

**FUND FOR PUBLIC HEALTH IN NEW YORK, INC.**

**Financial Statements, Audit Reports and  
Supplementary Information in Accordance  
With the Uniform Guidance  
For the Year Ended September 30, 2017  
(With Summarized Information for 2016)  
With Independent Auditor's Report**



**MITCHELL TITUS**  
ACHIEVING EXCELLENCE TOGETHER

**FUND FOR PUBLIC HEALTH IN NEW YORK, INC.**  
Financial Statements and Additional Information  
Year Ended September 30, 2017

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## INDEPENDENT AUDITOR'S REPORT

To Management and the Board of Directors  
Fund for Public Health in New York, Inc.

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of Fund for Public Health in New York, Inc. (the Organization), which comprise the statement of financial position as of September 30, 2017, and the related statements of operations and changes in net assets, functional expenses and cash flows for the year 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 of 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 audit. We conducted our audit 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 of material misstatement.

An audit involves performing procedures to obtain 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 entity'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 entity'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.

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

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Fund for Public Health in New York, Inc. as of September 30, 2017, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), 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 additional 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 Schedule of Expenditures of Federal Awards 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 also have issued our report dated June 8, 2018 on our consideration of the Organization'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 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 Organization's 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 the Organization's internal control over financial reporting and compliance.



**MITCHELL TITUS**

**Report on Summarized Comparative Information**

We have previously audited the Organization's September 30, 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 1, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2016 is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Mitchell Titus, LLP*

June 8, 2018

**FUND FOR PUBLIC HEALTH IN NEW YORK, INC.**  
 Statements of Financial Position  
 As of September 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
<b>ASSETS</b>		
<i>Current assets</i>		
Cash and cash equivalents	\$ 10,902,779	\$ 14,259,868
Grants and contributions receivables, net	14,200,309	16,655,725
Investments	6,068,159	3,028,314
Prepaid expenses	<u>44,505</u>	<u>250,349</u>
Total current assets	<u>31,215,752</u>	<u>34,194,256</u>
<i>Other assets</i>		
Property and equipment net of accumulated depreciation (\$276,671 in 2017 and \$248,937 in 2016)	98,592	126,326
Beneficial interest in assets held by others	890,038	887,107
Other assets	<u>59,030</u>	<u>59,030</u>
Total other assets	<u>1,047,660</u>	<u>1,072,463</u>
<b>Total assets</b>	<u><u>\$ 32,263,412</u></u>	<u><u>\$ 35,266,719</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
<i>Current liabilities</i>		
Accounts payable and accrued expenses	\$ 5,903,059	\$ 6,657,136
Accrued payroll and benefits	319,337	323,681
Other liabilities	<u>110,746</u>	<u>110,746</u>
Total current liabilities	<u>6,333,142</u>	<u>7,091,563</u>
<i>Other liabilities</i>		
Endowment advance	867,547	867,547
Deferred rent	<u>47,030</u>	<u>52,088</u>
Total other liabilities	<u>914,577</u>	<u>919,635</u>
<i>Net assets</i>		
Unrestricted net assets	8,596,692	12,420,263
Temporarily restricted net assets	<u>16,419,001</u>	<u>14,835,258</u>
Total net assets	<u>25,015,693</u>	<u>27,255,521</u>
<b>Total liabilities and net assets</b>	<u><u>\$ 32,263,412</u></u>	<u><u>\$ 35,266,719</u></u>

The accompanying notes are an integral part of these financial statements.

**FUND FOR PUBLIC HEALTH IN NEW YORK, INC.**  
Statement of Operations and Changes in Net Assets  
For the Year Ended September 30, 2017  
(With Summarized Financial Information for 2016)

	<b>2017</b>			<b>2016</b>
	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Total</b>	<b>Total</b>
<b>REVENUE AND RECLASSIFICATIONS</b>				
Support from Federal government	\$ 14,951,144	\$ -	\$ 14,951,144	\$ 17,467,663
Contributed services	1,286,475	-	1,286,475	116,714
Other grants and contributions	23,120,653	8,820,272	31,940,926	26,115,216
Program fees	189,575	-	189,575	1,098,328
Other	65,570	-	65,570	89,785
Net assets released from restrictions	<u>7,236,529</u>	<u>(7,236,529)</u>	<u>-</u>	<u>-</u>
Total revenue and reclassifications	<u>46,849,946</u>	<u>1,583,743</u>	<u>48,433,689</u>	<u>44,887,706</u>
<b>EXPENSES</b>				
Program services	46,985,940	-	46,985,940	36,592,246
Management and general	<u>3,687,577</u>	<u>-</u>	<u>3,687,577</u>	<u>3,814,326</u>
Total expenses	<u>50,673,517</u>	<u>-</u>	<u>50,673,517</u>	<u>40,406,572</u>
Change in net assets	(3,823,571)	1,583,743	(2,239,828)	4,481,134
Net assets, at beginning of year	<u>12,420,263</u>	<u>14,835,258</u>	<u>27,255,521</u>	<u>22,774,387</u>
<b>Net assets, at end of year</b>	<u><u>\$ 8,596,692</u></u>	<u><u>\$ 16,419,001</u></u>	<u><u>\$ 25,015,693</u></u>	<u><u>\$ 27,255,521</u></u>

The accompanying notes are an integral part of these financial statements.

**FUND FOR PUBLIC HEALTH IN NEW YORK, INC.**  
Statement of Functional Expenses  
For the Year Ended September 30, 2017  
(With Summarized Financial Information for 2016)

	<b>2017</b>			<b>2016</b>
	<b>Program Services Expenses</b>	<b>Management and General Expenses</b>	<b>Total Expenses</b>	<b>Total Expenses</b>
Salaries and wages	\$ 12,589,714	\$ 2,107,192	\$ 14,696,906	\$ 14,303,042
Fringe benefits	3,552,810	590,092	4,142,902	4,003,170
Contracted program services	12,209,021	-	12,209,021	11,432,242
Professional fees and other	13,280,914	422,510	13,703,424	6,462,376
Supplies	1,107,210	19,971	1,127,180	846,354
Occupancy expenses	2,941	361,743	364,684	304,722
Donated services	1,286,475	-	1,286,475	116,714
Equipment	469,947	21,409	491,356	657,067
Travel	159,051	4,787	163,838	161,094
Staff expense	1,097,508	20,141	1,117,648	980,567
Meetings	178,674	13,322	191,996	180,418
Printing and materials	754,459	3,447	757,906	685,570
Other expenses	297,216	95,230	392,446	221,174
Depreciation and amortization	-	27,734	27,734	52,062
<b>Total expenses</b>	<b>\$ 46,985,940</b>	<b>\$ 3,687,577</b>	<b>\$ 50,673,517</b>	<b>\$ 40,406,572</b>

The accompanying notes are an integral part of these financial statements.



**FUND FOR PUBLIC HEALTH IN NEW YORK, INC.**  
 Statements of Cash Flows  
 For the Years Ended September 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (2,239,828)	\$ 4,481,134
<i>Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities</i>		
Depreciation and amortization	27,734	52,062
Decrease in beneficial interest in assets held by others	(2,931)	(2,544)
<i>Change in operating assets and liabilities</i>		
Change in grants and contributions receivable	2,455,416	(733,758)
Change in prepaid expenses	205,844	(37,760)
Change in accounts payable and accrued expenses	(754,077)	(416,818)
Change in accrued payroll and benefits	(4,344)	81,079
Change in deferred rent	(5,058)	27,252
Net cash (used in) provided by operating activities	<u>(317,244)</u>	<u>3,450,647</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase (sale) of Investments	(3,039,845)	(55,082)
Purchase of property and equipment	<u>-</u>	<u>(144,776)</u>
Net cash used in investing activities	<u>(3,039,845)</u>	<u>(199,858)</u>
Net change in cash	(3,357,089)	3,250,789
Cash and cash equivalents, at beginning of year	<u>14,259,868</u>	<u>11,009,079</u>
<b>Cash and cash equivalents, at end of year</b>	<u><u>\$ 10,902,779</u></u>	<u><u>\$ 14,259,868</u></u>

The accompanying notes are an integral part of these financial statements.

## **FUND FOR PUBLIC HEALTH IN NEW YORK, INC.**

Notes to Financial Statements  
Year Ended September 30, 2017

### **NOTE 1 ORGANIZATION**

Fund for Public Health in New York, Inc. (the Organization) addresses pressing public health needs, fosters private sector support to enhance health and healthcare, and helps to educate the public regarding the protection of individual, family, and community health. The Organization administers programs across the health spectrum, including programs focused on both chronic and communicable diseases. Its programs heighten emergency preparedness, enhance individual and healthcare sector efforts to prevent disease, and support innovation and excellence in public health and healthcare programs.

The Commissioner of the City of New York Department of Health and Mental Hygiene (DOHMH) (Commissioner) proposes 12 members of the Organization's Board of Directors (the Board) following recommendation by the Board's nominating committee and ratification by a majority of the entire Board. In addition, the Commissioner and the Executive Deputy Commissioner of the DOHMH and one member of the City of New York Board of Health, who is selected by the Commissioner, serve ex-officio as members of the Board.

The U.S. Department of Health and Human Services (DHHS) was the principal source of financial support to the Organization during the fiscal year, largely through grants from the Centers for Disease Control and Prevention. The Organization is obligated under the terms of the DHHS's grants to comply with specified conditions and program requirements set forth by the grantor agency.

### **NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### Basis of Accounting and Financial Statement Presentation

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) using the accrual basis of accounting.

#### Net Assets

The Organization's net assets are classified into three categories as follows:

##### *Unrestricted Net Assets*

Unrestricted net assets are expendable for the general operations of the Organization. Such net assets reflect the revenues and expenses associated with the principal operating activities of the Organization and are not subject to donor-imposed stipulations.

## FUND FOR PUBLIC HEALTH IN NEW YORK, INC.

Notes to Financial Statements  
Year Ended September 30, 2017

### NOTE 2      **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(continued)*

#### Net Assets *(continued)*

##### *Temporarily Restricted Net Assets*

Temporarily restricted net assets are limited by donor-imposed stipulations that either expire with the passage of time or can be fulfilled and removed by the actions of the Organization pursuant to those stipulations. When a donor restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of operations and changes in net assets as net assets released from restrictions. At September 30, 2017 and 2016, temporarily restricted net assets only included purpose restrictions.

##### *Permanently Restricted Net Assets*

Permanently restricted net assets are subject to donor-imposed stipulations requiring such resources to be maintained in perpetuity and the income to be utilized for operating or other donor-restricted purposes. There were no permanently restricted net assets at September 30, 2017 or 2016.

#### Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

#### Reclassifications

Certain prior-year amounts have been reclassified to conform with the current-year presentation.

#### Summarized Financial Information for Fiscal 2016

The accompanying financial statements include certain prior-year summarized comparative information in total, but not by net asset classification or functional category. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended September 30, 2016, from which the summarized information was derived.

## **FUND FOR PUBLIC HEALTH IN NEW YORK, INC.**

Notes to Financial Statements  
Year Ended September 30, 2017

### **NOTE 2      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(continued)*

#### Cash and Cash Equivalents

The Organization maintains its cash in bank deposit accounts that may exceed federally insured limits. The Organization has not experienced any losses in such accounts. All highly liquid investments with maturities of three months or less when purchased are considered to be cash equivalents.

The Organization is required by an anonymous donor to maintain a separate bank account for funds donated for the purpose of establishing an endowment. Conditions made by the donor regarding changes to the status, structure or programmatic nature of the Organization could result in the funds being returned to the donor. Therefore, the Organization has classified the gift as an asset (beneficial interest in assets held by others) and a liability. As of September 30, 2017 and 2016, the Organization held such funds totaling \$890,038 and \$887,106, respectively.

#### Investments

Investments are certificates of deposit from several banks which do not exceed federally insured limits. Certificates of deposit are mainly rolled over when due. Maturity dates are 12 months or less. Interest rates range from 0.85% to 3.05%. The Organization has not experienced any losses in such accounts. Market value is \$6,068,159 and \$3,028,314 at September 30, 2017 and 2016, respectively.

#### Beneficial Interest in Assets Held by Others

The Organization has a beneficial interest in assets held by others, which is administered by a third party (see Note 6). The Organization measures its beneficial interest in the trust at fair value of the underlying investments, which are in money market funds (see Note 5 for more information related to the determination of fair value). The amount of the Organization's beneficial interest in assets held by others is offset by a related liability since the agreement from the donor allows for the possibility of the Organization having to return the funds held in beneficial interest. Interest income earned on the beneficial interest in assets held by others is reflected in other income in the accompanying statement of operations and changes in net assets.

#### Property and Equipment

Property and equipment are recorded at cost or, if donated, at the fair value at the date of donation. Depreciation is recorded on a straight-line basis over the three- to-10-year estimated useful lives of the assets. Leasehold improvements are amortized on a straight-line basis over the estimated useful life of the improvement or the term of the lease, whichever is less. The Organization capitalizes all purchases of property and equipment in excess of \$5,000.

## FUND FOR PUBLIC HEALTH IN NEW YORK, INC.

Notes to Financial Statements  
Year Ended September 30, 2017

### NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### Property and Equipment *(continued)*

Certain property and equipment are acquired through funds received under Federal grant agreements. According to Federal regulations, any equipment item obtained through Federal funds is subject to a lien by the Federal government. As long as the Organization maintains its tax-exempt status, or so long as the equipment is used for its intended purpose, the Organization is not required to reimburse the Federal funding source. If the stated requirements are not met, the Organization would be obligated to the Federal government in an amount equal to the fair value of the equipment. There were no reimbursements made in 2017 or 2016.

#### Grants Revenue and Receivable

Grants are recognized as revenue when earned.

Expense-driven grants are recognized as revenue when the qualifying expenses have been incurred and all other grant requirements have been met.

Grants based on meeting performance measures or other deliverables are recorded as revenue as the terms or deliverables are met and accepted by the funder. For such grants, grant funds received prior to the incurrence of the qualifying expenses are recorded as temporarily restricted revenue when milestones are achieved.

The Federal Financial Participation (FFP) 90/10 grant provided by the New York State Department of Health (NYSDOH), in connection with the electronic health records project, is a core and two-phase milestone-based grant. Ultimately, it is funded via pass-through funds provided to New York State from the Federal government (DHHS). Core is defined as work done, which serves the entire population served in the areas of:

- 1) Outreach and recruitment
- 2) Education

As part of the grant proposal, the Organization and the DOHMH developed a milestone framework based on its experience with electronic health care records implementation that determines the activities associated with each milestone, and concluded that the milestones were substantive in nature.

These phases are completed by practice sites. The sites submit documentation to the DOHMH that is reviewed, forwarded to the Organization and submitted to the NYSDOH to substantiate that the milestone has been met. The phases, when complete and approved by the NYSDOH, represent achieved milestones at which point the Organization recognizes revenue as specified in the grant award.

**FUND FOR PUBLIC HEALTH IN NEW YORK, INC.**

Notes to Financial Statements  
Year Ended September 30, 2017

**NOTE 2      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(continued)*

Grants Revenue and Receivable *(continued)*

The phases or milestones are:

- 1) Implementation of electronic health care records; and
- 2) Attestation to Adoption, Implementation and Upgrade (AIU) of certified electronic health care records.

There is no contingent consideration associated with the milestones established under the FFP 90/10 grant.

There was no revenue recognized for Phase 1 and Phase 2 in fiscal year 2017. The total amount of revenue recognized for each of the two phases or milestones is as follows for the year ended September 30, 2016 – Phase 1: \$2,820,000; Phase 2: \$1,494,500.

The Behavioral Health Information Technology (BHIT) grant provided by the NYSDOH, in connection with the electronic health records project, is a core and multi-phase milestone-based grant, and is ultimately funded via New York State funds and pass-through funds provided to the State from the Federal government (DHHS). Core is defined as work done, which supports the general operation and administration of the project, in the areas of:

- 1) Outreach and recruitment
- 2) Engagement
- 3) Education
- 4) Implementation

The Organization and DOHMH collaborated with the NYSDOH and the Office of Mental Health (OMH) to develop a milestone framework that defines the activities associated with each phase of the project. Based on these activities and the Organization's role in their completion, it was concluded that the milestones were substantive in nature.

These phases are completed by the BHIT Program Team. The team collects documentation from participating vendors and providers, reviews the documentation, then forwards it to the Organization and submits it to the NYSDOH on a quarterly basis to substantiate that milestones have been met. The phases, when complete and approved by the NYSDOH, represent achieved milestones at which point the Organization recognizes revenue as specified in the grant award.

**FUND FOR PUBLIC HEALTH IN NEW YORK, INC.**

Notes to Financial Statements  
Year Ended September 30, 2017

**NOTE 2      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(continued)*

Grants Revenue and Receivable *(continued)*

The phases or milestones are:

- 1) Attestation of completion of provider scoping activities
- 2) Selection of Electronic Health Record (EHR)/Electronic Billing Systems (EBS) Software Vendors
- 3) Implementation of EHR/EBS Software
- 4) Successful e-billing by provider organizations

There is no contingent consideration associated with the milestones established under the BHIT grant.

The total amount of revenue recognized for the milestones for the year ended September 30, 2017 is \$1,134,811 broken down as Milestone 1: \$905,311, Milestone 2: \$0 and Milestone 3: \$229,500.

The total amount of revenue recognized for the milestones for the year ended September 30, 2016 is \$3,565,360 broken down as Milestone 1: \$1,330,025, Milestone 2: \$2,235,335 and Milestone 3: \$0.

At September 30, 2017 and 2016, the Organization had received grants from governmental entities in the aggregate amounts of \$8,239,082 and \$18,837,977, respectively. These grants have not been recorded in the financial statements as they have not been earned.

Contribution Revenue and Receivable

Contributions, including contributed goods and services, are recorded at fair value when received or pledged. Amounts are recorded as temporarily or permanently restricted revenue if they have donor stipulations that limit the use of the donated asset. Unconditional contributions that are expected to be collected within one year are recorded at their net realizable value. Unconditional contributions that are expected to be collected beyond one year are recorded at the fair value using a present value technique of the estimated future cash flows, discounted at rates adjusted for risk and applicable to the years in which the promises were received. Fair value adjustments of \$23,267 and \$14,851 for the years ended September 30, 2017 and 2016, respectively, were recorded to reflect temporarily restricted contribution receivables in excess of one year at fair value (see Note 4). Amortization of the discount is credited to contributions revenue. Conditional contributions are recognized as revenue when the conditions on which they depend on have substantially been met. There were no conditional contributions received for the years ended September 30, 2017 and 2016, respectively.

## FUND FOR PUBLIC HEALTH IN NEW YORK, INC.

Notes to Financial Statements

Year Ended September 30, 2017

### NOTE 2      **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(continued)*

#### Allowance for Uncollectible Accounts

The carrying value of grants receivable and contributions receivable is reduced by an appropriate allowance for uncollectible accounts, which approximates net realizable value. The Organization determines its allowance by considering several factors, including the length of time receivables are past due, the Organization's previous loss history, the donor's current ability to pay its obligation, and the condition of the general economy and the industry as a whole. Receivables outstanding longer than the payment terms are considered past due. The Organization writes off accounts receivables when they become uncollectible, and payments subsequently received on such receivables are recorded as income in the period received.

It was determined that all grants and contributions receivable as of September 30, 2017 will be collected; therefore, no allowance has been established. In addition, no allowance for uncollectible accounts was warranted at September 30, 2016.

#### Contributed Goods and Services

Contributed services totaling \$576,512 and \$116,714 in 2017 and 2016, respectively. In addition, contributed goods totaled \$709,963 and \$0 in 2017 and 2016, respectively. Contributed goods and services are reflected as revenue and the corresponding program expense in the accompanying statement of operations and changes in net assets. Contributed goods were in the form of "healthbucks" to be used at farmer markets. Contributed services consists of salaries and fringe benefits. The fair value of the "healthbucks" were determined based on consideration of cash payments typically made by buyers receiving similar goods.

Contributed goods and services do not reflect support received from DOHMH staff in their roles as supervisors and others providing general expertise and oversight on grant funded work, since the grants support work that enhances the work of the DOHMH.

#### Expense Allocations

Expenses that are not specifically attributable to program services or management and general expenses are allocated by management based on variable allocation factors.

#### Program Management

Salary expenses of \$322,064 and \$369,228 were allocated to programs based on Central office staff time spent working on the program for the fiscal years ended September 30, 2017 and 2016, respectively.



## FUND FOR PUBLIC HEALTH IN NEW YORK, INC.

Notes to Financial Statements  
Year Ended September 30, 2017

### NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### Tax Status

The Organization was incorporated as a not-for-profit corporation under the laws of the State of New York and is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Therefore, there is no provision for income taxes.

Management evaluated the Organization's tax positions and concluded that the Organization had taken no uncertain tax positions that require adjustments to the financial statements to comply with the provisions of this guidance. The Organization is no longer subject to income tax examinations by U.S. Federal, state or local tax authorities for years before 2014, which is the standard statute of limitations look-back period.

#### Advertising Expenses

As part of its program activity, the Organization incurred advertising expenses of \$241,578 and \$269,761 for the years ended September 30, 2017 and 2016, respectively. Advertising expenses are reflected in the statement of functional expenses under professional fees and other services. Advertising expenses incurred at the time of invoicing are direct expenses to grants and are recorded in accordance with the grant terms and grant period. Advertising expenses are not capitalized.

#### Interpretation of Relevant Law

The New York State Nonprofit Revitalization Act (the Act) became effective July 1, 2014. The Act was the first meaningful revision of the New York State Not-for-Profit Corporation law in over 40 years. Many of the changes in the Act reflect policies that have been recognized as best practices in the nonprofit sector. The Act contains updated corporate governance procedures, related-party transaction/conflict of interest procedures and fiscal policies. The Organization has evaluated the effect of the Act and has updated its Conflict of Interest and Whistle-blower policies and has reconstituted its Audit Committee in order to comply with the requirements of the Act.

### NOTE 3 NEW ACCOUNTING PRONOUNCEMENTS

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers*. The ASU requires an entity to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The ASU also expands the footnote disclosure requirements related to contracts with customers. In August 2015, the effective date of the ASU was deferred for the Organization to October 1, 2018. The Organization is currently evaluating the impact of the adoption of the ASU on the Organization's financial statements.

**FUND FOR PUBLIC HEALTH IN NEW YORK, INC.**

Notes to Financial Statements  
Year Ended September 30, 2017

**NOTE 3 NEW ACCOUNTING PRONOUNCEMENTS (continued)**

In February 2016, the FASB issued ASU No. 2016-02, *Leases* (Topic 842). The ASU requires an entity to recognize all lease assets and lease liabilities on the balance sheet and disclose key information about leasing arrangements. The effective date of the ASU for the Organization is October 1, 2020. The Organization is currently evaluating the impact of the adoption of the ASU on the Organization's financial statements.

In August 2016, the FASB issued ASU No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities* (Topic 958). The ASU amends the requirements for presentation of the financial statements and notes. In particular, it enhances the qualitative and quantitative disclosures of the net asset classes, investment return, expenses, liquidity and availability of resources, and operating cash flows. The effective date of the ASU for the Organization is October 1, 2018. The Organization is currently evaluating the impact of the adoption of the ASU on the Organization's financial statements.

**NOTE 4 GRANTS AND CONTRIBUTIONS RECEIVABLE**

As of September 30, 2017 and 2016, contributions receivable, net, are due as follows:

	<u>2017</u>	<u>2016</u>
Less than one year	\$ 1,642,001	\$ 3,636,133
More than one year	926,875	580,742
Less: Fair value adjustment	<u>(23,267)</u>	<u>(14,851)</u>
<b>Total</b>	<u>\$ 2,545,609</u>	<u>\$ 4,202,024</u>

Management made an assessment of donor risk on contributions receivable outstanding over one year. A risk premium of 0.5% was determined to be appropriate as of September 30, 2017 and 2016, respectively, considering the nature and financial integrity of the organizations included in the assessment.

The discount rate applied to contributions receivable in excess of one year consisted of the application of a current two-year Treasury bill rate at that time. Amounts due in more than one year were adjusted to fair value using present value techniques that assumed discount rates of 0.82% and 1.21% in 2017 and 0.77% and 0.82% in 2016, depending on the length of discount time.

**FUND FOR PUBLIC HEALTH IN NEW YORK, INC.**Notes to Financial Statements  
Year Ended September 30, 2017**NOTE 4 GRANTS AND CONTRIBUTIONS RECEIVABLE (continued)**

Grants receivable represented contractual expenses incurred and reimbursable under Federal, state and local grants at September 30, 2017 and 2016 and consisted of the following:

	<u>2017</u>	<u>2016</u>
<i>U.S. Department of Health and Human Services</i>		
Health Resources and Services Administration	\$ 525,879	\$ 1,408,362
Centers for Disease Control	2,288,543	3,559,766
State and City of New York		
Departments of Health	7,937,161	3,147,467
Other	903,117	4,338,106
<b>Total</b>	<u>\$ 11,654,700</u>	<u>\$ 12,453,701</u>

The unbilled amounts included in grants receivable amounted to \$8,239,082 and \$6,768,022 for the years ended September 30, 2017 and 2016, respectively.

**NOTE 5 FAIR VALUE MEASUREMENTS**

The Organization is subject to the provisions of the authoritative guidance issued by the FASB for fair value measurements. The authoritative guidance establishes a framework that provides a fair value hierarchy to prioritize the inputs to valuation techniques used for fair value measurements. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets and liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as:

*Level 1:* Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

*Level 2:* Inputs to the valuation methodology include: (1) quoted prices for similar assets or liabilities in active markets, (2) quoted prices for identical or similar assets or liabilities in inactive markets, (3) inputs other than quoted prices that are observable for the asset or liability, and (4) inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified term, the Level 2 input must be observable for substantially the full term of the asset or liability.

**FUND FOR PUBLIC HEALTH IN NEW YORK, INC.**

Notes to Financial Statements  
Year Ended September 30, 2017

**NOTE 5 FAIR VALUE MEASUREMENTS** *(continued)*

*Level 3:* Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. Changes in valuation techniques may result in transfers in or out of an assigned level within the hierarchy.

The following describes the valuation methodologies used for assets measured at fair value:

*Certificate of deposits and money market accounts (including beneficial interest in assets held by others)* – Valuation is derived based on the closing price reported by the investment manager.

The methods used may produce a fair value calculation that may not indicate net realizable value or reflect future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

There were no assets or liabilities measured at fair value on a nonrecurring basis as of September 30, 2017 and 2016. There were no transfers between levels of the fair value hierarchy.

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of September 30, 2017:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash and cash equivalents	\$ 809,030	\$ -	\$ -	\$ 809,030
Cerificates of deposit	-	6,068,159	-	6,068,159
<i>Beneficial interest in assets held by others</i>				
Money market funds	-	-	890,037	890,037
<b>Total</b>	<u>\$ 809,030</u>	<u>\$ 6,068,159</u>	<u>\$ 890,037</u>	<u>\$ 7,767,226</u>

**FUND FOR PUBLIC HEALTH IN NEW YORK, INC.**

Notes to Financial Statements  
Year Ended September 30, 2017

**NOTE 5 FAIR VALUE MEASUREMENTS (continued)**

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of September 30, 2016:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash and cash equivalents	\$ 804,998	\$ -	\$ -	\$ 804,998
Cerificates of deposit	-	3,028,314	-	3,028,314
<i>Beneficial interest in assets held by others</i>				
Money market funds	-	-	887,106	887,106
<b>Total</b>	<u>\$ 804,998</u>	<u>\$ 3,028,314</u>	<u>\$ 887,106</u>	<u>\$ 4,720,418</u>

The beneficial interest in assets held by others contains no liquidity restrictions and is available for withdrawal upon written notice.

The table below sets forth a summary of changes in the fair value of the Organization's Level 3 assets for the years ended September 30, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Balance, beginning of the year	\$ 887,106	\$ 884,563
Interest income	2,931	2,543
<b>Balance, end of year</b>	<u>\$ 890,037</u>	<u>\$ 887,106</u>

Quantitative Information about Significant Unobservable Inputs Used in Level 3 Fair Value Measurements.

The following table represents Level 3 financial instruments, the valuation technique used to measure the fair value of the financial instrument, and the significant unobservable inputs and the ranges of values for those inputs:

<u>Instrument</u>	<u>Fair Value</u>	<u>Principal Valuation Technique</u>	<u>Significant Unobservable Inputs</u>	<u>Ranges of Input Values</u>
Donor-advised fund	\$ 890,038	Value as reflected in the investment statements from the financial institution holding the beneficial interest instruments	<ul style="list-style-type: none"> <li>▪ Changes in donor stipulations</li> <li>▪ Possible withdrawal amount</li> <li>▪ Possible withdrawal date</li> </ul>	<ul style="list-style-type: none"> <li>▪ \$0 - \$890,038</li> <li>▪ \$0 - \$890,038</li> <li>▪ October 1, 2017 and thereafter</li> </ul>

**FUND FOR PUBLIC HEALTH IN NEW YORK, INC.**

Notes to Financial Statements

Year Ended September 30, 2017

**NOTE 6      BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS**

The Organization received funds from a certain donor to establish an endowment fund. The funds are held and managed by FJC, a Foundation of Philanthropic Funds, as an FJC Earmarked Fund Account, which earns interest quarterly. Under the terms of the agreement, the Organization may spend 5% of the net asset value of the fund annually for general support. The donor reserves the right to designate another Section 501(c)(3) organization to receive this endowment fund if there are changes in the status, structure, or programmatic direction of the Organization that are not satisfactory to the donor. As such, the amount of the beneficial interest is also reported as a liability (endowment advance) in the accompanying statements of financial position. The amount of the endowment advance was \$867,547 at September 30, 2017 and 2016, respectively.

The donor has complete authority and responsibility regarding the investment of the funds. As such, these funds are not subject to any endowment investment policies of the Organization. Furthermore, there is no established fair value regarding the level of the assets to be maintained or stipulations required by the donor concerning the investment.

**FUND FOR PUBLIC HEALTH IN NEW YORK, INC.**

Notes to Financial Statements

Year Ended September 30, 2017

**NOTE 7      TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets held by the Organization are summarized below, and are available for various program services supported by the following donors for the years ended September 30:

Purpose Restrictions

	<u>2017</u>	<u>2016</u>
Asthma Care	\$ -	\$ 109,848
Breastfeeding	454,127	672,288
Diabetes	217,088	237,256
Foodborne Disease	491,964	822,602
Healthy Access	42,899	-
Health and Nutrition Examination Survey	44,263	200,557
Health Insurance Enrollment	-	7,815
Healthy Eating	743,640	1,076,968
Healthy Neighborhoods	1,217,157	890,532
Hepatitis C	113,934	611,139
HIV Testing	15,489	478,652
Honoraria	153,667	127,521
Maternal Health	-	53,759
Mental Health	-	15,241
Nurse Family Partnership	143,733	499,826
Oral Health	1	1
Other	42,409	1,409
Primary Care Information Project	10,342,010	6,158,612
Public Health Laboratory	58,152	-
School Based Health	2,265,131	2,610,493
Syndromic Surveillance	3,265	5,265
Vision Screening	70,072	255,474
<b>Total</b>	<b><u>\$ 16,419,001</u></b>	<b><u>\$ 14,835,258</u></b>

**FUND FOR PUBLIC HEALTH IN NEW YORK, INC.**Notes to Financial Statements  
Year Ended September 30, 2017**NOTE 7      TEMPORARILY RESTRICTED NET ASSETS (continued)**

Net assets released from donor restrictions because of expenses incurred satisfying the restricted purposes during the years ended September 30 were as follows:

Released from Restrictions

	<u>2017</u>	<u>2016</u>
Asthma Care	\$ 109,848	\$ 363,953
Breastfeeding	218,161	659,477
Diabetes	20,168	110,940
Foodborne Disease	330,638	221,915
Healthy Access	71,642	-
Health and Nutrition Examination Survey	152,066	177,801
Health Insurance Enrollment	-	797
Healthy Eating	523,929	463,904
Healthy Neighborhoods	1,348,947	1,436,916
Hearing Loss	-	141
Hepatitis C	717,438	86,909
HIV Testing	463,164	180,956
Honoraria	-	13,764
Maternal Health	3,717	155,687
Mental Health	15,241	18,293
Nurse Family Partnership	99,517	298,867
Other	-	4,870
Primary Care Information Project	1,074,169	3,803,919
Public Health Laboratory	41,848	-
School Based Health	1,858,635	1,810,304
Syndromic Surveillance	1,999	5,583
Vision Screening	185,402	76,353
<b>Total</b>	<b><u>\$ 7,236,529</u></b>	<b><u>\$ 9,891,349</u></b>

**NOTE 8      PENSION PLAN**

The Organization has a defined contribution pension plan covering substantially all full-time employees who meet certain eligibility requirements. The amount contributed to the plan is a fixed percentage of participants' compensation. Net pension expense amounted to \$559,674 and \$582,990 for the years ended September 30, 2017 and 2016, respectively.



**FUND FOR PUBLIC HEALTH IN NEW YORK, INC.**

Notes to Financial Statements  
Year Ended September 30, 2017

**NOTE 9 CONTINGENCIES**

Certain grants and contracts may be subject to audit by the funding sources. Such audits might result in adjustments to reimbursements claimed by the Organization for the various programs conducted for or on behalf of the funding sources. In management's opinion, any potential adjustments resulting from such audits would not have a material effect on the accompanying financial statements.

**NOTE 10 LEASE COMMITMENT**

In May 2011, the Organization leased new office space in New York City. The term of the lease is five years and two months and expired on July 31, 2016. In May 2015, the Organization extended the term of the lease from July 31, 2016 to February 2024. Rent through July 2016 was charged in accordance to the original agreement and after July 2016 shall be in accordance to the extended agreement.

The lease includes three months of free rent totaling \$52,662, which is being amortized over the life of the original lease.

The Organization applies annually for a tax abatement from the New York City Department of Finance Commercial Revitalization/Commercial Expansion. It was deemed eligible to receive this abatement for the 2017 and 2016 fiscal tax years. The total tax abatement received through September 30, 2017 and 2016 was \$2,818 and \$0, respectively.

The office lease provides for the minimum annual payments as follows:

<u>Year Ending September 30,</u>	<u>Amount</u>
2018	\$ 314,901
2019	335,747
2020	349,584
2021	369,891
2022 and thereafter	<u>924,734</u>
	<u>\$ 2,294,857</u>

These amounts reflect rent credits and tax abatements previously discussed.

Rent expense for fiscal years ended 2017 and 2016 was \$328,873 and \$255,453, respectively.

The lease agreement contains a clause pertaining to tax escalation that would require the Organization to pay additional rent based on an increase in real estate taxes. The lease contains a rent increase clause of 1.7% and 3.1% annually, beginning May 1, 2012 and July 2016, respectively.

**FUND FOR PUBLIC HEALTH IN NEW YORK, INC.**

Notes to Financial Statements  
Year Ended September 30, 2017

**NOTE 11 CONCENTRATION OF CREDIT/REVENUE RISKS**

Cash is exposed to various risks, such as interest rate, market and credit risks. To minimize such risks, the Organization maintains its cash in various bank deposit accounts that may exceed federally insured limits. At September 30, 2017 and 2016, the Organization's cash was placed into high credit quality financial institutions and, accordingly, the Organization does not anticipate any losses with respect to these depository accounts.

The Organization's mission is to provide fiscal management and support for public health programs in New York City through its partnership with the DOHMH. Therefore, all program activity is concentrated within the New York City geographic region. During the fiscal years ended 2017 and 2016, the Organization received 99% of its Federal funding from the DHHS. Such funding accounted for 31% and 39% of the Organization's total revenue, respectively. The Organization also received a significant portion of its funding from the NYSDOH and NYCDOH. Funding from the state accounted for 9% and 36% and funding from the city accounted for 33% and 10% of the Organization's total revenue for fiscal years ended 2017 and 2016, respectively.

Due to the concentration of funds from Federal and New York State and New York City sources, there is a risk that the Organization would not be able to continue in its current capacity or support certain programs if this source of funding was to be lost. Management is confident that the Organization would continue to be able to perform its functions through reductions and cost-cutting measures as a result of the unique nature of its partnership with the DOHMH.

**NOTE 12 PROPERTY AND EQUIPMENT**

Property and equipment, net, at September 30, 2017 and 2016 consisted of the following:

	<u>2017</u>	<u>2016</u>
Leasehold improvements	\$ 48,429	\$ 48,429
Furniture and fixtures	210,926	210,926
Computer software and hardware	<u>115,908</u>	<u>115,908</u>
Total cost	375,263	375,263
Less:		
Accumulated depreciation	<u>276,671</u>	<u>248,937</u>
<b>Property and equipment, net</b>	<u>\$ 98,592</u>	<u>\$ 126,326</u>

**FUND FOR PUBLIC HEALTH IN NEW YORK, INC.**

Notes to Financial Statements

Year Ended September 30, 2017

**NOTE 13      SUBSEQUENT EVENTS**

The Organization evaluates events occurring after the date of the financial statements to consider whether or not the impact of such events needs to be reflected or disclosed in the financial statements. Such evaluation was performed through June 8, 2018, the date these financial statements were available for issuance. There were no subsequent events to recognize in these financial statements.

**SUPPLEMENTARY INFORMATION AND  
INDEPENDENT AUDITOR'S REPORTS**

**FUND FOR PUBLIC HEALTH IN NEW YORK, INC.**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended September 30, 2017**

<b>Federal Grantor/Pass-Through Grantor/Program Title</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Entity Identifying Number</b>	<b>Passed Through to Subrecipients</b>	<b>Total Federal Expenditures</b>
<b>United States Department of Agriculture</b>				
<b>National Institute of Food and Agriculture</b>				
Food Insecurity Nutrition Incentive Grants Program (04/01/2016-04/30/2020)	10.331	N/A	\$ 145,031	\$ 320,075
Total U.S. Department of Agriculture			145,031	320,075
<b>United States Department of Labor</b>				
<b>Employment Training Administration</b>				
WIOA Pilots, Demonstrations, and Research Projects (10/01/2015-03/31/2017)	17.261	WB-27758-15-60-A-36	-	31,313
Total U.S. Department of Labor			-	31,313
<b>U.S. Department of Health and Human Services</b>				
<b>Centers for Disease Control and Prevention</b>				
Environmental Public Health and Emergency Response (09/30/2015-09/29/2017)	93.070	N/A	-	46,522
Environmental Public Health and Emergency Response (09/01/2016-08/31/2017)	93.070	N/A	-	189,305
Environmental Public Health and Emergency Response (09/01/2016-08/31/2017)	93.070	N/A	-	8,898
Environmental Public Health and Emergency Response (09/30/2016-09/29/2017)	93.070	N/A	-	179,919
Environmental Public Health and Emergency Response (09/01/2017-08/31/2018)	93.070	N/A	-	17,187
Environmental Public Health and Emergency Response (09/30/2017-09/29/2018)	93.070	N/A	-	656
Total Environmental Public Health and Emergency Response			-	442,487
Sodium Reduction in Communities (09/30/2016-09/29/2017)	93.082	N/A	-	363,086
	93.082	N/A	-	-
Total Sodium Reduction in Communities			-	363,086
Teenage Pregnancy Prevention Program (07/01/2016-06/30/2017)	93.297	N/A	-	1,941,816
Teenage Pregnancy Prevention Program (07/01/2017-06/30/2018)	93.297	N/A	-	28,848
Total Teenage Pregnancy Prevention Program			-	1,970,664
Partnerships to Improve Community Health (09/30/2016-09/29/2017)	93.331	N/A	1,088,500	3,240,052
Total Partnerships to Improve Community Health			1,088,500	3,240,052
State and Local Public Health Actions to Prevent Obesity, Diabetes, Heart Disease and Stroke (PPHF) (09/30/2014-04/30/2017)	93.757	N/A	3,663	427,339
State and Local Public Health Actions to Prevent Obesity, Diabetes, Heart Disease and Stroke (PPHF) (09/30/2014-09/29/2018)	93.757	N/A	13,382	2,978,542
Total State and Local Public Health Actions to Prevent Obesity, Diabetes, Heart Disease and Stroke (PPHF)			17,045	3,405,881
<b>Passed through National Association of County and City Health Officials</b>				
Non-ACA/PPHF Building Capacity of the Public Health System to Improve Population Health through National Nonprofit Organizations (03/01/2017-06/30/2018)	93.424	6NU38OT000172-04-02	-	23,410
Total Non-ACA/PPHF Building Capacity of the Public Health System to Improve Population Health through National Nonprofit Organizations			-	23,410
<b>Passed through Health Research, Inc.</b>				
Pregnancy Assistance Fund Program (08/01/2016-07/31/2017)	93.500	5SP1AH0000250400	-	115,572
Total Pregnancy Assistance Fund Program			-	115,572
<b>Passed through NYU School of Medicine</b>				
PPHF: Racial and Ethnic Approaches to Community Health Program (09/30/2016-09/29/2017)	93.738	14-A0-00-003410-01	-	43,532
Total PPHF: Racial and Ethnic Approaches to Community Health Program			-	43,532
<b>Passed through Health Research, Inc.</b>				
Organized Approaches to Increase Colorectal Cancer Screening (06/30/2016-06/29/2017)	93.800	15-0819.02	-	57,792
Total Organized Approaches to Increase Colorectal Cancer Screening			-	57,792
<b>Centers for Medicare and Medicaid Services</b>				
Health Care Innovation Awards (HCIA) (09/01/2016-08/31/2017)	93.610	N/A	2,156,260	3,110,214
Total Health Care Innovation Awards (HCIA)			2,156,260	3,110,214
<b>Passed through Health Research, Inc.</b>				
ACA - State Innovation Models: Funding for Model Design and Model Testing Assistance (02/01/2017-01/31/2018)	93.624	5443-02	-	165,242
Total ACA - State Innovation Models: Funding for Model Design and Model Testing Assistance			-	165,242

**FUND FOR PUBLIC HEALTH IN NEW YORK, INC.**  
**Schedule of Expenditures of Federal Awards (continued)**  
**For the Year Ended September 30, 2017**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
<b>U.S. Department of Health and Human Services (continued)</b>				
<b>Centers for Medicare and Medicaid Services (continued)</b>				
<b>Passed through NYU School of Medicine</b>				
ACA - Transforming Clinical Initiative: Practice Transformation Network (PTNs) (09/29/2016-09/28/2017)	93.638	1L1CMS331468-01	\$ -	\$ 176,087
ACA - Transforming Clinical Practice Initiative: Practice Transformation Network (PTNs) (09/29/2017-09/28/2018)	93.638	1L1CMS331468-03-00	-	735
<b>Passed through NYS Practice Transformation Network</b>				
ACA - Transforming Clinical Practice Initiative: Practice Transformation Network (PTNs) (09/01/2015-09/29/2019)	93.638	15-Fund for Public Health in New York, Inc.-01	-	425,105
Total ACA - Transforming Clinical Practice Initiative: Practice Transformation Network (PTNs)			-	601,927
<b>Passed through National Association of Chronic Disease Directors</b>				
PPHF: Chronic Disease Innovation Grants - financed solely by Public Prevention Health Funds (10/01/2016-09/29/2017)	93.739	6-NU58DP004778-04-03	-	96,067
Total PPHF: Chronic Disease Innovation Grants - financed solely by Public Prevention Health Funds			-	96,067
<b>Passed through New York State Department of Health</b>				
Medical Assistance Program (07/01/2015-03/31/2018)	93.778	C030537	-	4,067,890
Medical Assistance Program (10/01/2014-09/30/2017)	93.778	C029355	-	1,393,913
Medical Assistance Program (10/01/2015-03/31/2017)	93.778	C030130	-	105,541
Total Medical Assistance Program			-	5,567,344
<b>Research and Development Cluster</b>				
<b>Agency for Healthcare Research and Quality</b>				
<b>Passed through NYU School of Medicine</b>				
Research on Healthcare Costs, Quality and Outcomes (05/01/2016-04/30/2017)	93.226	1 R18 HS023922-02	-	1,848,484
Research on Healthcare Costs, Quality and Outcomes (05/01/2017-04/30/2018)	93.226	5R18HS023922-03	-	669,059
Total Research on Healthcare Costs, Quality and Outcomes			-	2,517,543
<b>National Institutes of Health</b>				
<b>Passed through Einstein College of Medicine</b>				
Diabetes, Digestive, and Kidney Diseases Extramural Research (07/01/2017-06/30/2018)	93.847	5R18DK098742-03	-	123,719
Diabetes, Digestive, and Kidney Diseases Extramural Research (09/01/2016-06/30/2017)	93.847	5R18DK098742-05	-	361,416
Total Diabetes, Digestive, and Kidney Diseases Extramural Research			-	485,135
Total Research and Development Cluster			-	3,002,678
<b>Health Resources and Services Administration</b>				
Healthy Start Initiative (04/01/2017-03/31/2018)	93.926	N/A	280,700	785,473
Healthy Start Initiative (06/01/2016-03/31/2017)	93.926	N/A	409,669	1,256,992
Total Healthy Start Initiative			690,369	2,042,465
Total U.S. Department of Health and Human Services			3,952,174	24,248,413
Total Federal Awards Passed Through to Subrecipients			\$ 4,097,205	
<b>Total Federal Awards</b>				<b>\$ 24,599,801</b>

**FUND FOR PUBLIC HEALTH IN NEW YORK, INC.**  
Notes to Schedule of Expenditures of Federal Awards  
For the Year Ended September 30, 2017

**NOTE 1 BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the Federal grant and contract activity of the Organization under the programs of the federal government for the year ended September 30, 2017. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to, and it does not, present the financial position, changes in net assets, or cash flows of the Organization.

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES**

Expenditures reported on the Schedule are on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles of OMB Circular A-122, *Cost Principles for Non-Profit Organizations*, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Organization has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

**FUND FOR PUBLIC HEALTH IN NEW YORK, INC.**  
Notes to Schedule of Expenditures of Federal Awards (*continued*)  
For the Year Ended September 30, 2017

**NOTE 3 SUBRECIPIENTS**

The Organization provided Federal awards to subrecipients, as follows:

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Subrecipient</u>	<u>Amount Provided to Subrecipient</u>
State and Local Public Health Actions to Prevent Obesity, Diabetes, Heart Disease and Stroke (PPHF) (9/30/2014-4/30/2017)	✔ 93.757	Mexican Coalition for the Empowerment of Youth and Families, Inc.	\$ 3,663
		Subtotal	<u>3,663</u>
State and Local Public Health Actions to Prevent Obesity, Diabetes, Heart Disease and Stroke (PPHF) (9/30/2014-9/29/2018)	✔ 93.757 ✔ 93.757 ✔ 93.757	APC Community Services	4,478
		BronxWorks, Inc.	4,447
		Korean Community Services of Metropolitan NY	4,457
Subtotal		<u>13,382</u>	
Partnerships to Improve Community Health (9/30/2016-9/29/2017)	✔ 93.331 ✔ 93.331 ✔ 93.331 ✔ 93.331 ✔ 93.331 ✔ 93.331 ✔ 93.331 ✔ 93.331	Bedford Stuyvesant Restoration Corporation	170,000
		Mount Sinai Hospital	170,000
		Institute for Family Health	170,000
		Children's Museum of Manhattan	122,500
		Make the Road New York	170,000
		Staten Island Partnership for Community Wellness	170,000
		The Jewish Community Center of Staten Island, Inc.	25,000
		Public Health Solutions	72,000
Subtotal		<u>1,088,500</u>	
Health Care Innovation Awards (HCIA) (9/1/2016-8/31/2017)	✔ 93.610 ✔ 93.610 ✔ 93.610 ✔ 93.610 ✔ 93.610	Visiting Nurse Service of New York VNSNY Choice	91,076
		Montefiore Medical Center	1,113,757
		Mount Sinai Hospital	748,363
		Weill Medical College of Cornell	155,151
		HealthFirst	47,913
Subtotal		<u>2,156,260</u>	
Healthy Start Initiative (6/1/2016-3/31/2017)	✔ 93.926 ✔ 93.926 ✔ 93.926 ✔ 93.926 ✔ 93.926	Brooklyn Perinatal Network	25,315
		CAMBA, Inc.	62,331
		Caribbean Women's Health Association, Inc.	64,848
		SCO Family of Services, Inc	238,175
		Excellence Baby Academy	19,000
Subtotal		<u>409,669</u>	
Healthy Start Initiative (4/1/2017-3/31/2018)	✔ 93.926 ✔ 93.926 ✔ 93.926 ✔ 93.926 ✔ 93.926	Brooklyn Perinatal Network	26,059
		SCO Family of Services, Inc	181,271
		CAMBA, Inc.	20,953
		Excellence Baby Academy	17,667
		Caribbean Women's Health Association, Inc.	34,750
Subtotal		<u>280,700</u>	
Food Insecurity Nutrition Incentive Grants Program (4/1/2016-4/30/2020)	✔ 10.331 ✔ 10.331	GrowNYC	77,000
		Wholesome Wave	68,031
Subtotal		<u>145,031</u>	
<b>Grand Total</b>			<b>\$ <u>4,097,205</u></b>



**FUND FOR PUBLIC HEALTH IN NEW YORK, INC.**  
Notes to Schedule of Expenditures of Federal Awards (*continued*)  
For the Year Ended September 30, 2017

**NOTE 4 RECONCILIATION OF SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS TO AUDITED FINANCIAL STATEMENTS**

The total expenditures as reflected in the Schedule varies from the amount reported in the statement of operations and changes in net assets as Federal revenue due to the inclusion of several pass-through contracts as well as Federal expenditures that were paid for via program revenue or other matching funds. The revenue related to these reconciling items is reflected in other grants and contributions revenue in the accompanying statement of operations and changes in net assets. The reconciling items are listed below:

**Total Expenses Per SEFA Schedule** \$ 24,599,801

*Less: Pass Throughs:*

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>CFDA #</u>	<u>Pass Through Grant #</u>	<u>Amount</u>
<i>Passed through Health Research, Inc.</i>			
Pregnancy Assistance Fund Program (08/01/2016-07/31/2017)	93.500	5SP1AH0000250300	\$ 115,572
Organized Approaches to Increase Colorectal Cancer Screening (06/30/16-06/29/17)	93.800	15-0819.02	57,792
<i>Passed through NYU School of Medicine</i>			
PPHF: Racial and Ethnic Approaches to Community Health Program (09/30/2016-09/29/2017)	93.738	6NU58DP005621-03-00	43,532
<i>Passed through New York State Department of Health</i>			
Medical Assistance Program (10/01/2014-09/30/2017)	93.778	C029355	1,393,913
Medical Assistance Program (07/01/2015-06/30/2017)	93.778	C030537	4,067,890
Medical Assistance Program (10/01/2015-03/31/2017)	93.778	C030130	105,541
<i>Passed through Health Research, Inc.</i>			
ACA - State Innovation Models: Funding for Model Design and Model Testing Assistance (02/01/2017-01/31/2018)	93.624	5443-02	165,242
<i>Passed through NYU School of Medicine</i>			
ACA - Transforming Clinical Practice Initiative - Practice Transformation Network YR2 (09/29/16-09/28/17)	93.638	1L1CMS331468-01	176,087
ACA - Transforming Clinical Practice Initiative - Practice Transformation Network YR3 (09/29/17-09/28/18)	93.638	1L1CMS331468-03-00	735
<i>Passed through NYS Practice Transformation Network</i>			
ACA - Transforming Clinical Practice Initiative - (09/01/15-09/29/19)	93.638	15-Fund for Public Health in New York, Inc.-01	425,105
<i>Passed through Einstein College of Medicine</i>			
Diabetes, Digestive, and Kidney Diseases Extramural Research (09/01/2016-06/30/2017)	93.847	5R18DK098742-05	361,416
Diabetes, Digestive, and Kidney Diseases Extramural Research (07/01/2017-06/30/2018)	93.847	5R18DK098742-03	123,719
<i>Passed through NYU School of Medicine</i>			
Research on Healthcare Costs, Quality and Outcomes (05/01/2016-04/30/2017)	93.226	1 R18 HS023922-02	1,848,484
Research on Healthcare Costs, Quality and Outcomes (05/01/2017-04/30/2018)	93.226	5R18HS023922-03	669,059
<i>Passed through National Association of Chronic Disease Directors</i>			
PPHF: Chronic Disease Innovation Grants - financed solely by Public Prevention Health Funds (10/01/2016-09/29/17)	93.739	6-NU58DP004778-04-03	96,067
<i>Passed through National Association of County and City Health Officials</i>			
Building Capacity of the Public Health System to Improve Population Health through National	93.424	6NU38OT000172-04-02	23,410
Subtotal Adjustments			9,673,564
<i>Add: Other Adjustments:</i>			
CDC - Menustat Base Year - 200-2016-M-90447			24,907
Other Miscellaneous Adjustments			
HHS via Public Health Solutions - Title X HIT			
CDC via NNPHI - Alcohol-Related Disease Impact			
Subtotal Other Adjustments			24,907
<b>Federal Revenue Per Financial Statement</b>			<b>\$ 14,951,144</b>



**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 Management and the Board of Directors  
Fund for Public Health in New York, Inc.

We have audited 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, the financial statements of Fund for Public Health in New York, Inc. (the Organization), which comprise the statement of financial position as of September 30, 2017, and the related statements of operations and change 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 8, 2018.

***Internal Control over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the Organization'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 the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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.

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***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Organization’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*.

***Purpose of this Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result 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.

*Mitchell Titus, LLP*

June 8, 2018



**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR THE  
MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE**

To Management and the Board of Directors  
Fund for Public Health in New York, Inc.

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

We have audited Fund for Public Health in New York, Inc.’s (the Organization) compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on the Organization’s major federal program for the year ended September 30, 2017. The Organization’s major federal program is 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 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 the Organization’s major federal program 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* (CFR) 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 the Organization’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 the major federal program. However, our audit does not provide a legal determination of the Organization’s compliance.

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### ***Opinion on The Major Federal Program***

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended September 30, 2017.

### **Report on Internal Control over Compliance**

Management of the Organization 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 the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the 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 the Organization'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 a 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.



## MITCHELL TITUS

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.

*Mitchell Titus, LLP*

June 8, 2018

**FUND FOR PUBLIC HEALTH IN NEW YORK, INC.**  
 Schedule of Findings and Questioned Costs  
 September 30, 2017

**SECTION I—SUMMARY OF AUDITOR’S RESULTS**

**Financial Statements**

Type of auditor’s report issued (unmodified, qualified, adverse, or disclaimer):

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?                           Yes   X   No
- Significant deficiency(ies) identified?                       Yes   X   None Reported
- Noncompliance material to financial statements noted?                       Yes   X   No

**Federal Awards**

Internal control over major federal programs:

- Material weakness(es) identified?                           Yes   X   No
- Significant deficiency(ies) identified?                       Yes   X   None Reported

Type of auditor's report issued on compliance for major federal programs (unmodified, qualified, adverse, or disclaimer):

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 federal programs:**

CFDA Number(s)

Name of Federal Program or Cluster

93.778

Medical Assistance Program

Dollar threshold used to distinguish between type A and type B programs:

\$750,000

Auditee qualified as low-risk auditee?

  X   Yes        No

**FUND FOR PUBLIC HEALTH IN NEW YORK, INC.**  
Schedule of Findings and Questioned Costs  
September 30, 2017

**PART II—FINANCIAL STATEMENT FINDINGS**

No matters were reported.

**PART III—FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

No matters were reported.



