

FUND FOR PUBLIC HEALTH IN NEW YORK, INC.

**Financial Statements, Audit Reports and
Supplementary Information Related to the
Office of Management and Budget Circular A-133
For the Year Ended September 30, 2014
With Summarized Information for 2013
With Report of Independent Auditors**

FUND FOR PUBLIC HEALTH IN NEW YORK, INC.
Financial Statements and Additional Information
September 30, 2014

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REPORT OF INDEPENDENT AUDITORS

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, 2014, 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 conformity with U.S. generally accepted accounting principles; 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 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.

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, 2014, and the changes in its net assets and its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Expenditures of Federal Awards as required by US Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain 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. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we also have issued our report dated June 22, 2015 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Report on Summarized Comparative Information

We have previously audited the Organization's 2013 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 24, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2013 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Mitchell & Titus, LLP

June 22, 2015

FUND FOR PUBLIC HEALTH OF NEW YORK, INC.

Statements of Financial Position
As of September 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
ASSETS		
<i>Current assets</i>		
Cash	\$ 15,624,135	\$ 8,789,416
Grants and contributions receivables, net	13,919,847	26,220,021
Prepaid expenses	<u>223,553</u>	<u>34,921</u>
Total current assets	<u>29,767,535</u>	<u>35,044,358</u>
<i>Other assets</i>		
Property and equipment net of accumulated depreciation (\$138,502 in 2014 and \$75,919 in 2013)	94,411	138,362
Beneficial interest in assets held by others	883,830	881,395
Other assets	<u>34,876</u>	<u>34,876</u>
Total other assets	<u>1,013,117</u>	<u>1,054,633</u>
Total assets	<u><u>\$ 30,780,652</u></u>	<u><u>\$ 36,098,991</u></u>
LIABILITIES AND NET ASSETS		
<i>Current liabilities</i>		
Accounts payable	\$ 231,400	\$ 166,460
Accrued expenses	5,370,328	8,990,831
Accrued payroll and benefits	360,928	405,360
Other liabilities	<u>128,777</u>	<u>14,665</u>
Total current liabilities	<u>6,091,433</u>	<u>9,577,316</u>
<i>Other liabilities</i>		
Endowment advance	869,047	869,047
Deferred rent	<u>49,804</u>	<u>47,277</u>
Total other liabilities	<u>918,851</u>	<u>916,324</u>
Total liabilities	<u>7,010,284</u>	<u>10,493,640</u>
<i>Net assets</i>		
Unrestricted net assets	2,476,956	2,186,791
Temporarily restricted net assets	<u>21,293,412</u>	<u>23,418,560</u>
Total net assets	<u>23,770,368</u>	<u>25,605,351</u>
Total liabilities and net assets	<u><u>\$ 30,780,652</u></u>	<u><u>\$ 36,098,991</u></u>

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

FUND FOR PUBLIC HEALTH OF NEW YORK, INC.
Statement of Operations and Changes in Net Assets
For the Year Ended September 30, 2014
(With Summarized Financial Information for 2013)

	2014			2013
	Unrestricted	Temporarily Restricted	Total	Total
REVENUE AND RECLASSIFICATION				
U.S. Department of Health and				
Human Services	\$ 24,606,348	\$ 50,000	\$ 24,656,348	\$ 24,610,397
Contributed services	1,134,367	-	1,134,367	2,663,418
Other grants and contributions	10,191,338	6,084,723	16,276,061	30,614,442
Program fees	494,035	-	494,035	307,065
Other	207,165	-	207,165	106,297
Net assets released from restrictions	8,259,871	(8,259,871)	-	-
 Total revenue and reclassifications	 <u>44,893,124</u>	 <u>(2,125,148)</u>	 <u>42,767,976</u>	 <u>58,301,619</u>
EXPENSES				
Program services	41,818,094	-	41,818,094	39,299,237
Management and general	2,784,865	-	2,784,865	3,270,657
 Total expenses	 <u>44,602,959</u>	 <u>-</u>	 <u>44,602,959</u>	 <u>42,569,894</u>
 Change in net assets	 290,165	 (2,125,148)	 (1,834,983)	 15,731,725
 Net assets, at beginning of year	 <u>2,186,791</u>	 <u>23,418,560</u>	 <u>25,605,351</u>	 <u>9,873,626</u>
 Net assets, at end of year	 <u>\$ 2,476,956</u>	 <u>\$ 21,293,412</u>	 <u>\$ 23,770,368</u>	 <u>\$ 25,605,351</u>

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

FUND FOR PUBLIC HEALTH OF NEW YORK, INC.
Statement of Functional Expenses
For the Year Ended September 30, 2014
(With Summarized Financial Information for 2013)

	2014			2013
	Program Services Expenses	Management and General Expenses	Total Expenses	Total Expenses
Salaries and wages	\$ 10,111,222	\$ 1,436,408	\$ 11,547,630	\$ 11,551,693
Fringe benefits	2,934,655	407,516	3,342,171	3,263,262
Contracted program services	22,286,757	5,000	22,291,757	18,857,768
Professional fees and other services	2,000,989	359,323	2,360,312	3,746,669
Supplies	1,044,088	18,555	1,062,643	874,756
Occupancy expenses	7,439	287,628	295,067	273,977
Donated services	1,134,367	-	1,134,367	2,663,418
Equipment	473	15,232	15,705	14,543
Travel	184,062	2,455	186,517	163,811
Staff expense	166,466	26,720	193,186	315,867
Meetings	83,267	14,532	97,799	89,175
Printing and materials	1,599,014	74,426	1,673,440	459,910
Other expenses	265,295	74,488	339,783	258,432
Depreciation and amortization	-	62,582	62,582	36,613
Total expenses	\$ 41,818,094	\$ 2,784,865	\$ 44,602,959	\$ 42,569,894

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

FUND FOR PUBLIC HEALTH OF NEW YORK, INC.

Statements of Cash Flows

For the Years Ended September 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (1,834,983)	\$ 15,731,725
<i>Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities</i>		
Depreciation and amortization	62,582	36,613
Decrease in beneficial interest in assets held by others	(2,435)	54,990
<i>Change in operating assets and liabilities</i>		
Change in grants and contributions receivable	12,300,174	(15,125,758)
Change in prepaid expenses	(188,632)	111,396
Change in accounts payable and accrued expenses	(3,555,563)	1,357,468
Change in accrued payroll and benefits	(44,432)	(24,935)
Change in other liabilities	114,112	(472,470)
Change in deferred rent	2,527	(13,137)
Net cash provided by operating activities	<u>6,853,350</u>	<u>1,655,892</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	<u>(18,631)</u>	<u>(97,521)</u>
Net cash used in investing activities	<u>(18,631)</u>	<u>(97,521)</u>
Net change in cash	6,834,719	1,558,371
Cash, at beginning of year	<u>8,789,416</u>	<u>7,231,045</u>
Cash, at end of year	<u><u>\$ 15,624,135</u></u>	<u><u>\$ 8,789,416</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

September 30, 2014

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) proposes eight 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 and the Office of the National Coordinator for Health Information Technology. The Organization is obligated under the terms of the DHHS 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 U.S. generally accepted accounting principles (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

September 30, 2014

NOTE 2 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(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 are reported in the statement of operations and changes in net assets as net assets released from restrictions. At September 30, 2014 and 2013, temporarily restricted net assets included both time and 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, 2014 or 2013.

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.

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, 2014 and 2013, the Organization held such funds totaling \$883,830 and \$881,395, respectively.

FUND FOR PUBLIC HEALTH IN NEW YORK, INC.

Notes to Financial Statements

September 30, 2014

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

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.

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 2014 or 2013.

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 HEAL 22 grant provided by New York State, in connection with the electronic health records project, is a milestone-based grant and has three main phases. As part of the grant proposal, the Organization and the DOHMH have developed a milestone framework based on its experience with electronic health care record implementation that determines the activities associated with each milestone, and concluded that the milestones were substantive in nature. The Organization monitors progress on each phase based on its review of performance checklists and attestations of completion of each phase from providers.

FUND FOR PUBLIC HEALTH IN NEW YORK, INC.

Notes to Financial Statements

September 30, 2014

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

Grants Revenue and Receivable *(continued)*

These phases are completed by practice sites. Each practice site provides signed documentation to the DOHMH for approval. The DOHMH approves each milestone at each practice site. These approved and signed documents or attestations are then forwarded to the Organization to substantiate that the milestone has been met. The phases, when complete, represent achieved milestones at which point the Organization recognizes revenue as specified in the grant award.

The phases or milestones are:

- 1) Identification/selection of provider/practice sites and subsequent execution of participation agreement with the Regional Extension Center
- 2) Successful installation/“go live” of behavioral health electronic health records
- 3) Documentation of meeting functional requirements

There is no contingent consideration associated with the milestones established under the HEAL 22 grant.

The total amount of revenue recognized for each of the three phases or milestones is as follows for the year ended September 30, 2014—Phase 1: \$99,800; Phase 2: \$1,858,200; Phase 3: \$3,487,000. The total amount of revenue recognized for each of the three phases or milestones is as follows for the year ended September 30, 2013—Phase 1: \$3,719,200; Phase 2: \$9,925,800; Phase 3: \$1,000.

The 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, and is ultimately funded via pass-through funds provided to NYS 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

FUND FOR PUBLIC HEALTH IN NEW YORK, INC.

Notes to Financial Statements

September 30, 2014

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

Grants Revenue and Receivable *(continued)*

As part of the grant proposal, the Organization and the DOHMH developed a milestone framework based on its experience with electronic health care record 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 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 NYSDOH, represent achieved milestones at which point the Organization recognizes revenue as specified in the grant award.

The phases or milestones are:

- 3) Implementation of electronic health care records; and
- 4) 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.

The total amount of revenue recognized for each of the two phases or milestones is as follows for the year ended September 30, 2014—Phase 1: \$1,669,500; Phase 2: \$1,585,500. There were no milestones achieved during the year ended September 30, 2013; only core activities were performed.

Grants and contracts receivable consist of eligible costs under the grants and contracts that were incurred prior to year end for which payment has not been received.

At September 30, 2014 and 2013, the Organization had received grants from governmental entities in the aggregate amounts of \$24,337,847 and \$23,450,833, respectively. These grants have not been recorded in the financial statements as they have not been earned.

FUND FOR PUBLIC HEALTH IN NEW YORK, INC.

Notes to Financial Statements

September 30, 2014

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

Contribution Revenue and Receivable

Contributions 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 \$0 and \$29,208 for the years ended September 30, 2014 and 2013, respectively, were recorded to reflect temporarily restricted contribution receivables in excess of one year at fair value (see Note 3). Amortization of the discount is credited to contributions revenue. Conditional contributions are recognized as revenue when the conditions on which they depend have been substantially met. There were no conditional contributions as of September 30, 2014 and 2013, respectively.

Allowance for Uncollectible Accounts

The carrying value of grants and contract receivable and contributions receivable is lowered 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 contracts receivable as of September 30, 2014 will be collected; therefore, no allowance has been established. No allowance for uncollectable accounts was warranted at September 30, 2013.

FUND FOR PUBLIC HEALTH IN NEW YORK, INC.

Notes to Financial Statements

September 30, 2014

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

Contributed Services

Contributed services totaling \$1,134,367 and \$2,663,418 in 2014 and 2013, respectively, included personnel costs related to one of the Organization's programs, which were provided by an entity whose president is a member of the Organization's Board in the aggregate amounts of \$340,453 and \$393,496, respectively. Contributed services are reflected as revenue and the corresponding program expense in the accompanying statement of operations and changes in net assets.

Contributed services do not reflect support received from DOHMH staff in their roles as supervisors and 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 \$625,798 and \$547,401 were allocated to programs based on Central office staff time spent working on the program for the fiscal years ended September 30, 2014 and 2013, respectively.

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.

FUND FOR PUBLIC HEALTH IN NEW YORK, INC.

Notes to Financial Statements

September 30, 2014

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

Tax Status *(continued)*

The Organization adopted FASB Accounting Standards Update No. 2009-06, *Income Taxes* (Topic 740), the accounting standard on accounting for uncertainty in income taxes, which addresses the determination of whether or not tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under this guidance, the Organization may recognize the tax benefit from an uncertain tax position only if it is more-likely-than-not that the tax position will be sustained on examination by taxing authorities, based on technical merits of the position. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. The guidance on accounting for uncertainty in income taxes also addresses de-recognition, classification, interest and penalties on income taxes, and accounting in interim periods.

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 2010, which is the standard statute of limitations look-back period.

Advertising Expenses

As part of its program activity, the Organization incurred advertising expenses of \$113,093 and \$572,241 for the years ended September 30, 2014 and 2013, 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.

FUND FOR PUBLIC HEALTH IN NEW YORK, INC.

Notes to Financial Statements

September 30, 2014

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

Interpretation of Relevant Law

The New York State Nonprofit Revitalization Act (the “Act”) went into effect July 1, 2014. The Act was the first meaningful revision of the New York State Not-for-Profit Corporation law in over forty years. Many of the changes in the Act reflect policies which 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.

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 5). The Organization measures its beneficial interest in the trust at fair value of the underlying investments, which are in money market funds (see Note 4 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.

Summarized Financial Information for Fiscal 2013

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, 2013, from which the summarized information was derived.

FUND FOR PUBLIC HEALTH IN NEW YORK, INC.

Notes to Financial Statements

September 30, 2014

NOTE 3 GRANTS AND CONTRIBUTIONS RECEIVABLE

As of September 30, 2014 and 2013, contributions receivable, net, are due as follows:

	<u>2014</u>	<u>2013</u>
Less than one year	\$2,995,750	\$3,311,071
More than one year	-	1,971,310
Less : Fair value adjustment	-	(29,208)
Total	<u><u>\$2,995,750</u></u>	<u><u>\$5,253,173</u></u>

Management made an assessment of donor risk on contributions receivable outstanding over one year as of September 30, 2013. A risk premium of 0.5% was determined to be appropriate, considering the nature and financial integrity of the organizations included in the assessment.

In 2013, 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 a discount rate between 0.76% and 0.91%. In 2014, there were no contributions receivable in excess of one year.

Grants receivable represented contractual expenses incurred and reimbursable under Federal, state and local grants at September 30, 2014 and 2013 and consisted of the following:

	<u>2014</u>	<u>2013</u>
<i>U.S. Department of Health and Human Services</i>		
Health Resources and Services Administration	\$ 1,613,568	\$ 1,062,248
Office of National Coordinator for Health- Information Technology	154,035	465,215
Centers for Disease Control	3,634,705	3,565,011
Substance Abuse and Mental Health Services Administration	270,950	191,150
State of New York Department of Health	4,945,488	15,261,664
Other	305,351	421,560
Total	<u><u>\$ 10,924,097</u></u>	<u><u>\$ 20,966,848</u></u>

FUND FOR PUBLIC HEALTH IN NEW YORK, INC.

Notes to Financial Statements

September 30, 2014

NOTE 3 GRANTS AND CONTRIBUTIONS RECEIVABLE *(continued)*

The unbilled amounts included in grants receivable amounted to \$5,898,108 and \$7,085,382 for the years ended September 30, 2014 and 2013, respectively.

NOTE 4 FAIR VALUE MEASUREMENTS

The Organization is subject to the provisions of the authoritative guidance issued by the Financial Accounting Standards Board 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.

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:

Money market accounts (including beneficial interest in assets held by others) – Valuation is derived based on bank statement values.

FUND FOR PUBLIC HEALTH IN NEW YORK, INC.

Notes to Financial Statements

September 30, 2014

NOTE 4 FAIR VALUE MEASUREMENTS *(continued)*

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, 2014 and 2013. 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, 2014:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<i>Interest-bearing cash</i>				
Money market funds	\$ -	\$ 3,010,211	\$ -	\$ 3,010,211
<i>Beneficial interest in assets held by others-</i>				
Money market funds	-	-	883,830	883,830
	<u>\$ -</u>	<u>\$ 3,010,211</u>	<u>\$ 883,830</u>	<u>\$ 3,894,041</u>

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of September 30, 2013:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<i>Interest-bearing cash</i>				
Money market funds	\$ -	\$ 2,996,223	\$ -	\$ 2,996,223
<i>Beneficial interest in assets held by others-</i>				
Money market funds	-	-	881,395	881,395
	<u>\$ -</u>	<u>\$ 2,996,223</u>	<u>\$ 881,395</u>	<u>\$ 3,877,618</u>

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

FUND FOR PUBLIC HEALTH IN NEW YORK, INC.

Notes to Financial Statements

September 30, 2014

NOTE 4 FAIR VALUE MEASUREMENTS *(continued)*

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, 2014 and 2013:

	2014	2013
Balance, beginning of year	<u>\$ 881,395</u>	<u>\$ 936,385</u>
Interest income	2,435	3,559
Withdrawal	-	(12,057)
Appropriation of endowment assets for expenditure	-	(46,492)
Balance, end of year	<u><u>\$ 883,830</u></u>	<u><u>\$ 881,395</u></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	\$883,830	Value as reflected in the investment statements from the financial institution holding the beneficial interest instruments	<ul style="list-style-type: none"> • Changes in donor stipulations • Possible withdrawal amount • Possible withdrawal date 	<ul style="list-style-type: none"> • \$0 – \$883,830 • \$0 – \$883,830 • October 1, 2014 and thereafter

FUND FOR PUBLIC HEALTH IN NEW YORK, INC.

Notes to Financial Statements

September 30, 2014

NOTE 5 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. At September 30, 2014 and 2013, the amount of the endowment advance was \$869,047, 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

September 30, 2014

NOTE 6 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>2014</u>	<u>2013</u>
Active Living	\$ 175	\$ -
Asthma Care	445,352	-
Breast Cancer Care	29,675	51,125
Breastfeeding	831,582	182,387
Bronx Teen Connection	-	26,422
Diabetes	129	-
Environmental Health	-	59,907
Epi Scholars	-	11
Health and Nutrition Examination Survey	192,844	350,626
Health Insurance Enrollment	71,948	-
Healthy Eating	186,736	136,170
Hearing Loss	1,522	-
Hepatitis C	197,728	288,420
HIV Testing	37,298	102,013
Honoraria	48,920	44,845
Maternal Health	526,061	-
Mental Health	125,000	-
Nurse Family Partnership	1,075,029	441,543
Other	41,254	90,284
Primary Care Information	14,728,425	14,091,516
School-based Health	2,659,962	1,916,634
Syndromic Surveillance	93,772	354,277
Total	<u>\$ 21,293,412</u>	<u>\$ 18,136,180</u>

FUND FOR PUBLIC HEALTH IN NEW YORK, INC.

Notes to Financial Statements

September 30, 2014

NOTE 6 **TEMPORARILY RESTRICTED NET ASSETS** *(continued)*

Time Restrictions

	<u>2014</u>	<u>2013</u>
Breastfeeding	\$ -	\$ 988,223
Health and Nutrition Examination Survey	-	548,686
Hearing Loss	-	150,000
Hepatitis C	-	75,000
HIV Testing	-	109,505
Nurse Family Partnership	-	1,045,000
Primary Care Information	-	5,000
School-based Health	-	2,360,966
Total	<u>\$ -</u>	<u>\$ 5,282,380</u>

FUND FOR PUBLIC HEALTH IN NEW YORK, INC.

Notes to Financial Statements

September 30, 2014

NOTE 6 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>2014</u>	<u>2013</u>
Active Living	\$ 4,783	\$ 10,730
Active Recreation for Kids	-	3,900
Alcohol Symposium	-	1,705
Asthma Care	204,648	-
Breast Cancer Care	21,450	20,350
Breastfeeding	339,028	80,205
Bronx Teen Connection	66,422	80,578
Diabetes	1,777	53,550
Environmental Health	-	11,964
Epi Scholars	11	110,286
Greencarts Initiative	2,453	24,351
Health and Nutrition Examination Survey	704,491	414,821
Health Insurance Enrollment	62,052	-
Healthy Baby	-	10,012
Healthy Eating	190,778	74,116
Hearing Loss	148,478	-
Hepatitis C	273,666	1,149,439
HIV Testing	174,217	159,030
Honoraria	9,831	40,887
Maternal Health	123,939	-
Mental Health	-	70,000
Nurse Family Partnership	1,239,993	1,292,070
Oral Health	3,199	50,000
Other	137,601	68,339
Primary Care Information Project	2,665,971	192,230
School-based Health	1,624,578	6,832,083
Sodium Reduction	-	12,973
Syndromic Surveillance	260,505	1,515,894
Total	<u>\$ 8,259,871</u>	<u>\$ 12,279,513</u>

FUND FOR PUBLIC HEALTH IN NEW YORK, INC.

Notes to Financial Statements

September 30, 2014

NOTE 7 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 \$581,917 and \$603,747 for the years ended September 30, 2014 and 2013, respectively.

NOTE 8 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 9 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 expires on July 31, 2016.

The lease includes three months of free rent totaling \$52,662, which is being amortized over the life of the 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 2013 and 2014 fiscal tax years. The total tax abatement received through September 30, 2014 and 2013 was \$16,875, respectively.

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

<u>Year Ending September 30,</u>	<u>Amount</u>
2015	\$ 245,171
2016	186,576
	<u>\$ 431,747</u>

These amounts reflect rent credits and tax abatements previously discussed.

Rent expense for fiscal years ended 2014 and 2013 was \$244,259 and \$234,604, respectively.

FUND FOR PUBLIC HEALTH IN NEW YORK, INC.

Notes to Financial Statements

September 30, 2014

NOTE 9 **LEASE COMMITMENT** *(continued)*

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 also contains a rent increase clause of 1.8% annually, beginning May 1, 2012.

NOTE 10 **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, 2014 and 2013, 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 2014 and 2013, the Organization received 100% of its Federal funding from the DHHS. Such funding accounted for 57% and 42% of the Organization's total revenue, respectively. The Organization also received a significant portion of its funding from the NYSDOH. Such funding accounted for 22% and 38% of the Organization's total revenue for fiscal years ended 2014 and 2013, respectively.

Due to the concentration of funds from Federal and New York State 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.

FUND FOR PUBLIC HEALTH IN NEW YORK, INC.

Notes to Financial Statements

September 30, 2014

NOTE 11 PROPERTY AND EQUIPMENT

Property and equipment, net, at September 30, 2014 and 2013 consisted of the following:

	<u>2014</u>	<u>2013</u>
Leasehold improvement	\$ 8,719	\$ 2,839
Furniture and fixtures	118,104	118,104
Computer software and hardware	<u>106,090</u>	<u>93,338</u>
Total cost	<u>232,913</u>	<u>214,281</u>
<i>Less: Accumulated depreciation</i>	<u>138,502</u>	<u>75,919</u>
Property and equipment, net	<u><u>\$ 94,411</u></u>	<u><u>\$ 138,362</u></u>

NOTE 12 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 22, 2015, the date these financial statements were available for issuance. There were no subsequent events to recognize in these financial statements.

**SUPPLEMENTARY INFORMATION AND REPORTS
OF INDEPENDENT AUDITORS**

FUND FOR PUBLIC HEALTH IN NEW YORK, INC.
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2014

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grant Number</u>	<u>2014 Federal Expenditures</u>
U.S. Department of Health and Human Services:			
Centers for Disease Control and Prevention:			
Environmental Public Health Emergency Response (7/1/2013-6/30/2014)	93.070	N/A	\$ 140,923
Environmental Public Health Emergency Response (9/1/2013-8/31/2014)	93.070	N/A	158,891
Environmental Public Health Emergency Response (7/1/2014-6/30/2015)	93.070	N/A	42,036
Environmental Public Health Emergency Response (9/1/2014-8/31/2015)	93.070	N/A	5,774
Total Environmental Public Health Emergency Response			<u>347,624</u>
Sodium Reduction in Communities (9/30/2013-9/29/2014)	93.082	N/A	199,635
Sodium Reduction in Communities (9/30/2014-9/29/2015)	93.082	N/A	358
Total Sodium Reduction in Communities			<u>199,993</u>
Prevention Public Health Fund: Viral Hepatitis Prevention (9/30/2012-12/29/2014)	93.736	N/A	100,040
Total Prevention Public Health Fund: Viral Hepatitis Prevention			<u>100,040</u>
Adult Viral Hepatitis Prevention and Control (9/30/2012 -12/29/2014)	93.270	N/A	62,380
Total Adult Viral Hepatitis Prevention and Control			<u>62,380</u>
Investigations and Technical Assistance (9/30/2012-3/29/2014)	93.283	N/A	178,450
<i>Passed through Health Research, Inc.:</i>			
Investigations and Technical Assistance (6/30/2013-6/29/2014)	93.283	5U58DP00202905	288,560
Investigations and Technical Assistance (6/30/2014-6/29/2015)	93.283	2U58DP00202906	59,773
Total Investigations and Technical Assistance			<u>526,783</u>

See accompanying notes.

FUND FOR PUBLIC HEALTH IN NEW YORK, INC.
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2014 *(continued)*

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grant Number</u>	<u>2014 Federal Expenditures</u>
U.S. Department of Health and Human Services (continued):			
Centers for Disease Control and Prevention (continued):			
Public Prevention Health Fund Community Transformation Grant and National Dissemination and Support for Community Transformation Grant (9/30/12-9/29/13)	93.531	N/A	\$ 424,591
Public Prevention Health Fund Community Transformation Grant and National Dissemination and Support for Community Transformation Grant (9/30/13-9/29/14)	93.531	N/A	8,381,646
Total Public Prevention Health Fund Community Transformation Grant			<u>8,806,237</u>
Teenage Pregnancy Prevention Program (9/30/2013-9/29/2014)	93.297	N/A	1,531,663
Teenage Pregnancy Prevention Program (9/30/2014-9/29/2015)	93.297	N/A	981
Total Teenage Pregnancy Prevention Program			<u>1,532,644</u>
<i>Passed through Health Research, Inc.:</i>			
Pregnancy Assistance Fund Program (8/1/2013-7/31/2014)	93.500	1SP1AH0000250100	137,483
Pregnancy Assistance Fund Program (8/1/2014-7/31/2015)	93.500	5SP1AH0000250200	20,435
Total Pregnancy Assistance Fund Program			<u>157,918</u>
Substance Abuse and Mental Health Services Administration			
Projects of Regional and National Significance (9/30/2013-9/29/2014)	93.243	N/A	646,918
Projects of Regional and National Significance (9/30/2014-9/29/2015)	93.243	N/A	391
Total Projects of Regional and National Significance			<u>647,309</u>
Mental Health Disaster Assistance and Emergency Mental Health (1/27/2014-1/26/2016)	93.982	N/A	409,995
Total Diabetes, Digestive, and Kidney Diseases Extramural Research			<u>409,995</u>

See accompanying notes.

FUND FOR PUBLIC HEALTH IN NEW YORK, INC.
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2014 *(continued)*

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grant Number</u>	<u>2014 Federal Expenditures</u>
U.S. Department of Health and Human Services (continued):			
Centers for Disease Control and Prevention (continued):			
Office of the Secretary			
ARRA - Health Information Technology Regional Extension Centers Program (2/8/2010-2/7/2014)	93.718	N/A	\$ 4,032,223
Health Resources and Services Administration			
Healthy Start Initiative (6/1/2013-8/31/2014)	93.926	N/A	1,314,429
Healthy Start Initiative (9/1/2014-5/31/2015)	93.926	N/A	45,670
Total Healthy Start Initiative			<u>1,360,099</u>
Centers for Medicare and Medicaid Services			
Health Care Innovation Awards (7/1/13-6/30/14)	93.610	N/A	5,719,186
Health Care Innovation Awards (7/1/14-6/30/15)	93.610	N/A	1,522,700
Health Care Innovation Awards (9/1/14-8/31/15)	93.610	N/A	20,949
Total Health Care Innovation Awards			<u>7,262,835</u>
Passed through New York State Department of Health:			
Medical Assistance Program - Medicaid Cluster (10/1/2012-9/30/2014)	93.778	C028048	1,331,910
Total Medical Assistance Program - Medicaid Cluster			<u>1,331,910</u>
Research and Development Cluster			
National Institutes of Health:			
Passed through Brown University:			
National Institute of Environmental Health Science (4/1/13-3/31/14)	93.113	5R01 E501 9955-03	93,750
Total National Institute of Environmental Health Science			<u>93,750</u>
Passed through Einstein College of Medicine:			
Diabetes, Digestive, and Kidney Diseases Extramural Research (7/1/13-6/30/14)	93.847	1R18DK098742-01A1	60,085
Diabetes, Digestive, and Kidney Diseases Extramural Research (7/1/14-6/30/15)	93.847	5R18 DK098742-02	66,437
Total Diabetes, Digestive, and Kidney Diseases Extramural Research			<u>126,522</u>

See accompanying notes.

FUND FOR PUBLIC HEALTH IN NEW YORK, INC.
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2014 *(continued)*

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grant Number</u>	<u>2014 Federal Expenditures</u>
U.S. Department of Health and Human Services (continued):			
Centers for Disease Control and Prevention (continued):			
Research and Development Cluster (continued):			
National Institutes of Health (continued):			
<i>Passed through NYU School of Medicine:</i>			
Research on Healthcare Costs, Quality and Outcomes (9/1/13-8/31/14)	93.226	1 R21 HS020982-02	\$ 102,083
<i>Passed through National Committee on Quality Assurance:</i>			
Research on Healthcare Costs, Quality and Outcomes (9/30/13-8/31/14)	93.226	1R18HS022693-01	24,677
Total Research on Healthcare Costs, Quality and Outcomes			<u>126,760</u>
Total Research and Development Cluster			<u>347,032</u>
Total U.S. Department of Health and Human Services			<u>27,125,022</u>
Total Federal Awards			<u>\$ 27,125,022</u>

See accompanying notes.

FUND FOR PUBLIC HEALTH IN NEW YORK, INC.
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2014

NOTE 1 GENERAL

The information in the schedule is presented in accordance with the requirements of the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 2 BASIS OF ACCOUNTING

The accompanying schedule of expenditures of federal awards (SEFA) is presented on the accrual basis of accounting.

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>
Projects of Regional and National Significance (9/30/2013-9/29/2014)	93.243	New York Center for Child Development	\$ 349,711
	93.243	The Mental Health Association of New York City, Inc.	42,000
	93.243	The Trustees of Columbia University in the City of New York	106,814
		Subtotal	<u>498,525</u>
Teenage Pregnancy Prevention Program (9/30/2013-9/29/2014)	93.297	Children's Aid Society	16,000
	93.297	Community Health Care Network	20,000
	93.297	Lincoln Hospital	10,000
	93.297	Montefiore School Health Program	2,500
	93.297	Morris Heights Health Center	4,000
	93.297	Morris Heights Health Center	19,000
	93.297	Planned Parenthood of New York City	16,000
	93.297	Segundo Ruiz Belvis Neighborhood Family Center	15,000
	93.297	Urban Health Plan	2,500
		Subtotal	<u>105,000</u>

FUND FOR PUBLIC HEALTH IN NEW YORK, INC.
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2014

NOTE 3 SUBRECIPIENTS (continued)

Program Title	Federal CFDA Number	Subrecipient	Amount Provided to Subrecipient
Public Prevention Health	93.531	American Institute of Architects, New York Chapter	\$ 54,465
Fund Community	93.531	ARTs East New York, Inc.	4,750
Transformation Grant and	93.531	Bedford Stuyvesant Restoration Corporation	202,371
National Dissemination and	93.531	Bronx River Alliance	10,000
Support for Community	93.531	Brooklyn Congregation United	9,950
Transformation Grant	93.531	Center for Active Design	144,575
(9/30/13-9/29/14)	93.531	Central Queens YM & YWHA	10,000
	93.531	Community Health Action of Staten Island	10,000
	93.531	Concrete Safaris	10,000
	93.531	DIVA's for Social Justice	9,850
	93.531	EcoStation: NY, Inc.	12,350
	93.531	Education Video Center, Inc.	9,400
	93.531	Friends of the Morningside Park	7,350
	93.531	Global Potential	15,000
	93.531	Harvest Home Farmer's Market	19,950
	93.531	Icahn School of Medicine at Mt. Sinai	183,926
	93.531	IlluminArt Productions	10,000
	93.531	Institute for Family Health	179,896
	93.531	Kalusugan Coalition, Inc.	19,550
	93.531	Kingsbridge Heights Community Center	20,000
	93.531	Korean Community Services	10,000
	93.531	Make the Road New York	196,509
	93.531	Myrtle Avenue Commercial Revitalization and Development Project	19,800
	93.531	NC Prevention Partners	50,000
	93.531	New York City Department of Finance	61,380
	93.531	New York City Housing Authority	139,924
	93.531	New York State Liquor Authority	114,085
	93.531	North Shore LIJ Health System	9,800
	93.531	Public Health Solutions	394,007
	93.531	Public Health Solutions	9,900
	93.531	Public Health Solutions	906,063
	93.531	Research Foundation CUNY	11,500
	93.531	Retail Diagnostics	87,460
	93.531	Staten Island Partnership for Community Wellness	158,779
	93.531	The Lesbian and Gay Community Services Center	10,000
	93.531	Transportation Alternatives	20,000
	93.531	Visiting Nurse Service of New York Homecare	10,000
	93.531	Vocational Instruction Project, Inc.	9,700
	93.531	Word of Life International, Inc.	10,000
		Subtotal	<u>3,172,290</u>

FUND FOR PUBLIC HEALTH IN NEW YORK, INC.
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2014

NOTE 3 SUBRECIPIENTS (continued)

Program Title	Federal CFDA Number	Subrecipient	Amount Provided to Subrecipient
Healthcare Innovation Challenge (7/1/13-6/30/14)	93.610	Community Acces	\$ 348,738
	93.610	Community Access	723,934
	93.610	Community Healthcare Network	9,693
	93.610	Riverdale Mental Health Association	573,585
	93.610	Services for the Underserved, Inc.	738,693
	93.610	Transitional Services in New York, Inc.	578,465
	93.610	Visiting Nurse Services of NY	291,211
	93.610	Visiting Nurse Services of NY	239,174
	93.610	Visiting Nurse Services of NY Queens	327,218
	93.610	Woodhull Medical Center	380,714
		Subtotal	<u>4,211,425</u>
Healthcare Innovation Challenge (7/1/14-6/30/15)	93.610	Community Access	207,500
	93.610	Riverdale Mental Health Association	218,499
	93.610	Services for the Underserved	215,000
	93.610	Transitional Services of New York	210,000
	93.610	Visiting Nurse Services of NY	99,250
	93.610	Visiting Nurse Services of NY	68,186
	93.610	Visiting Nurse Services of NY	84,072
		Subtotal	<u>1,102,507</u>
ARRA - Health Information Technology Regional Extension Centers Program (2/8/2010-2/7/2015)	93.718	Bronx Lebanon Hospital	46,500
	93.718	Montefiore Medical Center	139,500
	93.718	Mount Sinai Hospital	91,500
	93.718	New York Methodist Hospital	21,000
	93.718	New York Presbyterian Hospital	103,500
	93.718	New Jersey Institute of Technology	200,200
		Subtotal	<u>602,200</u>
Prevention Public Health Fund: Viral Hepatitis Prevention (9/30/2012- 12/29/2014)	93.736	After Hours Project	3,710
	93.736	COPE	18,516
	93.736	Harlem United	38,290
		Subtotal	<u>60,516</u>
Adult Viral Hepatitis Prevention and Control (9/30/2012-12/29/2014)	93.270	After Hours Project	11,280
	93.270	BOOM!Health	7,620
	93.270	Montefiore Medical Center	5,520
		Subtotal	<u>24,420</u>

FUND FOR PUBLIC HEALTH IN NEW YORK, INC.
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2014

NOTE 3 SUBRECIPIENTS *(continued)*

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Subrecipient</u>	<u>Amount Provided to Subrecipient</u>
Healthy Start Initiative (6/1/2013-8/31/2014)	93.926	CAMBA	\$ 143,698
	93.926	SCO Family of Services	503,365
		Subtotal	<u>647,063</u>
Mental Health Disaster Assistance and Emergency Mental Health (1/27/2014- 1/26/2016)	93.982	Coney Island Hospital	46,547
	93.982	Counseling in Schools	10,000
	93.982	Partnership with Children	16,638
	93.982	St. John's Episcopal Hospital	79,738
	93.982	Staten Island Mental Health Society	78,476
		Subtotal	<u>231,399</u>
		Grand Total	<u><u>\$ 10,655,345</u></u>

FUND FOR PUBLIC HEALTH IN NEW YORK, INC.
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2014

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

The total expenditures as reflected in the SEFA varies from the amount reported in the statement of operations and changes in net assets as DHHS 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			\$ 27,125,022
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>			
Investigations and Technical Assistance (6/30/2013-6/29/2014)	93.283	5U58DP00202905	\$ 288,560
Investigations and Technical Assistance (6/30/2014-6/29/2015)	93.283	2U58DP00202906	59,773
Pregnancy Assistance Fund Program (8/1/2013-7/31/2014)	93.500	1SP1AH0000250100	137,483
Pregnancy Assistance Fund Program (8/1/2014-7/31/2015)	93.500	5SP1AH0000250200	20,435
<i>Passed through New York State Department of Health:</i>			
Medical Assistance Program - Medicaid Cluster (10/1/2012-9/30/2014)	93.778	C028048	1,331,910
<i>Passed through Brown University:</i>			
National Institute of Environmental Health Science (4/1/13-3/31/14)	93.113	5R01 E501 9955-03	93,750
<i>Passed through Einstein College of Medicine:</i>			
Diabetes, Digestive, and Kidney Diseases Extramural Research (7/1/13-6/30/14)	93.847	1R18DK098742-01A1	60,085
Diabetes, Digestive, and Kidney Diseases Extramural Research (7/1/14-6/30/15)	93.847	5R18 DK098742-02	66,437
<i>Passed through NYU School of Medicine:</i>			
Research on Healthcare Costs Quality and Outcomes (9/1/12-8/31/13)	93.226	5 R21 HS020982-02	59
Research on Healthcare Costs Quality and Outcomes (9/1/12-8/31/13)	93.226	1 R21 HS020982-01A1	4,348
Research on Healthcare Costs Quality and Outcomes (9/1/13-8/31/14)	93.226	1 R21 HS020982-02	97,676
<i>Passed through National Committee on Quality Assurance:</i>			
Research on Healthcare Costs Quality and Outcomes (9/30/13-8/31/14)	93.226	1R18HS022693-01	24,677
<i>Other Adjustments:</i>			
ARRA - Health Information Technology Program Income & Matching	93.718		236,936
Indirect rate adjustment- actual rate less than provisional rate			96,100
Other miscellaneous adjustments			445
Total Adjustments			<u>2,518,674</u>
U.S. Department of Health and Human Services Revenue			
Per Statement of Operations and Changes in Net Assets			<u>\$ 24,606,348</u>

**REPORT OF INDEPENDENT AUDITORS 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 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, 2014, and the related statements of activities, cash flows and functional expenditures for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 22, 2015.

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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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 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 22, 2015

**REPORT OF INDEPENDENT AUDITORS ON COMPLIANCE FOR EACH
MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

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 US Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended September 30, 2014. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Organization's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 each major federal program. However, our audit does not provide a legal determination of the Organization's compliance.

Opinion on Each 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 each of its major federal programs for the year ended September 30, 2014.

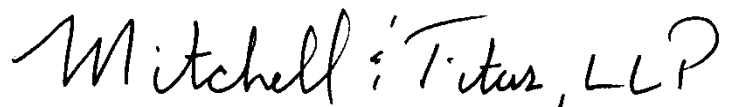
Report on Internal Control over Compliance

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 each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "Mitchell & Titus, LLP".

June 22, 2015

FUND FOR PUBLIC HEALTH IN NEW YORK, INC.
 Schedule of Findings and Questioned Costs
 September 30, 2014

SECTION I—SUMMARY OF AUDITOR’S RESULTS

Financial Statements Section

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ yes √ no
- Significant deficiency(ies) identified? _____ yes √ none reported
- Noncompliance material to financial statements noted? _____ yes √ no

Federal Awards Section

Internal control over major programs:

- Material weakness(es) identified? _____ yes √ no
- Significant deficiency(ies) identified? _____ yes √ none reported

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

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133? _____ yes √ no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
93.531	Public Prevention Health Fund Community Transformation Grant and National Dissemination and Support for Community Transformation Grant
93.778	Medical Assistance Program (Medicaid Cluster)

Dollar threshold used to distinguish between type A and type B programs: \$813,751

Auditee qualified as low-risk auditee? √ yes _____ no

FUND FOR PUBLIC HEALTH IN NEW YORK, INC.
Schedule of Findings and Questioned Costs (continued)
September 30, 2014

SECTION II—FINANCIAL STATEMENT FINDINGS

No matters were reported.

SECTION III—FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.