

PUBLIC HEALTH INSTITUTE

FINANCIAL STATEMENTS

December 31, 2023 and 2022

PUBLIC HEALTH INSTITUTE

FINANCIAL STATEMENTS
December 31, 2023 and 2022

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Public Health Institute
Oakland, California

Opinion

We have audited the financial statements of Public Health Institute, which comprise the statements of financial position as of December 31, 2023 and 2022, 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Public Health Institute as of December 31, 2023 and 2022, and the changes 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Public Health Institute and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Public Health Institute's ability to continue as a going concern for one year from the date the financial statements are available to be issued.

(Continued)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Public Health Institute's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Public Health Institute's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.


Crowe LLP

San Francisco, California
August 21, 2024

PUBLIC HEALTH INSTITUTE
STATEMENTS OF FINANCIAL POSITION
December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 62,154,652	\$ 72,127,397
Investments (Note 3)	12,810,838	6,802,259
Grants and contracts receivable, net of allowance for doubtful accounts of \$75,000 in 2022 and 2021	47,987,841	59,294,306
Prepaid expenses	1,140,196	1,914,114
Other assets	555,543	461,654
Total current assets	124,649,070	140,599,730
Non-current assets:		
Furniture, equipment and computer software, net of accumulated depreciation and amortization (Note 4)	540,611	692,277
Operating lease right-of-use asset	3,853,206	6,313,065
Total non-current assets	4,393,817	7,005,342
Total assets	\$ 129,042,887	\$ 147,605,072
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and other accrued liabilities	\$ 22,001,025	\$ 20,864,184
Accrued salaries and related leave	16,141,640	17,999,284
Operating lease liability, current	2,452,351	2,526,233
Contract advances	19,594,379	50,602,842
Total current liabilities	60,189,395	91,992,543
Operating lease liability, non-current	1,760,772	4,146,750
Total liabilities	61,950,167	96,139,293
Net assets:		
Without donor restrictions:		
Undesignated	13,925,626	15,094,026
Designated (Note 5)	18,322,450	3,432,185
Total without donor restrictions	32,248,076	18,526,211
With donor restrictions (Note 6)	34,844,644	32,939,568
Total net assets	67,092,720	51,465,779
Total liabilities and net assets	\$ 129,042,887	\$ 147,605,072

See accompanying notes to financial statements.

PUBLIC HEALTH INSTITUTE
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
For the years ended December 31, 2023 and 2022

	2023			2022		
	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 10)	\$ 274,228,964	\$ 20,920,769	\$ 295,149,733	\$ 228,311,111	\$ 26,037,647	\$ 254,348,758
Contributions	2,089,404	-	2,089,404	1,651,588		1,651,588
Investment income (loss), net	2,886,765	-	2,886,765	(596,653)		(596,653)
Net assets released from donor restrictions	19,015,693	(19,015,693)	-	24,108,793	(24,108,793)	-
Total support and revenue	<u>298,220,826</u>	<u>1,905,076</u>	<u>300,125,902</u>	<u>253,474,839</u>	<u>1,928,854</u>	<u>255,403,693</u>
Expenses						
Direct expenses:						
Salaries, wages and benefits (Note 9)	97,617,521	-	97,617,521	94,875,508	-	94,875,508
Professional services	35,612,702	-	35,612,702	31,838,002	-	31,838,002
Travel, training and professional development	4,770,235	-	4,770,235	3,960,603	-	3,960,603
Occupancy (Note 8)	1,090,412	-	1,090,412	1,609,355	-	1,609,355
Supplies	1,718,530	-	1,718,530	1,416,851	-	1,416,851
Publications and printing	198,563	-	198,563	159,454	-	159,454
Communications	1,113,411	-	1,113,411	1,250,694	-	1,250,694
Postage and delivery	662,806	-	662,806	613,644	-	613,644
Subcontracts and grants	106,717,307	-	106,717,307	88,198,000	-	88,198,000
Other	1,042,669	-	1,042,669	502,634	-	502,634
Total direct expenses	<u>250,544,156</u>	<u>-</u>	<u>250,544,156</u>	<u>224,424,745</u>	<u>-</u>	<u>224,424,745</u>
Indirect expenses:						
Allocated	32,520,930	-	32,520,930	28,353,393	-	28,353,393
Unallocated	1,433,875	-	1,433,875	966,154	-	966,154
Total indirect expenses	<u>33,954,805</u>	<u>-</u>	<u>33,954,805</u>	<u>29,319,547</u>	<u>-</u>	<u>29,319,547</u>
Total expenses	<u>284,498,961</u>	<u>-</u>	<u>284,498,961</u>	<u>253,744,292</u>	<u>-</u>	<u>253,744,292</u>
Change in net assets	13,721,865	1,905,076	15,626,941	(269,453)	1,928,854	1,659,401
Net assets at beginning of year	<u>18,526,211</u>	<u>32,939,568</u>	<u>51,465,779</u>	<u>18,795,664</u>	<u>31,010,714</u>	<u>49,806,378</u>
Net assets at end of year	<u>\$ 32,248,076</u>	<u>\$ 34,844,644</u>	<u>\$ 67,092,720</u>	<u>\$ 18,526,211</u>	<u>\$ 32,939,568</u>	<u>\$ 51,465,779</u>

See accompanying notes to financial statements.

PUBLIC HEALTH INSTITUTE
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended December 31, 2023

	<u>Program Services and Fundraising</u>			<u>Management and General</u>			<u>Total Expenses</u>
	<u>Program Services</u>	<u>Fundraising</u>	<u>Subtotal</u>	<u>PHI</u>	<u>ARG</u>	<u>Subtotal</u>	
Salaries, wages and benefits	\$ 97,615,692	\$ 1,828	\$ 97,617,520	\$ 24,401,508	\$ 768,823	\$ 25,170,331	\$ 122,787,851
Professional services	35,609,686	-	35,609,686	2,618,924	113,291	2,732,215	38,341,901
Travel, training and professional development	4,770,236	-	4,770,236	532,869	5,443	538,312	5,308,548
Occupancy	1,090,412	-	1,090,412	1,663,113	316,837	1,979,950	3,070,362
Supplies	1,718,333	198	1,718,531	1,186,962	69,613	1,256,575	2,975,106
Publications and printing	198,562	-	198,562	129,548	3,571	133,119	331,681
Temporary help	3,016	-	3,016	61,758	-	61,758	64,774
Communications	1,111,691	1,720	1,113,411	467,336	15,743	483,079	1,596,490
Postage and delivery	662,806	-	662,806	26,575	393	26,968	689,774
Subcontracts and grants	106,717,307	-	106,717,307	-	-	-	106,717,307
Other	1,042,181	488	1,042,669	1,564,237	8,261	1,572,498	2,615,167
	<u>\$ 250,539,922</u>	<u>\$ 4,234</u>	<u>\$ 250,544,156</u>	<u>\$ 32,652,830</u>	<u>\$ 1,301,975</u>	<u>\$ 33,954,805</u>	<u>\$ 284,498,961</u>

See accompanying notes to financial statements.

PUBLIC HEALTH INSTITUTE
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended December 31, 2022

	Program Services and Fundraising			Management and General			Total Expenses
	Program Services	Fundraising	Subtotal	PHI	ARG	Subtotal	
Salaries, wages and benefits	\$ 94,875,432	\$ 75	\$ 94,875,507	\$ 20,904,363	\$ 702,314	\$ 21,606,677	\$ 116,482,184
Professional services	31,838,002	-	31,838,002	2,531,318	69,915	2,601,233	34,439,235
Travel, training and professional development	3,960,604	-	3,960,604	255,758	-	255,758	4,216,362
Occupancy	1,609,355	-	1,609,355	1,385,232	315,464	1,700,696	3,310,051
Supplies	1,416,851	-	1,416,851	619,435	60,984	680,419	2,097,270
Publications and printing	159,454	-	159,454	185,558	10,534	196,092	355,546
Temporary help	-	-	-	43,047	-	43,047	43,047
Communications	1,248,974	1,720	1,250,694	295,696	21,719	317,415	1,568,109
Postage and delivery	613,644	-	613,644	15,422	945	16,367	630,011
Subcontracts and grants	88,198,000	-	88,198,000	-	-	-	88,198,000
Other	502,407	227	502,634	1,896,808	5,035	1,901,843	2,404,477
	<u>\$ 224,422,723</u>	<u>\$ 2,022</u>	<u>\$ 224,424,745</u>	<u>\$ 28,132,637</u>	<u>\$ 1,186,910</u>	<u>\$ 29,319,547</u>	<u>\$ 253,744,292</u>

See accompanying notes to financial statements.

PUBLIC HEALTH INSTITUTE
STATEMENTS OF CASH FLOWS
For the years ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Change in net assets	\$ 15,626,941	\$ 1,659,401
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation	361,229	557,833
Net realized and unrealized (gain) loss on investments	(1,255,947)	739,597
Non-cash rent expense	-	359,918
Changes in operating assets and liabilities:		
(Increase) decrease in:		
Grants and contracts receivable	11,306,465	(27,465,065)
Prepaid expenses	773,918	(1,501,619)
Other assets	(93,889)	(143,457)
Increase (decrease) in:		
Accounts payable and accrued liabilities	1,136,840	11,657,241
Accrued salaries and related leave	(1,857,644)	1,663,377
Contract advances	(31,008,463)	37,507,278
Net cash (used in) provided by operating activities	<u>(5,010,550)</u>	<u>25,034,504</u>
Cash flows from investing activities		
Purchases of investments, net	(10,534,196)	(4,279,744)
Proceeds from sale or maturity of investments	5,781,564	520,483
Purchase of furniture, equipment and computer software	(209,563)	(265,495)
Net cash used in investing activities	<u>(4,962,195)</u>	<u>(4,024,756)</u>
Net change in cash and cash equivalents	(9,972,745)	21,009,748
Cash and cash equivalents at beginning of year	<u>72,127,397</u>	<u>51,117,649</u>
Cash and cash equivalents at end of year	<u>\$ 62,154,652</u>	<u>\$ 72,127,397</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 or PHI) are to improve the public's health in United States and globally through research, training and professional education, fiscal sponsorship and institutional support, consultation and technical assistance, information dissemination and policy analysis.

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
- Data and evidence-based public health
- Focus on prevention

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

Principles of Consolidation: The accompanying financial statements of the Institute include the accounts of the Public Health Institute and its controlled subsidiary, PHI India Private Limited, which is a private limited company organized under the laws of India. PHI India Private Limited is operated exclusively for the purpose of carrying out projects that advance PHI's charitable and scientific purposes in India. All intercompany balances and transactions have been eliminated in consolidation.

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 (GAAP).

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.

Investments: Investments are valued at fair value based upon quoted market prices, when available, or estimates of fair value, in the Statements of Financial Position and realized and unrealized gains and losses are recognized in the Statements of Activities in the year incurred.

(Continued)

PUBLIC HEALTH INSTITUTE
NOTES TO FINANCIAL STATEMENTS
December 31, 2023 and 2022

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 492 hours of paid time off. As of December 31, 2023 and 2022, the liability for accrued compensated absences aggregated \$13,297,084 and \$14,729,803, 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 5) 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 and contracts, which are generally considered non-exchange transactions, are recognized as net assets with donor restrictions when they are deemed to have a purpose or time restricted contribution. Conditional promises to give, with a barrier and right of return, are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. 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 have been incurred by the Institute. Contract funding received in advance of incurring the related expenses is recorded as a contract advance. Contract advances remain as a liability until such time as the qualifying direct or indirect expenses have been incurred.

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 conditions, which must be met through incurring qualifying expenses for particular programs. Accordingly, such grants 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, as well as current conditions and reasonable and supportable forecasts about the future.

(Continued)

PUBLIC HEALTH INSTITUTE
NOTES TO FINANCIAL STATEMENTS
December 31, 2023 and 2022

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, 2023 and 2022, the Institute has documented its consideration of 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, 2023 or 2022 nor does it expect there will be a material change in the twelve months following the year ended December 31, 2023. As of December 31, 2023, the Institute's tax years ended December 31, 2018 through December 31, 2023 remain subject to examination in the United States federal tax jurisdiction and the tax years ended December 31, 2017 through December 31, 2023, 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 program 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. The Institute considers its services related to bettering the public health to encompass one program for purposes of functional expense allocation, except where programs have additional costs only attributable to their program, as is the case with Alcohol Research Group ("ARG").

Reclassifications: Certain reclassifications have been made to the prior year financial statements in order for them to be in conformity with the current year presentation. These reclassifications had no effect on previously reported net assets or changes in net assets.

(Continued)

NOTE 2 – CONCENTRATION OF REVENUE

Approximately 60% and 71% of the Institute's total support and revenue for the years ending December 31, 2023 and 2022, respectively, was derived from various agencies of the U.S. government. Approximately 8% and 11% of the Institute's total support and revenue for the years ended December 31, 2023 and 2022, respectively, was received under a single cooperative agreement from the United States Agency for International Development. Approximately 5% and 11% of the Institute's total support and revenue for the years ended December 31, 2023 and 2022, respectively, was received under various awards from the National Institute of Health. Approximately 15% and 20% of the Institute's total support and revenue for the years ended December 31, 2023 and 2022, respectively, was received under various awards from the National Cancer Institute. Any interruption of these relationships (i.e. failure to renew grant agreements or withholding of funds) would require review of ongoing operations.

NOTE 3 – INVESTMENTS AND FAIR VALUE MEASUREMENTS

Investments are carried at fair value; therefore, realized and unrealized gains and losses are reflected in the statement of activities in the year incurred.

The Institute discloses investments recorded at fair value into the "fair value hierarchy," in accordance with GAAP. The categorization of a financial instrument within the fair value hierarchy is based upon the pricing transparency of the instrument and does not necessarily correspond to the Institute's perceived risk of that instrument. The three levels for measuring fair value are based on the reliability of inputs and are as follows:

- Level 1* Quoted prices are available in active markets for identical investments as of the reporting date. Level 1 investments generally include publicly traded equity and fixed income securities.
- Level 2* Pricing inputs are based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the assets or liabilities. There were no such investments held by the Institute as of December 31, 2023 and 2022.
- Level 3* Pricing inputs are generally unobservable for the assets or liabilities and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require management's judgment or estimation of assumptions that market participants would use in pricing the assets or liabilities. The fair values are therefore determined using factors that involve judgment including private and comparable public companies, third party appraisals, discounted cash flow models, and fund manager estimates. There were no such investments held by the Institute as of December 31, 2023 and 2022.

Investments in equity securities and fixed income mutual funds are classified as Level 1 as they are traded on a public exchange. Investments recorded at cost include cash and money market funds. Investments recorded at cost are not required to be classified in one of the levels prescribed by the fair value hierarchy.

(Continued)

PUBLIC HEALTH INSTITUTE
NOTES TO FINANCIAL STATEMENTS
December 31, 2023 and 2022

NOTE 3 – INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)

At December 31, 2023, investments consisted of the following:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments, at fair value:				
Equity securities	\$ 5,169,061	\$ 5,169,061	\$ -	\$ -
Fixed income securities	<u>2,466,404</u>	<u>1,483,305</u>	<u>983,099</u>	<u>-</u>
	7,635,465	<u>\$ 6,652,366</u>	<u>\$ 983,099</u>	<u>\$ -</u>
Investments, at cost:				
Cash and money market funds	<u>5,175,373</u>			
Total investments	<u>\$ 12,810,838</u>			

At December 31, 2022, investments consisted of the following:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments, at fair value:				
Equity securities	\$ 4,301,814	\$ 4,301,814	\$ -	\$ -
Fixed income securities	<u>2,329,537</u>	<u>2,329,537</u>	<u>-</u>	<u>-</u>
	6,631,351	<u>\$ 6,631,351</u>	<u>\$ -</u>	<u>\$ -</u>
Investments, at cost:				
Cash and money market funds	<u>170,908</u>			
Total investments	<u>\$ 6,802,259</u>			

Investment return consists of interest and dividend income, realized gains and losses, and unrealized gains and losses. Gains and losses on dispositions of investments, as included in the statements of activities, are determined on the specific-identification basis. Unrealized gains and losses from fair value fluctuations on investments are included in the statements of activities in the period such fluctuations occur. Investment and related fees include all external and direct internal investment expenses.

The following schedule summarizes the net investment return and its classification in the statement of activities for December 31:

	<u>2023</u>	<u>2022</u>
Ordinary dividends	\$ 1,593,391	\$ 119,217
Interest income	37,429	23,727
Realized gain (loss) on investments	(71,459)	(219,610)
Unrealized gain (loss) on investments	<u>1,327,404</u>	<u>(519,987)</u>
Investment gain (loss), net	<u>\$ 2,886,765</u>	<u>\$ (596,653)</u>

(Continued)

PUBLIC HEALTH INSTITUTE
NOTES TO FINANCIAL STATEMENTS
December 31, 2023 and 2022

NOTE 4 – FURNITURE, EQUIPMENT AND COMPUTER SOFTWARE

Furniture, equipment and computer software consisted of the following at December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Furniture and equipment	\$ 4,047,499	\$ 4,047,499
Computer software	884,363	674,800
Total furniture, equipment and computer software	4,931,862	4,722,299
Less: Accumulated depreciation and amortization	(4,391,251)	(4,030,022)
Net furniture, equipment and computer software	\$ 540,611	\$ 692,277

Total depreciation and amortization expense for the years ended December 31, 2023 and 2022 was \$361,229 and \$557,833, respectively.

NOTE 5 – DESIGNATED NET ASSETS

Internally designated program funds totaled \$18,322,450 and \$3,432,185, as of December 31, 2023 and 2022, respectively, and were classified as designated net assets.

NOTE 6 – NET ASSETS WITH DONOR RESTRICTIONS

As of December 31, 2023 and 2022, net assets with donor restrictions consisted of funds set aside for specific programs, as stipulated by the following donors providing the restricted support:

	<u>2023</u>	<u>2022</u>
Rise UP	12,855,485	14,003,810
PHI Center for Health Leadership & Impact	3,780,236	2,730,518
Center for Wellness and Nutrition	2,683,002	2,401,977
Oregon Public Health Institute	1,540,373	177,363
Public Health Alliance of Southern California	1,183,345	740,314
FACES for the Future Coalition	1,100,373	761,094
Child Health & Development Studies	1,085,438	95,670
State of Equity	1,081,453	355,281
Prevention Policy Group	932,223	1,868,977
AC Care Alliance, ACCA	912,734	753,638
Science for Toxic Exposure Prevention	904,451	1,375,197
Build Healthy Places Network	885,413	1,216,525
California Coalition for Black Birth Justice	707,271	-
Together Toward Health	635,027	1,355,568
Bridge Program	626,623	473,769
Regional Asthma Management & Prevention	504,486	646,017
Others	3,426,711	3,983,850
Total net assets with donor restrictions	\$ 34,844,644	\$ 32,939,568

(Continued)

PUBLIC HEALTH INSTITUTE
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NOTE 7 – LINE OF CREDIT

The Institute has a renewable revolving bank line of credit for \$6,000,000, with a current expiration date of November 1, 2024. Amounts borrowed under this agreement for 2023 and 2022 bear interest at 2.50% above the Daily Simple Secured Overnight Financing Rate (SOFR) for any balances outstanding. The line is secured by the cash and accounts receivable of the Institute. As of December 31, 2023 and 2022, there were no outstanding borrowings on the line of credit. In addition, no amounts were borrowed from the revolving bank line of credit during the years ended December 31, 2023 or 2022.

NOTE 8 – LEASE COMMITMENTS

Public Health Institute leases facilities to provide office space for various program services. Public Health Institute has determined these contracts contain a lease as described in Accounting Standards Update No. 2016-02 (ASU 2016-02), *Leases*. The leases have various terms that extend through March 2027. Several of the leases have options to extend, but those options are not recognized as part of Public Health Institute's right-of-use assets and lease liabilities. Public Health Institute determined the discount rate for these leases using their risk-free rate, which is based on the Daily Treasury Par Yield Curve Rates as provided by the U.S. Department of the Treasury. Discount rates used range from 0.40% to 2.47%. Public Health Institute recognized \$2,689,732 in rent expense during the year which included short-term leases of less than 12 months in duration.

Future minimum lease payments under operating leases with remaining terms in excess of one year as of December 31, 2023 are as follows:

<u>Year Ending December 31,</u>	
2024	\$ 2,452,351
2025	1,259,232
2026	724,515
2027	<u>24,067</u>
	\$ 4,460,165
Less effect of discounting	<u>(247,042)</u>
Lease liability recognized	<u>4,213,123</u>

Other Information as of December 31:

	<u>2023</u>	<u>2022</u>
Weighted-average remaining lease term - operating leases	2.18	2.77
Weighted-average discount rate - operating leases	1.24%	1.21%

Rent expense under all operating leases totaled \$2,583,084 and \$3,343,911 for the year ended December 31, 2023 and 2022, respectively.

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PUBLIC HEALTH INSTITUTE
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NOTE 9 – 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, 2023 and 2022, the Institute contributed \$8,007,747 and \$7,573,812, 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 10 – 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, 2023.

NOTE 11 – SUBSEQUENT EVENTS

In preparing these financial statements, the Institute has evaluated events and transactions for potential recognition or disclosure through August 21, 2024, the date the financial statements were available to be issued.

NOTE 12 - 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>2023</u>	<u>2022</u>
Financial assets at year-end:		
Cash and cash equivalents	\$ 62,154,652	\$ 72,127,397
Investments	12,810,838	6,802,259
Grants and contracts receivable, net of allowance for doubtful accounts	<u>47,987,841</u>	<u>59,294,306</u>
	<u>122,953,331</u>	<u>138,223,962</u>
Less amounts not available for general expenditure within one year:		
Net assets with donor restrictions	(34,844,644)	(32,939,568)
Board-designated net assets	<u>(18,322,450)</u>	<u>(3,432,185)</u>
	<u>(53,167,094)</u>	<u>(36,371,753)</u>
	<u>\$ 69,786,237</u>	<u>\$ 101,852,209</u>

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PUBLIC HEALTH INSTITUTE
NOTES TO FINANCIAL STATEMENTS
December 31, 2023 and 2022

NOTE 12 - LIQUIDITY AND AVAILABILITY (Continued)

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 \$6,000,000 which can be drawn upon should a need for additional liquidity arise. See additional information in Note 7.