

PUBLIC HEALTH INSTITUTE
FINANCIAL STATEMENTS
WITH SUPPLEMENTARY REGULATORY
COMPLIANCE INFORMATION
December 31, 2017 and 2016

PUBLIC HEALTH INSTITUTE
FINANCIAL STATEMENTS
WITH SUPPLEMENTARY REGULATORY
COMPLIANCE INFORMATION
December 31, 2017 and 2016

CONTENTS

INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS	
STATEMENTS OF FINANCIAL POSITION.....	3
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS	4
STATEMENTS OF FUNCTIONAL EXPENSES	6
STATEMENTS OF CASH FLOWS.....	7
NOTES TO FINANCIAL STATEMENTS	8
SUPPLEMENTARY INFORMATION	
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS.....	15
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	23
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	
SECTION I - SUMMARY OF AUDITOR'S RESULTS	24
SECTION II - FINANCIAL STATEMENT FINDINGS.....	25
SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS	26
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS AND RECOMMENDATIONS	27
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 <i>GOVERNMENT AUDITING STANDARDS</i>	28
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE	30

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 "Organization"), which comprise the statements of financial position as of December 31, 2017 and 2016, 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 Organization'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 Organization'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.

(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, 2017 and 2016, 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.

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 <>, 2018 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

Crowe LLP

San Francisco, California
June 18, 2018

PUBLIC HEALTH INSTITUTE
STATEMENTS OF FINANCIAL POSITION
December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 16,704,074	\$ 9,433,522
Grants and contracts receivable, net of allowance for doubtful accounts of \$75,000 in 2017 and 2016	13,090,600	13,228,307
Prepaid expenses	1,913,655	1,479,780
Other assets	<u>395,173</u>	<u>148,604</u>
Total current assets	<u>32,103,502</u>	<u>24,290,213</u>
Furniture, equipment and computer software, net of accumulated depreciation and amortization (Note 3)	<u>2,675,097</u>	<u>2,866,627</u>
Total assets	<u>\$ 34,778,599</u>	<u>\$ 27,156,840</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and other accrued liabilities	\$ 3,729,545	\$ 2,840,567
Accrued salaries and related leave	7,664,755	6,965,684
Contract advances	<u>5,004,406</u>	<u>4,225,713</u>
Total current liabilities	<u>16,398,706</u>	<u>14,031,964</u>
Net assets:		
Unrestricted:		
Undesignated	4,959,632	4,999,853
Designated (Note 4)	<u>1,118,008</u>	<u>827,922</u>
Total unrestricted	6,077,640	5,827,775
Temporarily restricted (Note 5)	<u>12,302,253</u>	<u>7,297,101</u>
Total net assets	<u>18,379,893</u>	<u>13,124,876</u>
Total liabilities and net assets	<u>\$ 34,778,599</u>	<u>\$ 27,156,840</u>

See accompanying notes to financial statements.

PUBLIC HEALTH INSTITUTE
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
For The Years Ended December 31, 2017 and 2016

	2017			2016		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Support and revenue						
Grants and contracts (Notes 2 and 9)	\$ 93,475,667	\$ 18,315,600	\$ 111,791,267	\$ 88,124,480	\$ 13,284,611	\$ 101,409,091
Contributions	388,978		388,978	258,237	-	258,237
Net assets released from donor restrictions	<u>13,310,448</u>	<u>(13,310,448)</u>	<u>-</u>	<u>13,742,131</u>	<u>(13,742,131)</u>	<u>-</u>
Total support and revenue	<u>107,175,093</u>	<u>5,005,152</u>	<u>112,180,245</u>	<u>102,124,848</u>	<u>(457,520)</u>	<u>101,667,328</u>
Expenses						
Direct expenses:						
Salaries, wages and benefits (Note 8)	62,602,658	-	62,602,658	57,839,003	-	57,839,003
Professional services	6,919,065	-	6,919,065	5,477,500	-	5,477,500
Travel, training and professional development	7,082,132	-	7,082,132	9,493,952	-	9,493,952
Occupancy (Note 7)	3,567,934	-	3,567,934	3,756,856	-	3,756,856
Supplies	1,153,703	-	1,153,703	1,033,339	-	1,033,339
Publications and printing	166,412	-	166,412	158,784	-	158,784
Temporary help	155,691	-	155,691	248,264	-	248,264
Communications	1,021,338	-	1,021,338	1,026,769	-	1,026,769
Postage and delivery	395,161	-	395,161	487,494	-	487,494
Subcontracts and grants	8,246,909	-	8,246,909	7,619,354	-	7,619,354
Other	<u>407,866</u>	<u>-</u>	<u>407,866</u>	<u>710,303</u>	<u>-</u>	<u>710,303</u>
Total direct expenses	<u>91,718,869</u>	<u>-</u>	<u>91,718,869</u>	<u>87,851,618</u>	<u>-</u>	<u>87,851,618</u>
Indirect expenses:						
Allocated	15,089,514	-	15,089,514	14,446,762	-	14,446,762
Unallocated	<u>116,845</u>	<u>-</u>	<u>116,845</u>	<u>105,159</u>	<u>-</u>	<u>105,159</u>
Total indirect expenses	<u>15,206,359</u>	<u>-</u>	<u>15,206,359</u>	<u>14,551,921</u>	<u>-</u>	<u>14,551,921</u>
Total expenses	<u>106,925,228</u>	<u>-</u>	<u>106,925,228</u>	<u>102,403,539</u>	<u>-</u>	<u>102,403,539</u>
Change in net assets	249,865	5,005,152	5,255,017	(278,691)	(457,520)	(736,211)
Net assets at beginning of year	<u>5,827,775</u>	<u>7,297,101</u>	<u>13,124,876</u>	<u>6,106,466</u>	<u>7,754,621</u>	<u>13,861,087</u>
Net assets at end 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>

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
STATEMENT OF FUNCTIONAL EXPENSES
For The Year Ended December 31, 2016

	Program Services and Fundraising			Management and General			Total Expenses
	Program Services	Fundraising	Subtotal	PHI	ARG	Subtotal	
Salaries, wages and benefits	\$ 57,839,003	\$ -	\$ 57,839,003	\$ 8,806,904	\$ 760,076	\$ 9,566,980	\$ 67,405,983
Professional services	5,474,205	3,295	5,477,500	1,382,132	235,670	1,617,802	7,095,302
Travel, training and professional development	9,493,952	-	9,493,952	236,235	1,202	237,437	9,731,389
Occupancy	3,756,856	-	3,756,856	1,015,998	250,474	1,266,472	5,023,328
Supplies	1,033,339	-	1,033,339	283,958	99,834	383,792	1,417,131
Publications and printing	158,784	-	158,784	109,902	18,203	128,105	286,889
Temporary help	248,264	-	248,264	49,881	-	49,881	298,145
Communications	1,025,949	820	1,026,769	150,812	30,979	181,791	1,208,560
Postage and delivery	487,494	-	487,494	15,970	977	16,947	504,441
Subcontracts and grants	7,619,354	-	7,619,354	-	-	-	7,619,354
Other	709,812	491	710,303	1,092,003	10,711	1,102,714	1,813,017
	<u>\$ 87,847,012</u>	<u>\$ 4,606</u>	<u>\$ 87,851,618</u>	<u>\$ 13,143,795</u>	<u>\$ 1,408,126</u>	<u>\$ 14,551,921</u>	<u>\$ 102,403,539</u>

See accompanying notes to financial statements.

PUBLIC HEALTH INSTITUTE
STATEMENTS OF CASH FLOWS
For The Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Cash flows from operating activities		
Change in net assets	\$ 5,255,017	\$ (736,210)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	466,903	308,558
(Increase) decrease in:		
Grants and contracts receivable	137,707	(1,913,700)
Prepaid expenses	(433,875)	(212,175)
Other assets	(246,569)	(74,983)
Increase (decrease) in:		
Accounts payable and accrued liabilities	888,978	8,116
Accrued salaries and related leave	699,071	175,899
Contract advances	<u>778,693</u>	<u>(1,969,071)</u>
Net cash provided by (used in) operating activities	<u>7,545,925</u>	<u>(4,413,566)</u>
Cash flows from investing activities		
Purchase of furniture, equipment and computer software	<u>(275,373)</u>	<u>(1,103,703)</u>
Net increase (decrease) in cash and cash equivalents	7,270,552	(5,517,269)
Cash and cash equivalents at beginning of year	<u>9,433,522</u>	<u>14,950,791</u>
Cash and cash equivalents at end of year	<u>\$ 16,704,074</u>	<u>\$ 9,433,522</u>

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.

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.

(Continued)

PUBLIC HEALTH INSTITUTE
NOTES TO FINANCIAL STATEMENTS
December 31, 2017 and 2016

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 are 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, 2017 and 2016, the liability for accrued compensated absences aggregated \$7,160,891 and \$6,575,370, 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 three self-balancing groups as follows:

- Unrestricted net assets include unrestricted revenue and contributions received without donor-imposed restrictions. These net assets are available for the operation of the Institute and include both internally designated (Note 4) and undesignated resources.
- Temporarily restricted net assets include revenue and contributions subject to donor-imposed stipulations that will be met by the actions of the Institute and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statements of Activities and Changes in Net Assets as net assets released from restrictions.
- Permanently restricted net assets represent funds restricted by the donor to be maintained in-perpetuity by the Institute. There were no permanently restricted net assets as of December 31, 2017 and 2016.

Grants and Contracts: Grants are recognized as temporarily restricted when deemed to be a purpose or time restricted contribution. Temporarily restricted grants received in excess of qualifying direct and indirect expenses incurred are shown as temporarily restricted net assets in the accompanying financial statements.

Contracts are recorded as unrestricted revenue as 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 unrestricted 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.

(Continued)

PUBLIC HEALTH INSTITUTE
NOTES TO FINANCIAL STATEMENTS
December 31, 2017 and 2016

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, 2017 and 2016, 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 Organization'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 Organization would more likely than not be sustained by examination. Accordingly, the Organization has not recorded an income tax liability for uncertain tax benefits as of December 31, 2017 and 2016 nor does it expect there will be a material change in the twelve months following the year ended December 31, 2017. As of December 31, 2017, the Organization's tax years ended December 31, 2013 through December 31, 2017 remain subject to examination in the United States federal tax jurisdiction and the tax years ended December 31, 2012 through December 31, 2017 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.

NOTE 2 – CONCENTRATION OF REVENUE

Approximately 72% of the Institute's total support and revenue for the years ending December 31, 2017 and 2016 was derived from various agencies of the U.S. government. Approximately 34% and 35% of the Institute's total support and revenue for the years ended December 31, 2017 and 2016 respectively, was received under a single cooperative agreement from the United States Agency for International Development. Approximately 11% and 10% of the Institute's total support and revenue for the years ended December 31, 2017 and 2016 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.

(Continued)

PUBLIC HEALTH INSTITUTE
NOTES TO FINANCIAL STATEMENTS
December 31, 2017 and 2016

NOTE 3 – FURNITURE, EQUIPMENT AND COMPUTER SOFTWARE

Furniture, equipment and computer software consisted of the following at December 31, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Furniture and equipment	\$ 3,800,438	\$ 240,621
Computer software	<u>262,534</u>	<u>3,546,978</u>
Total furniture, equipment and computer software	4,062,972	3,787,599
Less: Accumulated depreciation and amortization	<u>(1,387,875)</u>	<u>(920,972)</u>
Net furniture, equipment and computer software	<u>\$ 2,675,097</u>	<u>\$ 2,866,627</u>

Total depreciation and amortization expense for the years ended December 31, 2017 and 2016 was \$466,903 and \$308,558, respectively.

NOTE 4 – DESIGNATED NET ASSETS

Program Designated Funds totaled \$1,118,008 and \$827,922, as of December 31, 2017 and 2016, respectively and were classified as designated net assets.

(Continued)

PUBLIC HEALTH INSTITUTE
NOTES TO FINANCIAL STATEMENTS
December 31, 2017 and 2016

NOTE 5 – TEMPORARILY RESTRICTED NET ASSETS

As of December 31, 2017 and 2016 temporarily restricted net assets consisted of funds set aside for specific programs, as stipulated by the following donors providing the restricted support:

	<u>2017</u>	<u>2016</u>
The California Endowment	\$ 2,945,482	\$ 2,070,969
Nathan Cumins Foundation	1,291,686	-
The Bill and Melinda Gates Foundation	1,172,492	952,735
Individual Donors	803,916	468,273
Kaiser Permanente	781,961	232,884
Gordon and Betty Moore Foundation	742,688	-
The California Wellness Foundation	674,605	821,219
The Kresge Foundation	586,395	946,691
California Healthcare Foundation	461,464	307,711
Robert Wood Johnson Foundation	353,220	(553,477)
Charities Aid Foundation	319,023	25,930
The Health Trust	310,660	297,994
Novo Foundation	252,315	(266,444)
The Summit Foundation	240,846	206,852
Stupski Foundation	206,435	-
The United Nations Foundation	174,426	146,971
David and Lucile Packard Foundation	125,221	615,623
Westwind Foundation	66,768	26,295
CRGC Core Support	64,178	83,387
11 th Hour Project	56,667	-
Mary Wohlford Foundation	52,503	105,292
East Bay Community Foundation	-	141,050
Ford Foundation	-	47,899
CNET	-	40,416
The Flight Attendant Medical Research Institute	-	19,197
Regents UCTRDRP	-	17,669
Other	<u>619,302</u>	<u>541,965</u>
Total temporarily restricted net assets	<u>\$ 12,302,253</u>	<u>\$ 7,297,101</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, 2018. Amounts borrowed under this agreement bear interest equal to LIBOR Daily Floating rate plus 2% (3.438% and 2.688% at December 31, 2017 and 2016, respectively). The line is secured by the cash and accounts receivable of the Institute. As of December 31, 2017 and 2016, there were no outstanding borrowings on the line of credit.

(Continued)

PUBLIC HEALTH INSTITUTE
NOTES TO FINANCIAL STATEMENTS
December 31, 2017 and 2016

NOTE 7 – LEASE COMMITMENTS

The Institute leases office space under several agreements, expiring in various years through 2022. 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, 2017 are as follows:

Year Ending <u>December 31,</u>	
2018	\$ 4,874,136
2019	4,220,420
2020	3,435,953
2021	1,891,222
2022	<u>233,178</u>
	<u>\$ 14,654,909</u>

Rent expense under all operating leases totaled \$4,523,740 and \$4,378,819 for the years ended December 31, 2017 and 2016, 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, 2017 and 2016 totaled \$3,275,388 and \$3,228,822, respectively. During the same years, \$1,248,352 and \$1,149,291, respectively, were included with allocated indirect expenses.

NOTE 8 – TAX SHELTERED ANNUITY PLAN

In lieu of a standard retirement plan, the Institute offers participation in a tax sheltered annuity plan. Employees who work a minimum of 20 hours per week, after six full months of employment, are eligible to participate. The Institute contributes 10% of gross wages to the tax sheltered annuity 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, 2017 and 2016, the Institute contributed \$4,878,521 and \$4,416,369, respectively, to the tax sheltered annuity plan. The aforementioned contributions are fully vested and are administered by 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 as a result of the audits. Audits in accordance with the provisions of Uniform Guidance have been completed for all required fiscal years through 2016. Until such audits have been 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 liability will result from such audits.

(Continued)

NOTE 10 – SUBSEQUENT EVENTS

In preparing these financial statements, the Institute has evaluated events and transactions for potential recognition or disclosure through June 18, 2018, the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

PUBLIC HEALTH INSTITUTE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended December 31, 2017

<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>
Research and Development Cluster:					
Department of Health and Human Services (DHHS):					
ACL National Institute On Disability, Independent Living, and Rehabilitation Research	Administration for Community Living	93.433	90DP0021-02-02	\$ -	\$ 526,527
ACL National Institute On Disability, Independent Living, and Rehabilitation Research	Administration for Community Living	93.433	90DP0081-01-00	<u>115,436</u>	<u>963,990</u>
Subtotal CFDA 93.433				<u>115,436</u>	<u>1,490,517</u>
Environmental Public Health and Emergency Response	Center for Disease Control and Prev	93.070	1 NUE1EH001343-01-00	-	318,792
Environmental Public Health and Emergency Response	Center for Disease Control and Prev	93.070	U38EH000953	<u>-</u>	<u>586,667</u>
Subtotal CFDA 93.070				<u>-</u>	<u>905,459</u>
Alcohol Research Programs	Natl Inst On Alcohol Abuse & Alcoholism	93.273	1K01AA024832-01A1	-	117,563
Alcohol Research Programs	Natl Inst On Alcohol Abuse & Alcoholism	93.273	1R01AA021448	47,185	336,415
Alcohol Research Programs	Natl Inst On Alcohol Abuse & Alcoholism	93.273	1R03AA025205-01A1	-	52,918
Alcohol Research Programs	Natl Inst On Alcohol Abuse & Alcoholism	93.273	5P50AA005595-37	83,766	1,489,166
Alcohol Research Programs	Natl Inst On Alcohol Abuse & Alcoholism	93.273	5R01AA021742	-	464,592
Alcohol Research Programs	Natl Inst On Alcohol Abuse & Alcoholism	93.273	5R01AA022668-03	-	166,142
Alcohol Research Programs	Natl Inst On Alcohol Abuse & Alcoholism	93.273	5R01AA022791	-	434,635
Alcohol Research Programs	Natl Inst On Alcohol Abuse & Alcoholism	93.273	5R01AA022857	14,179	755,979
Alcohol Research Programs	Natl Inst On Alcohol Abuse & Alcoholism	93.273	5R01AA023870	153,886	365,388
Alcohol Research Programs	Natl Inst On Alcohol Abuse & Alcoholism	93.273	5R21AA022747-02	-	141,031
Alcohol Research Programs	Natl Inst On Alcohol Abuse & Alcoholism	93.273	5R21AA023039-02	21,411	109,876
Alcohol Research Programs	Natl Inst On Alcohol Abuse & Alcoholism	93.273	5R34AA022697	-	146,645
Alcohol Research Programs	Natl Inst On Alcohol Abuse & Alcoholism	93.273	R01AA013750	-	340,223
Alcohol Research Programs	Natl Inst On Alcohol Abuse & Alcoholism	93.273	R01AA020328	-	51,501
Alcohol Research Programs	University of California, Los Angeles	93.273	0350 G RA729	-	19,116
Alcohol Research Programs	University of California, San Francisco	93.273	8825SC	-	140,485
Alcohol Research Programs	University of Iowa	93.273	W000814189	-	55,512
Alcohol Research Programs	University of Sheffield	93.273	R01AA024443 SUB01 PHI-ARG	-	174,909
Alcohol Research Programs	Virginia Commonwealth University	93.273	PD303768-SC105637	<u>-</u>	<u>88,872</u>
Subtotal CFDA 93.273				<u>320,427</u>	<u>5,450,968</u>
Blood Diseases and Resources Research	University of California, Davis	93.839	201601264-01	<u>-</u>	<u>2,031</u>
Cancer Cause and Prevention Research	National Cancer Institute	93.393	1R01CA214470-01	<u>-</u>	<u>635,620</u>

(Continued)

PUBLIC HEALTH INSTITUTE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended December 31, 2017

Federal Granting Agency/Program Name	Pass-Through Entity	CFDA Number	Grant/Contract Number	Provided to Sub-recipients	Expenditures
Research and Development Cluster (Continued):					
Department of Health and Human Services (DHHS) (Continued):					
Cancer Treatment Research	Children's Hospital of Philadelphia	93.395	9500080217-XX	\$ -	\$ 753,361
Cancer Treatment Research	Children's Hospital of Philadelphia	93.395	9500080218-S3	-	823
Cancer Treatment Research	Children's Hospital of Philadelphia	93.395	962323-RSUB	-	32,064
Cancer Treatment Research	Children's Hospital of Philadelphia	93.395	962416-RSUB	-	1,327,343
Cancer Treatment Research	Children's Hospital of Philadelphia	93.395	962479-RSUB	-	4,817,664
Cancer Treatment Research	Children's Hospital of Philadelphia	93.395	962516-RSUB	-	51,611
Cancer Treatment Research	Children's Hospital of Philadelphia	93.395	962575-RSUB	-	870,266
Cancer Treatment Research	Children's Hospital of Philadelphia	93.395	962644-RSUB	-	5,671
Cancer Treatment Research	Children's Hospital of Philadelphia	93.395	962705-RSUB	-	1,291,335
Cancer Treatment Research	Children's Hospital of Philadelphia	93.395	962706-RSUB	-	561,211
Cancer Treatment Research	Children's Hospital of Philadelphia	93.395	30004166-02	-	4,665
Cancer Treatment Research	University of Florida	93.395	UFDSP00011747	-	5,410,320
Subtotal CFDA 93.395				-	15,126,334
Child Health and Human Development Extramural Research	Stanford University	93.865	60520239-107774	-	59,811
Child Health and Human Development Extramural Research	University of Washington	93.865	N/A	-	24,964
Subtotal CFDA 93.865				-	84,775
The Surveillance, Epidemiology, and End Results (SEER) Program on Cancer Statistics program	National Cancer Institute	93.U01	HHSN261201300014I	299,388	3,465,284
Drug Abuse and Addiction Research Programs	National Institutes of Health	93.279	1R01DA042938-01A1	-	61,747
Drug Abuse and Addiction Research Programs	Natl Inst on Drug Abuse	93.279	1R01DA039971-01A1	45,492	310,489
Drug Abuse and Addiction Research Programs	Natl Inst on Drug Abuse	93.279	R21DA039027	8,354	85,815
Drug Abuse and Addiction Research Programs	Natl Institute on Drug Abuse	93.279	5R01DA036606	111,480	290,688
Drug Abuse and Addiction Research Programs	Natl Institute on Drug Abuse	93.279	R01DA034973	-	557,213
Subtotal CFDA 93.279				165,326	1,305,952
Environmental Health	Natl Inst of Environmental Health Svcs	93.113	R01ES022722	241,918	410,035
Environmental Health	University of California, Davis	93.113	201403067-01	-	10,000
Environmental Health	University of California, San Francisco	93.113	7923sc 7924sc	-	47,427
Environmental Health	University of California, San Francisco	93.113	9718sc	-	108,712
Subtotal CFDA 93.113				241,918	576,174

(Continued)

PUBLIC HEALTH INSTITUTE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended December 31, 2017

<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>
Research and Development Cluster (Continued); Department of Health and Human Services (DHHS) (Continued):					
International Research and Research Training	Fogarty International Center	93.989	R01TW009295	\$ 37,000	\$ 181,220
International Research and Research Training	National Institutes of Health	93.989	7K01TW009484-04	<u>23,365</u>	<u>131,637</u>
Subtotal CFDA 93.989				<u>60,365</u>	<u>312,857</u>
Mental Health Research Grants	Temple University	93.242	360762-PHI	-	<u>4,505</u>
Occupational Safety and Health Program	Natl Inst for Occupational Safety & Hlth	93.262	5U60OH010895	-	178,380
Occupational Safety and Health Program	The Center for Construction Research & Trn	93.262	3001-811-03	<u>-</u>	<u>2,506</u>
Subtotal CFDA 93.262				<u>-</u>	<u>180,886</u>
Substance Abuse and Mental Health Services Projects of Regional and National Significance	Substance Abuse & Mental Hlth Svcs Admin	93.243	1H79TI080720-01	-	3,180
Substance Abuse and Mental Health Services Projects of Regional and National Significance	Substance Abuse & Mental Hlth Svcs Admin	93.243	1U79SM063157-01	46,301	257,930
Substance Abuse and Mental Health Services Projects of Regional and National Significance	Substance Abuse & Mental Hlth Svcs Admin	93.243	IH79SP021774-01	<u>41,415</u>	<u>158,789</u>
Subtotal CFDA 93.243				<u>87,716</u>	<u>419,899</u>
Common Fund Research Support	Office of Aids Research	93.310	N/A	<u>-</u>	<u>96,928</u>
Injury Prevention and Control Research and State and Community Based Programs (B)	National Sexual Violence	93.136	N/A	<u>-</u>	<u>17,094</u>
Development of a database on Non-English Measure and Instruments for use in Alcohol Research	Brightoutcome Inc.	93.U02	HHSN275201600002C	<u>-</u>	<u>98,471</u>
Environmental Protection Agency (EPA):					
Science To Achieve Results (STAR) Research Program	University of California, San Francisco	66.509	8633sc 8634sc	<u>-</u>	<u>40,553</u>
U.S Department of Education:					
National Institute on Disability and Rehabilitation Research	Institute for Rehabilitation	84.133	ADA-PHI-3-13	-	72,410
National Institute on Disability and Rehabilitation Research	University of New Hampshire	84.133	14-043	<u>-</u>	<u>54,192</u>
Subtotal CFDA 84.133				<u>-</u>	<u>126,602</u>

(Continued)

PUBLIC HEALTH INSTITUTE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended December 31, 2017

<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>
Research and Development Cluster (Continued):					
Department of Defense:					
Military Medical Research and Development (B)	Dept of the Army	12.420	W81XWH-16-1-0254	\$ 15,751	\$ 106,667
Military Medical Research and Development (B)	NCIRE	12.420	TAN1859-01	-	26,481
Subtotal CFDA 12.420				<u>15,751</u>	<u>133,148</u>
Subtotal Research and Development Cluster				<u>1,306,327</u>	<u>30,561,774</u>
Other Programs:					
Department of Health and Human Services (DHHS):					
PPHF: Racial and Ethnic Approaches to Community Health Program financed solely by Public Prevention and Health Funds	Altamed Health Services Corp.	93.738	1U58DP005740-01	-	7,312
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	-	28,001
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>482,341</u>	<u>602,665</u>
Subtotal CFDA 93.738				<u>482,341</u>	<u>637,978</u>
Special Projects of National Significance	Health Resources & Services Admin	93.928	1 H97HA24970-01-00	-	<u>224,982</u>
ACA - State Innovation Models: Funding for Model Design and Model Testing Assistance (B)	State of Vermont	93.624	31145	-	<u>63,255</u>
Centers for Disease Control and Prevention Investigations and Technical Assistance	CEIP	93.283	008.0905	-	21,890
Centers for Disease Control and Prevention Investigations and Technical Assistance	State of CA, Dept of Public Health	93.283	12-10247	-	2,533
Centers for Disease Control and Prevention Investigations and Technical Assistance	State of CA, Dept of Public Health	93.283	15-10331	<u>25,653</u>	<u>79,547</u>
Subtotal CFDA 93.283				<u>25,653</u>	<u>103,970</u>

(Continued)

PUBLIC HEALTH INSTITUTE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended December 31, 2017

<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>
Other Programs (Continued):					
Department of Health and Human Services(DHHS) (Continued):					
NON-ACA/PPHF Building Capacity of the Public Health System to Improve Population Health through National Nonprofit Organizations	Assoc of State & Terr Hlth Ofc (ASTHO)	93.424	57-10064	\$ -	\$ 6,889
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	-	130,470
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	G1096	-	2,416
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	G1097	-	8,075
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	G860	-	4,440
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	G864	-	147,554
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	G865	-	6,300
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	G866	-	11,195
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	G878	-	30,031
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	G983	-	140,372
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	G990	-	85,257
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	G991	-	602,303
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	G992	-	162,958
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	G993	-	152,655

(Continued)

PUBLIC HEALTH INSTITUTE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended December 31, 2017

<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>
Other Programs (Continued):					
Department of Health and Human Services (DHHS) (Continued):					
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	G994	\$ -	\$ 244,353
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	G995	-	106,771
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	G996	-	161,241
NON-ACA/PPHF Building Capacity of the Public Health System to Improve Population Health through National Nonprofit Organizations	Natl Assoc of Chronic Disease Directors	93.424	0722017	-	7,209
NON-ACA/PPHF Building Capacity of the Public Health System to Improve Population Health through National Nonprofit Organizations	Natl Inst for Occupational Safety & Hlth	93.424	5U60OH008468	-	<u>532,292</u>
Subtotal CFDA 93.424				-	<u>2,542,781</u>
Occupational Safety and Health Program	Natl Inst for Occupational Safety & Hlth	93.U03	170832409	-	3,143
Occupational Safety and Health Program	Natl Inst for Occupational Safety & Hlth	93.U03	214-2016-M-89820	-	11,178
Protecting and Improving Health Globally: Building and Strengthening Public Health Impact, Systems, Capacity and Security	Center for Disease Control and Prev	93.318	NU2GGH002093-01-00	-	<u>1,528,784</u>
Research on Healthcare Costs, Quality and Outcomes	University of California, San Francisco	93.226	9731sc	-	<u>5,181</u>
Sickle Cell Treatment Demonstration Program	Children's Hospital and Research Center	93.365	12-8927-PHI	-	<u>7,207</u>
Telehealth Programs	Health Resources & Services Admin	93.211	1G22RH30365-01-00		247,735
Telehealth Programs	Health Resources & Services Admin	93.211	2 G22RH30365-02-00	-	<u>91,434</u>
Subtotal CFDA 93.211				-	<u>339,169</u>
Healthy Marriage Promotion and Responsible Fatherhood Grants	Administration for Children and Families	93.086	90FM0090-01-000	<u>793,691</u>	<u>806,090</u>
Community Programs to Improve Minority Health Grant Program	Public Health Service	93.137	CPIMP151113-01-00	-	<u>430,770</u>
Partnerships to Improve Community Health	Fresno County	93.331	952-5369	157,124	80,365
Partnerships to Improve Community Health	Toiyabe County	93.331	NU58DP005678-03-01	-	<u>40,715</u>
Subtotal CFDA 93.331				<u>157,124</u>	<u>121,080</u>

(Continued)

PUBLIC HEALTH INSTITUTE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended December 31, 2017

<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>
Other Programs (Continued):					
Department of Health and Human Services (DHHS) (Continued):					
Block Grants for Prevention and Treatment of Substance Abuse	Sacramento County	93.959	3027206000-16-085	\$ _____ -	\$ <u>327,014</u>
Racial and Ethnic Approaches to Community Health	Toiyabe County	93.304	NU58DP005678-03-01	_____ -	<u>40,681</u>
Administration for Children, Youth and Families Child Abuse and Neglect Discretionary Activities	Futures Without Violence	93.670	2317	_____ -	<u>2,536</u>
Department of Labor:					
WIA/WIOA Adult Program (A)	Contra Costa County	17.258	18-392-0	_____ -	<u>36,662</u>
Environmental Protection Agency (EPA):					
Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act	US Environmental Protection Agency	66.034	83924101	-	25,982
Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act	US Environmental Protection Agency	66.034	83575801	<u>20,000</u>	<u>164,160</u>
Subtotal CFDA 66.034				<u>20,000</u>	<u>190,142</u>
U.S Agency for International Development (USAID):					
USAID Foreign Assistance for Programs Overseas	FHI360	98.001	102137 001 004 001 002	-	2,403
USAID Foreign Assistance for Programs Overseas	Prog for Appropriate Tech In Health	98.001	AID.1659-05454-SUB	-	40
USAID Foreign Assistance for Programs Overseas	US Agency for Intl Development	98.001	AID-OAA-A-11-00025	2,072,199	33,023,742
USAID Foreign Assistance for Programs Overseas	US Agency for Intl Development	98.001	AID-OAA-A-16-00045	_____ -	<u>981,749</u>
Subtotal CFDA 98.001				<u>2,072,199</u>	<u>34,007,934</u>

(Continued)

PUBLIC HEALTH INSTITUTE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended December 31, 2017

<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>
Other Programs (Continued):					
U.S Department of Agriculture – SNAP Cluster:					
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	Placer County HHS Fiscal	10.561	CN005759	\$ -	\$ 147,274
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	Sacramento County	10.561	7207500-17/20-269	-	181,946
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	Sonoma County	10.561	2017-0180-A00	-	18,605
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	State of CA, Dept of Public Health	10.561	16-11092	-	10,041
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	State of CA, Dept of Social Services	10.561	16-SUB-00906	605,261	782,284
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	State of Georgia	10.561	42700-040-0000056585	-	67,847
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	State of Georgia	10.561	42700-040-0000065948	-	31,716
Subtotal CFDA 10.561 – SNAP Cluster				<u>605,261</u>	<u>1,239,713</u>
U.S Department of Justice:					
Youth Alive		16.582	2015-VF-GX-K025	-	129,646
Subtotal Other Programs				<u>4,156,269</u>	<u>46,956,165</u>
Total Expenditures of Federal Awards				<u>\$ 5,462,596</u>	<u>\$ 77,517,939</u>

See accompanying notes to Schedule of Expenditures of Federal Awards.

PUBLIC HEALTH INSTITUTE
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
December 31, 2017

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, 2016 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 Organization 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	\$ 1,306,327
USAID Foreign Assistance for Programs Overseas	98.001	\$ 2,072,199
Centers for Disease Control and Prevention Investigations and Technical Assistance	93.283	\$ 25,653
Racial and Ethnic Approaches to Community Health Program Financed Solely by 2012 Public Prevention and Health Funds	93.738	\$ 482,341
Healthy Marriage Promotion and Responsible Fatherhood Grants	93.086	\$ 793,691
Partnership to Improve Community Health	93.331	\$ 157,124
Surveys, Studies, Research, Investigations, Demonstrations and Special Purpose Activities Relating to the Clean Air Act	66.034	\$ 20,000
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	\$ 605,261
		<u>\$ 5,462,596</u>

NOTE 2 – SUBSEQUENT EVENTS

Public Health Institute has evaluated subsequent events through <>, 2018, 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, 2017

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>
Research and Development Cluster	Various	\$ 30,561,774

Dollar threshold used to distinguish between Type A and Type B programs: \$ 2,325,538

Auditee qualified as low-risk auditee? X Yes No

(Continued)

PUBLIC HEALTH INSTITUTE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
December 31, 2017

SECTION II - FINANCIAL STATEMENT FINDINGS

No matters were reported.

(Continued)

PUBLIC HEALTH INSTITUTE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
December 31, 2017

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

PUBLIC HEALTH INSTITUTE
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
December 31, 2017

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, 2017, 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 18, 2018.

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*.

(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 18, 2018

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, 2017. 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, 2017.

(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 18, 2018