public Health	93.424	G1120	-	247,230
System to Improve Population Health through National Nonprofit Organizations NON-ACA/PPHF Building Capacity of the Public Health	National Network of Public Health	93.424	G1197	-	69,661
System to Improve Population Health through National Nonprofit Organizations NON-ACA/PPHF Building Capacity of the Public Health	National Network of Public Health	93.424	G803	-	879
System to Improve Population Health through National Nonprofit Organizations NON-ACA/PPHF Building Capacity of the Public Health	National Network of Public Health	93.424	G990	-	9,025
System to Improve Population Health through National Nonprofit Organizations NON-ACA/PPHF Building Capacity of the Public Health	National Network of Public Health	93.424	G991	-	515,661
System to Improve Population Health through National Nonprofit Organizations NON-ACA/PPHF Building Capacity of the Public Health	National Network of Public Health	93.424	G992	-	221,542
System to Improve Population Health through National Nonprofit Organizations	National Network of Public Health	93.424	G993	-	31,973
Subtotal CFDA 93.424				-	1,645,693
Occupational Safety and Health Program	Centers For Disease Control And Prev	93.U06	75D30118P01374	-	276
Protecting and Improving Health Globally: Building and and Strengthening Public Health Impact, Systems, Capacity and Security	Center for Disease Control and Prev	93.318	NU2GGH002093-01-00	41,300	4,728,127
State Targeted Response to the Opioid Crisis Grants	State of Ca, Dept of Health Care Service	93.788	18-95423	-	80,750

(Continued)

PUBLIC HEALTH INSTITUTE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended December 31, 2018

<u>Federal Granting Agency/Program Name</u>	<u>Pass-Through Entity</u>	<u>CFDA Number</u>	<u>Grant/Contract Number</u>	<u>Provided to Sub-recipients</u>	<u>Expenditures</u>
<b>Other Programs (Continued):</b>					
<b>Department of Health and Human Services(DHHS) (Continued):</b>					
Strengthening Public Health Systems and Services Through National Partnerships to Improve and Protect the Nation's Health	Center for Disease Control and Prev	93.421	1 NU38OT000313-01-00	\$ -	\$ 331
Strengthening Public Health Systems and Services Through National Partnerships to Improve and Protect the Nation's Health	Center for Disease Control and Prev	93.421	6 NU38OT000313-01-01	-	2,557
Strengthening Public Health Systems and Services Through National Partnerships to Improve and Protect the Nation's Health	Center for Disease Control and Prev	93.421	NU38OT000313-01-00	-	<u>28,880</u>
Subtotal CFDA 93.421				-	<u>31,768</u>
Telehealth Programs	Health Resources & Services Admin	93.211	2 G22RH30365-02-00	<u>11,300</u>	<u>363,040</u>
Healthy Marriage Promotion and Responsible Fatherhood Grants	Administration for Children and Families	93.086	90FM0090-01-000	<u>666,609</u>	<u>1,301,196</u>
Community Programs to Improve Minority Health Grant Program	Public Health Service	93.137	CPIMP151113-01-00	-	<u>496,039</u>
National Organizations of State and Local Officials	Assoc of State & Terr Hlth Ofc (Astho)	93.011	57-17054	-	<u>5,152</u>
Partnerships to Improve Community Health	Toiyabe County	93.331	NU58DP005678-03-01	-	<u>489</u>
Peer Recovery Support Services, Essential Skills in Addiction Treatment setting	The CDM Group, Inc.	93.U07	270-14-0445	-	<u>16,523</u>
Preventive Health and Health Services Block Grant funded solely with Prevention and Public Health Funds (PPHF) (A)	Calif. Department Of Public Health	93.758	17-QPA-3890	-	<u>4,601</u>
Block Grants for Prevention and Treatment of Substance Abuse	Sacramento County	93.959	3027206000-16-085	-	<u>222,390</u>
Racial and Ethnic Approaches to Community Health	Toiyabe County	93.304	NU58DP005678-03-01	-	-
Administration for Children, Youth and Families Child Abuse and Neglect Discretionary Activities	Futures Without Violence	93.670	2317	-	37,756
Administration for Children, Youth and Families Child Abuse and Neglect Discretionary Activities	Futures Without Violence	93.670	2670	-	<u>32,133</u>
Subtotal CFDA 93.670				-	<u>69,889</u>

(Continued)

PUBLIC HEALTH INSTITUTE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended December 31, 2018

Federal Granting Agency/Program Name	Pass-Through Entity	CFDA Number	Grant/Contract Number	Provided to Sub-recipients	Expenditures
<b>Other Programs (Continued):</b>					
<b>Department of Health and Human Services (DHHS) (Continued):</b>					
<b>Environmental Protection Agency (EPA):</b>					
Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act	US Environmental Protection Agency	66.034	83924101	\$ 15,000	\$ 250,786
<b>U.S Agency for International Development (USAID):</b>					
USAID Foreign Assistance for Programs Overseas	Credence Management Solutions LLC	98.001	N/A	-	14,916
USAID Foreign Assistance for Programs Overseas	US Agency for Intl Development	98.001	7200AA18CA00001	-	1,320,070
USAID Foreign Assistance for Programs Overseas	US Agency for Intl Development	98.001	AID-OAA-A-11-00025	1,288,891	31,359,627
USAID Foreign Assistance for Programs Overseas	US Agency for Intl Development	98.001	AID-OAA-A-16-00045	-	740,932
Subtotal CFDA 98.001				<u>1,288,891</u>	<u>33,435,545</u>
<b>U.S Department of Agriculture – SNAP Cluster:</b>					
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	Auburn University	10.561	PC028428	-	1,224
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	Sacramento County	10.561	7207500-17/20-269	-	168,309
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	Merced County	10.561	12497	-	3,005
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	State of CA, Dept of Public Health	10.561	18-7014	-	479,319
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	State of CA, Dept of Social Services	10.561	16-SUB-00906	-	1,618,480
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	State of Georgia	10.561	42700-040-0000056585	-	46,198
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	State of Georgia	10.561	42700-040-0000078203	-	148,514
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	University of California, Davis	10.561	N/A	-	55,834
Subtotal CFDA 10.561 – SNAP Cluster				<u>-</u>	<u>2,520,884</u>
<b>U.S Department of Justice:</b>					
Crime Victim Assistance/Discretionary Grants (B,C)	Youth Alive	16.582	2015-VF-GX-K025	-	103,839
<b>U.S Department of Agriculture (USDA):</b>					
Farmers' Market and Local Food Promotion Program	US Dept of Agriculture	10.168	AM170100XXXXG152	22,257	57,969
Subtotal Other Programs				<u>2,090,358</u>	<u>46,013,433</u>
<b>Total Expenditures of Federal Awards</b>				<u>\$ 4,111,184</u>	<u>\$ 80,260,844</u>

See accompany notes to Schedule of Expenditures of Federal Awards.



PUBLIC HEALTH INSTITUTE  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
December 31, 2018

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**NOTE 1 - PURPOSE OF THE SCHEDULE**

Basis of Presentation: The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") presents the expenditures of all federal awards of Public Health Institute for the year ended December 31, 2018 and is presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Public Health Institute, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Public Health Institute

Expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-122, *Cost Principles for Non-Profit Organizations* or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Institute has not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Sub-recipients: Of the Federal expenditures presented in the Schedule, the Institute provided Federal awards to sub-recipients as follows:

<u>Program Name</u>	<u>CFDA Number</u>	<u>Amount Provided</u>
Research and Development Cluster	Various	\$ 2,020,826
USAID Foreign Assistance for Programs Overseas	98.001	\$ 1,288,891
Racial and Ethnic Approaches to Community Health Program Financed Solely by 2012 Public Prevention and Health Funds	93.738	\$ 45,001
Healthy Marriage Promotion and Responsible Fatherhood Grants	93.086	\$ 666,609
Protecting and Improving Health Globally: Building and Strengthening Public Health Impact, Systems, Capacity and Security	93.318	\$ 41,300
Telehealth Programs	93.211	\$ 11,300
Surveys, Studies, Research, Investigations, Demonstrations and Special Purpose Activities Relating to the Clean Air Act	66.034	\$ 15,000
Farmers' Market and Local Food Promotion Program	10.168	\$ 22,257
		<u>\$ 4,111,184</u>

**NOTE 2 – SUBSEQUENT EVENTS**

Public Health Institute has evaluated subsequent events through June 14, 2019, the date this Schedule was available to be issued. The Public Health Institute is not aware of any subsequent events which would require additional recognition or disclosure in the Schedule.

PUBLIC HEALTH INSTITUTE  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 December 31, 2018

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SECTION I – SUMMARY OF AUDITOR'S RESULTS

**Financial Statements**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?        Yes   X   No

Significant deficiencies identified not considered to be material weaknesses?        Yes   X   None Reported

Noncompliance material to financial statements noted?        Yes   X   No

**Federal Awards**

Internal Control over major programs:

Material weakness(es) identified?        Yes   X   No

Significant deficiencies identified not considered to be material weaknesses?        Yes   X   None Reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?        Yes   X   No

Identification of major programs:

<u>Name of Federal Program or Cluster</u>	<u>CFDA Numbers</u>	<u>Expenditures</u>
USAID Foreign Assistance for Programs Overseas	98.001	\$ 33,435,545
Protecting and Improving Health Globally: Building and Strengthening Public Health Impact, Systems, Capacity and Security	93.318	\$ 4,728,127
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	\$ 2,520,884

Dollar threshold used to distinguish between Type A and Type B programs: \$ 2,407,825

Auditee qualified as low-risk auditee?   X   Yes        No

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(Continued)

PUBLIC HEALTH INSTITUTE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
December 31, 2018

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SECTION II - FINANCIAL STATEMENT FINDINGS

No matters were reported.

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(Continued)

PUBLIC HEALTH INSTITUTE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
December 31, 2018

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SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

PUBLIC HEALTH INSTITUTE  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
December 31, 2018

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No matters were reported.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED  
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
*GOVERNMENT AUDITING STANDARDS*

To the Board of Directors  
Public Health Institute  
Oakland, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Public Health Institute, which comprise the statement of financial position as of December 31, 2018, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 14, 2019.

#### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Public Health Institute's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Public Health Institute's internal control. Accordingly, we do not express an opinion on the effectiveness of Public Health Institute's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

#### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Public Health Institute's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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(Continued)

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Crowe LLP*

Crowe LLP

San Francisco, California  
June 14, 2019

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE

To the Board of Directors  
Public Health Institute  
Oakland, California

**Report on Compliance for Each Major Federal Program**

We have audited Public Health Institute's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Public Health Institute's major federal programs for the year ended December 31, 2018. Public Health Institute's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of Public Health Institute's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Public Health Institute's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Public Health Institute's compliance.

***Opinion on Each Major Federal Program***

In our opinion, Public Health Institute complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2018.

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(Continued)



## Report on Internal Control Over Compliance

Management of Public Health Institute is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Public Health Institute's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Public Health Institute's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Crowe LLP*

Crowe LLP

San Francisco, California  
June 14, 2019