

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, 2015
With Summarized Information for 2014
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, 2015

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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, 2015, 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 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.

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

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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, 2015, 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.

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 U.S. 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 of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we also have issued our report dated May 31, 2016 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 2014 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 22, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2014 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Mitchell Titus, LLP

May 31, 2016

FUND FOR PUBLIC HEALTH IN NEW YORK, INC.
 Statements of Financial Position
 As of September 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
ASSETS		
<i>Current assets</i>		
Cash	\$ 13,982,311	\$ 15,624,135
Grants and contributions receivables, net	15,921,967	13,919,847
Prepaid expenses	<u>212,589</u>	<u>223,553</u>
Total current assets	30,116,867	29,767,535
<i>Other assets</i>		
Property and equipment net of accumulated depreciation (\$199,301 in 2015 and \$138,502 in 2014)	33,612	94,411
Beneficial interest in assets held by others	884,563	883,830
Other assets	<u>59,030</u>	<u>34,876</u>
Total other assets	<u>977,205</u>	<u>1,013,117</u>
Total assets	<u><u>\$ 31,094,072</u></u>	<u><u>\$ 30,780,652</u></u>
LIABILITIES AND NET ASSETS		
<i>Current liabilities</i>		
Accounts payable	\$ 1,143,100	\$ 231,400
Accrued expenses	5,930,854	5,370,328
Accrued payroll and benefits	242,602	360,928
Other liabilities	<u>110,746</u>	<u>128,777</u>
Total current liabilities	7,427,302	6,091,433
<i>Other liabilities</i>		
Endowment advance	867,547	869,047
Deferred rent	<u>24,836</u>	<u>49,804</u>
Total other liabilities	<u>892,383</u>	<u>918,851</u>
Total liabilities	<u>8,319,685</u>	<u>7,010,284</u>
<i>Net assets</i>		
Unrestricted net assets	2,527,223	2,476,956
Temporarily restricted net assets	<u>20,247,164</u>	<u>21,293,412</u>
Total net assets	<u>22,774,387</u>	<u>23,770,368</u>
Total liabilities and net assets	<u><u>\$ 31,094,072</u></u>	<u><u>\$ 30,780,652</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, 2015
(With Summarized Financial Information for 2014)

	2015			2014
	Unrestricted	Temporarily Restricted	Total	Total
REVENUE AND RECLASSIFICATIONS				
U.S. Department of Health and Human Services	\$ 21,873,763	\$ 25,000	\$ 21,898,763	\$ 24,656,348
Contributed services	146,721	-	146,721	1,134,367
Other grants and contributions	3,031,692	11,547,122	14,578,814	16,276,061
Program fees	1,221,576	-	1,221,576	494,035
Other	25,983	-	25,983	207,165
Net assets released from restrictions	<u>12,618,370</u>	<u>(12,618,370)</u>	<u>-</u>	<u>-</u>
Total revenue and reclassifications	<u>38,918,105</u>	<u>(1,046,248)</u>	<u>37,871,857</u>	<u>42,767,976</u>
EXPENSES				
Program services	35,824,368	-	35,824,368	41,818,094
Management and general	<u>3,043,470</u>	<u>-</u>	<u>3,043,470</u>	<u>2,784,865</u>
Total expenses	<u>38,867,838</u>	<u>-</u>	<u>38,867,838</u>	<u>44,602,959</u>
Change in net assets	50,267	(1,046,248)	(995,981)	(1,834,983)
Net assets, at beginning of year	<u>2,476,956</u>	<u>21,293,412</u>	<u>23,770,368</u>	<u>25,605,351</u>
Net assets, at end of year	<u>\$ 2,527,223</u>	<u>\$ 20,247,164</u>	<u>\$ 22,774,387</u>	<u>\$ 23,770,368</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, 2015
(With Summarized Financial Information for 2014)

	2015			2014
	Program Services Expenses	Management and General Expenses	Total Expenses	Total Expenses
Salaries and wages	\$ 10,767,496	\$ 1,596,978	\$ 12,364,474	\$ 11,547,630
Fringe benefits	3,013,482	466,967	3,480,449	3,342,171
Contracted program services	17,598,752	-	17,598,752	22,291,757
Professional fees and other services	2,442,692	392,720	2,835,412	2,360,312
Supplies	497,134	20,558	517,692	1,062,643
Occupancy expenses	20,244	280,964	301,208	295,067
Donated services	146,721	-	146,721	1,134,367
Equipment	25,681	19,616	45,297	15,705
Travel	164,901	1,982	166,883	186,517
Staff expense	218,219	29,836	248,055	193,186
Meetings	137,685	7,696	145,381	97,799
Printing and materials	558,477	4,647	563,124	1,673,440
Other expenses	232,884	160,707	393,591	339,783
Depreciation and amortization	-	60,799	60,799	62,582
Total expenses	\$ 35,824,368	\$ 3,043,470	\$ 38,867,838	\$ 44,602,959

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, 2015 and 2014

	<u>2015</u>	<u>2014</u>
CASH FLOW FROM OPERATING ACTIVITIES		
Change in net assets	\$ (995,982)	\$ (1,834,983)
<i>Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities</i>		
Depreciation and amortization	60,799	62,582
Increase in beneficial interest in assets held by others	(733)	(2,435)
<i>Change in operating assets and liabilities</i>		
Change in grants and contributions receivable	(2,002,120)	12,300,174
Change in prepaid expenses	10,964	(188,632)
Change in other assets	(24,154)	-
Change in accounts payable and accrued expenses	1,472,226	(3,555,563)
Change in accrued payroll and benefits	(118,326)	(44,432)
Change in other liabilities	(19,531)	114,112
Change in deferred rent	(24,968)	2,527
Net cash (used in) provided by operating activities	<u>(1,641,825)</u>	<u>6,853,350</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property and equipment	-	(18,631)
Net cash used in investing activities	<u>-</u>	<u>(18,631)</u>
Net change in cash	(1,641,825)	6,834,719
Cash, at beginning of year	<u>15,624,135</u>	<u>8,789,416</u>
Cash, at end of year	<u>\$ 13,982,310</u>	<u>\$ 15,624,135</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, 2015

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 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. 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
Year Ended September 30, 2015

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 are reported in the statement of operations and changes in net assets as net assets released from restrictions. At September 30, 2015 and 2014, 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, 2015 or 2014.

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, 2015 and 2014, the Organization held such funds totaling \$884,563 and \$883,830, respectively.

FUND FOR PUBLIC HEALTH IN NEW YORK, INC.

Notes to Financial Statements

Year Ended September 30, 2015

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 2015 or 2014.

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 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 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

FUND FOR PUBLIC HEALTH IN NEW YORK, INC.

Notes to Financial Statements

Year Ended September 30, 2015

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 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.

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.

The total amount of revenue recognized for each of the two phases or milestones is as follows for the year ended September 30, 2015—Phase 1: \$199,500; Phase 2: \$73,500. 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.

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.

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.

FUND FOR PUBLIC HEALTH IN NEW YORK, INC.

Notes to Financial Statements

Year Ended September 30, 2015

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

Grants Revenue and Receivable *(continued)*

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.

No revenues were recognized for each of the three phases or milestones for the year ended September 30, 2015. 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.

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, 2015 and 2014, the Organization had received grants from governmental entities in the aggregate amounts of \$18,690,156 and \$24,337,847, respectively. These grants have not been recorded in the financial statements as they have not been earned.

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 \$36,692 and \$0 for the years ended September 30, 2015 and 2014, 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 was a conditional contribution of \$250,000 as of September 30, 2015 and \$0 at September 30, 2014. Such conditional contributions have not been recorded in the financial statements and will only be recorded once the required conditions have been substantially achieved.

FUND FOR PUBLIC HEALTH IN NEW YORK, INC.

Notes to Financial Statements

Year Ended September 30, 2015

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

Allowance for Uncollectible Accounts

The carrying value of grants 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 contributions receivable as of September 30, 2015 will be collected; therefore, no allowance has been established. In addition, no allowance for uncollectible accounts was warranted at September 30, 2014.

Contributed Services

Contributed services totaling \$146,721 and \$1,134,367 in 2015 and 2014, 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 \$17,452 and \$340,453, 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 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 \$639,222 and \$625,798 were allocated to programs based on Central office staff time spent working on the program for the fiscal years ended September 30, 2015 and 2014, respectively.

FUND FOR PUBLIC HEALTH IN NEW YORK, INC.

Notes to Financial Statements

Year Ended September 30, 2015

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.

The Organization adopted Financial Accounting Standards Board (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 2011, which is the standard statute of limitations look-back period.

Advertising Expenses

As part of its program activity, the Organization incurred advertising expenses of \$112,115 and \$113,093 for the years ended September 30, 2015 and 2014, 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

Year Ended September 30, 2015

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

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.

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 2014

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, 2014, from which the summarized information was derived.

FUND FOR PUBLIC HEALTH IN NEW YORK, INC.Notes to Financial Statements
Year Ended September 30, 2015**NOTE 3 GRANTS AND CONTRIBUTIONS RECEIVABLE**

As of September 30, 2015 and 2014, contributions receivable, net, are due as follows:

	<u>2015</u>	<u>2014</u>
Less than one year	\$ 3,361,874	\$ 2,995,750
More than one year	2,140,480	-
Less : Fair value adjustment	(36,692)	-
Total	<u>\$ 5,465,662</u>	<u>\$ 2,995,750</u>

Management made an assessment of donor risk on contributions receivable outstanding over one year as of September 30, 2015. 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 2015, 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 1.14% and 1.17%, depending on the length of discount time.

Grants receivable represented contractual expenses incurred and reimbursable under Federal, state and local grants at September 30, 2015 and 2014 and consisted of the following:

	<u>2015</u>	<u>2014</u>
<i>U.S. Department of Health and Human Services</i>		
Health Resources and Services Administration	\$ 2,831,257	\$ 1,613,568
Office of National Coordinator for Health- Information Technology	-	154,035
Centers for Disease Control	2,527,927	3,634,705
Substance Abuse and Mental Health Services Administration	490,543	270,950
New York State Department of Health	2,989,500	4,945,488
Other	1,617,078	305,352
Total	<u>\$ 10,456,305</u>	<u>\$ 10,924,098</u>

The unbilled amounts included in grants receivable amounted to \$7,002,038 and \$5,898,108 for the years ended September 30, 2015 and 2014, respectively.

FUND FOR PUBLIC HEALTH IN NEW YORK, INC.

Notes to Financial Statements

Year Ended September 30, 2015

NOTE 4 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.

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.

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, 2015 and 2014. There were no transfers between levels of the fair value hierarchy.

FUND FOR PUBLIC HEALTH IN NEW YORK, INC.

Notes to Financial Statements
Year Ended September 30, 2015

NOTE 4 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, 2015:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<i>Interest-bearing cash</i>				
Money market funds	\$ -	\$ 2,996,490	\$ -	\$ 2,996,490
<i>Beneficial interest in assets held by others-</i>				
Money market funds	-	-	884,563	884,563
	<u>\$ -</u>	<u>\$ 2,996,490</u>	<u>\$ 884,563</u>	<u>\$ 3,881,053</u>

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 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, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Balance, beginning of year	\$ 883,830	\$ 881,395
Interest income	2,233	2,435
Withdrawal	-	-
Appropriation of endowment assets for	(1,500)	-
Balance, end of year	<u>\$ 884,563</u>	<u>\$ 883,830</u>

FUND FOR PUBLIC HEALTH IN NEW YORK, INC.

Notes to Financial Statements
Year Ended September 30, 2015

NOTE 4 FAIR VALUE MEASUREMENTS (continued)

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	\$ 884,563	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 – \$884,563 ▪ \$0 – \$884,563 ▪ October 1, 2015 and thereafter

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, 2015 and 2014, the amount of the endowment advance was \$867,547 and \$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

Year Ended September 30, 2015

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>2015</u>	<u>2014</u>
Active Living	\$ -	\$ 175
Asthma Care	473,800	445,352
Breast Cancer Care	-	29,675
Breastfeeding	581,801	831,582
Bronx Teen Connection	-	-
Diabetes	348,195	129
Foodborne Disease	1,044,516	-
Health and Nutrition Examination Survey	198,212	192,844
Health Insurance Enrollment	8,612	71,948
Healthy Eating	1,424,277	186,736
Hearing Loss	141	1,522
Healthy Neighborhoods	742,447	-
Hepatitis C	57,474	197,728
HIV Testing	162,644	37,298
Honoraria	38,034	48,920
Maternal Health	209,446	526,061
Mental Health	33,534	125,000
Nurse Family Partnership	524,133	1,075,029
Other	5,780	41,254
Primary Care Information	9,962,531	14,728,425
School-Based Health	4,420,739	2,659,962
Syndromic Surveillance	10,848	93,772
Total	<u>\$ 20,247,164</u>	<u>\$ 21,293,412</u>

FUND FOR PUBLIC HEALTH IN NEW YORK, INC.Notes to Financial Statements
Year Ended September 30, 2015**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>2015</u>	<u>2014</u>
Active Living	\$ -	\$ 4,783
Asthma Care	421,551	204,648
Breast Cancer Care	29,675	21,450
Breastfeeding	249,782	339,028
Bronx Teen Connection	-	66,422
Diabetes	1,805	1,777
Epi Scholars	-	11
Greencarts Initiative	-	2,453
Health and Nutrition Examination Survey	321,683	704,491
Health Insurance Enrollment	63,330	62,052
Healthy Eating	499,973	190,778
Hearing Loss	-	148,478
Healthy Neighborhoods	202,553	-
Hepatitis C	1,155,853	273,666
HIV Testing	148,284	174,217
Honoraria	15,176	9,831
Maternal Health	316,616	123,939
Mental Health	91,466	-
Nurse Family Partnership	1,158,298	1,239,993
Oral Health	-	3,199
Other	52,137	137,601
Primary Care Information Project	5,318,041	2,665,971
School-Based Health	2,489,223	1,624,578
Syndromic Surveillance	82,924	260,505
Total	<u>\$ 12,618,370</u>	<u>\$ 8,259,871</u>

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 \$607,609 and \$581,917 for the years ended September 30, 2015 and 2014, respectively.

FUND FOR PUBLIC HEALTH IN NEW YORK, INC.

Notes to Financial Statements
Year Ended September 30, 2015

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. In May 2015, the Organization extended the term of the lease from July 31, 2016 until February 2024. Rent through July 2016 will be 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 2015 and 2014 fiscal tax years. The total tax abatement received through September 30, 2015 and 2014 was \$7,271 and \$16,875, respectively.

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

<u>Year Ending September 30,</u>	<u>Amount</u>
2016	\$ 213,351
2017	322,639
2018	314,901
2019	335,747
2020 and thereafter	1,644,209
	<u>\$ 2,830,847</u>

These amounts reflect rent credits and tax abatements previously discussed.

Rent expense for fiscal years ended 2015 and 2014 was \$238,019 and \$244,259, 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 original and the extended lease also contains a rent increase clause of 1.8% and 2.0% 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, 2015

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, 2015 and 2014, 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 2015 and 2014, the Organization received 100% of its Federal funding from the DHHS. Such funding accounted for 58% and 57% of the Organization's total revenue, respectively. The Organization also received a significant portion of its funding from the NYSDOH. Such funding accounted for 15% and 22% of the Organization's total revenue for fiscal years ended 2015 and 2014, 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.

NOTE 11 PROPERTY AND EQUIPMENT

Property and equipment, net, at September 30, 2015 and 2014 consisted of the following:

	<u>2015</u>	<u>2014</u>
Leasehold improvements	\$ 8,719	\$ 8,719
Furniture and fixtures	118,104	118,104
Computer software and hardware	<u>106,090</u>	<u>106,090</u>
Total cost	<u>232,913</u>	<u>232,913</u>
<i>Less:</i>		
Accumulated depreciation	<u>199,301</u>	<u>138,502</u>
Property and equipment, net	<u><u>\$ 33,612</u></u>	<u><u>\$ 94,411</u></u>

FUND FOR PUBLIC HEALTH IN NEW YORK, INC.

Notes to Financial Statements

Year Ended September 30, 2015

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 May 31, 2016, 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, 2015

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grant Number</u>	<u>2015 Federal Expenditures</u>
U.S. Department of Health and Human Services:			
Centers for Disease Control and Prevention:			
Environmental Public Health and Emergency Response (7/1/2014-9/30/2015)	93.070	N/A	\$ 142,732
Environmental Public Health and Emergency Response (9/1/2014-8/31/2015)	93.070	N/A	134,219
Environmental Public Health and Emergency Response (9/1/2015-8/31/2016)	93.070	N/A	721
Total Environmental Public Health and Emergency Response			<u>277,672</u>
Sodium Reduction in Communities (9/30/2013-9/29/2015)	93.082	N/A	25,167
Sodium Reduction in Communities (9/30/2014-9/29/2015)	93.082	N/A	229,808
Sodium Reduction in Communities (9/30/2015-9/29/2016)	93.082	N/A	293
Total Sodium Reduction in Communities			<u>255,268</u>
Prevention Public Health Fund: Viral Hepatitis Prevention (9/30/2012-12/29/2014)	93.736	N/A	5,509
Total Prevention Public Health Fund: Viral Hepatitis Prevention			<u>5,509</u>
Adult Viral Hepatitis Prevention and Control (9/30/2012-12/29/2014)	93.270	N/A	37,619
Total Adult Viral Hepatitis Prevention and Control			<u>37,619</u>
Prevention and Public Health Funds - Community Transformation Grants and National Dissemination and Support for Community Transformation Grant (9/30/2013-10/29/2014)	93.531	N/A	6,846
Total Community Transformation Grants and National Dissemination and Support for Community Transformation Grant			<u>6,846</u>

See accompanying notes.

FUND FOR PUBLIC HEALTH IN NEW YORK, INC.
 Schedule of Expenditures of Federal Awards
 For the Year Ended September 30, 2015 *(continued)*

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grant Number</u>	<u>2015 Federal Expenditures</u>
U.S. Department of Health and Human Services <i>(continued)</i> :			
Centers for Disease Control and Prevention <i>(continued)</i> :			
Teenage Pregnancy Prevention Program (9/30/2013-10/29/2014)	93.297	N/A	\$ 8,993
Teenage Pregnancy Prevention Program (9/30/2014-9/29/2016)	93.297	N/A	1,198,200
Teenage Pregnancy Prevention Program (7/1/2015-6/30/2016)	93.297	N/A	75,805
Total Teenage Pregnancy Prevention Program			<u>1,282,998</u>
State and Local Public Health Actions to Prevent Obesity, Diabetes, Heart Disease and Stroke (PPHF) (9/30/2014-9/29/2016)	93.757	N/A	1,840,047
Total State and Local Public Health Actions to Prevent Obesity, Diabetes, Heart Disease and Stroke (PPHF)			<u>1,840,047</u>
Partnerships to Improve Community Health (9/30/2014-9/29/2015)	93.331	N/A	3,427,313
Total Partnerships to Improve Community Health			<u>3,427,313</u>
<i>Passed through Health Research, Inc.:</i>			
Centers for Disease Control and Prevention Investigations and Technical Assistance (6/30/2014-6/29/2015)	93.283	2U58DP00202906	111,424
Total Centers for Disease Control and Prevention Investigations and Technical Assistance			<u>111,424</u>
<i>Passed through Health Research, Inc.:</i>			
Pregnancy Assistance Fund Program (8/1/2014-7/31/2015)	93.500	5SP1AH0000250200	125,164
Pregnancy Assistance Fund Program (8/1/2015-7/31/2016)	93.500	5SP1AH0000250300	19,010
Total Pregnancy Assistance Fund Program			<u>144,174</u>

See accompanying notes.

FUND FOR PUBLIC HEALTH IN NEW YORK, INC.
 Schedule of Expenditures of Federal Awards
 For the Year Ended September 30, 2015 *(continued)*

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grant Number</u>	<u>2015 Federal Expenditures</u>
U.S. Department of Health and Human Services <i>(continued)</i> :			
Centers for Disease Control and Prevention <i>(continued)</i> :			
<i>Passed through NYU School of Medicine:</i>			
PPHF: Racial and Ethnic Approaches to Community Health Program financed solely by Public Prevention and Health Funds (9/30/2014-9/29/2015)	93.738	1U58DP005621-01	\$ 42,153
Total PPHF: Racial and Ethnic Approaches to Community Health Program financed solely by Public Prevention and Health Funds			<u>42,153</u>
Substance Abuse and Mental Health Services Administration			
Substance Abuse and Mental Health Services Projects of Regional and National Significance (9/30/2014-9/29/2015)	93.243	N/A	<u>628,441</u>
Total Substance Abuse and Mental Health Services Projects of Regional and National Significance			<u>628,441</u>
Mental Health Disaster Assistance and Emergency Mental Health (1/27/2014-1/26/2016)	93.982	N/A	<u>1,611,564</u>
Total Mental Health Disaster Assistance and Emergency Mental Health			<u>1,611,564</u>
Office of the Secretary			
ARRA - Health Information Technology Regional Extension Centers Program (2/8/2010-2/7/2015)	93.718	N/A	<u>744,088</u>
Total ARRA - Health Information Technology Regional Extension Centers Program			<u>744,088</u>
Health Resources and Services Administration			
Healthy Start Initiative (9/1/2014-5/31/2015)	93.926	N/A	962,451
Healthy Start Initiative (6/1/2015-3/31/2016)	93.926	N/A	<u>473,851</u>
Total Healthy Start Initiative			<u>1,436,302</u>

See accompanying notes.

FUND FOR PUBLIC HEALTH IN NEW YORK, INC.
 Schedule of Expenditures of Federal Awards
 For the Year Ended September 30, 2015 *(continued)*

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grant Number</u>	<u>2015 Federal Expenditures</u>
U.S. Department of Health and Human Services <i>(continued)</i>:			
Centers for Medicare and Medicaid Services			
Health Care Innovation Awards (7/1/2014-10/31/2015)	93.610	N/A	\$ 6,834,425
Health Care Innovation Awards (9/1/2014-8/31/2015)	93.610	N/A	2,382,456
Health Care Innovation Awards (9/1/2015-8/31/2016)	93.610	N/A	42,064
Total Health Care Innovation Awards			<u>9,258,945</u>
 <i>Passed through New York State Department of Health:</i>			
Medical Assistance Program (10/1/2012-12/31/2016)	93.778	C028048	2,541,429
Medical Assistance Program (10/1/2014-9/30/2016)	93.778	C029355	55,378
Medical Assistance Program (7/1/2015-6/30/2017)	93.778	C030537	39,332
Total Medical Assistance Program			<u>2,636,139</u>
 Research and Development Cluster:			
National Institutes of Health:			
<i>Passed through Brown University:</i>			
Environmental Health (4/1/2013-3/31/2015)	93.113	5R01 ES01 9955-03	67,238
Total Environmental Health			<u>67,238</u>
 <i>Passed through Einstein College of Medicine:</i>			
Diabetes, Digestive, and Kidney Diseases Extramural Research (9/1/2014-6/30/2015)	93.847	5R18DK098742-02	275,553
Diabetes, Digestive, and Kidney Diseases Extramural Research (7/1/2015-6/30/2016)	93.847	5R18DK098742-03	53,626
Total Diabetes, Digestive, and Kidney Diseases Extramural Research			<u>329,179</u>

See accompanying notes.

FUND FOR PUBLIC HEALTH IN NEW YORK, INC.
 Schedule of Expenditures of Federal Awards
 For the Year Ended September 30, 2015 *(continued)*

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grant Number</u>	<u>2015 Federal Expenditures</u>
U.S. Department of Health and Human Services <i>(continued)</i> :			
Agency for Healthcare Research and Quality:			
<i>Passed through NYU School of Medicine:</i>			
Research on Healthcare Costs, Quality and Outcomes (9/1/2013-8/31/2015)	93.226	5 R21 HS020982-02	\$ 34,611
Research on Healthcare Costs, Quality and Outcomes (5/1/2015-4/30/2016)	93.226	1 R18 HS023922-01	690,194
Total Research on Healthcare Costs, Quality and Outcomes			<u>724,805</u>
Total Research and Development Cluster			<u>1,121,222</u>
Total U.S. Department of Health and Human Services			<u>24,867,724</u>
Total Federal Awards			<u><u>\$ 24,867,724</u></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, 2015

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>
Teenage Pregnancy Prevention Program (9/30/2013-10/29/2014)	93.297	ETR	\$ 8,529
		Subtotal	<u>8,529</u>
Teenage Pregnancy Prevention Program (9/30/2014-9/29/2016)	93.297	Bronx Center for Science & Mathematics	1,950
	93.297	Bronx Community Solutions	1,000
	93.297	Bronx Design & Construction Academy	6,300
	93.297	Bronx Haven HS	2,000
	93.297	Bronx International High School	5,900
	93.297	Bronx Studio School for Writers & Artists	4,300
	93.297	Cardinal McCloskey Services	2,000
	93.297	Catholic Guardian Services	1,000
	93.297	Children's Aid Society	10,000
	93.297	Community Healthcare Network	20,000
	93.297	Community School for Social Justice	4,700
	93.297	East Bronx Academy for the Future	2,700
	93.297	Eximius College Preparatory Academy	3,150
	93.297	Health Opportunities High School	5,550
	93.297	International Community High School	3,900
	93.297	Jill Chaifetz Transfer HS	2,000
	93.297	John V. Lindsay Wildcat Academy, Bronx Campus	2,000
	93.297	Leadership Institute	3,100
	93.297	Lincoln Hospital	10,000
	93.297	Metropolitan High School	5,900
	93.297	Montefiore School Health Program (Morris Campus)	2,000
	93.297	Morris Academy for Collaborative Studies	2,350
	93.297	Morris Heights Health Center	10,000
	93.297	Morris Heights SBHC (Banana Kelly & HOP)	4,000
	93.297	Mott Hall Bronx High School	750
	93.297	New Visions Charter HS for Advanced Math and Science II	2,750
	93.297	New Visions Charter HS for the Humanities II	9,900

FUND FOR PUBLIC HEALTH IN NEW YORK, INC.
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2015

NOTE 3 SUBRECIPIENTS *(continued)*

Program Title	Federal CFDA Number	Subrecipient	Amount Provided to Subrecipient
	93.297	Osborne Association, Arches Program	\$ 1,000
	93.297	Peace and Diversity Academy	3,100
	93.297	PPNYC	10,000
	93.297	School for Tourism & Hospitality	1,550
	93.297	Segundo Ruiz Belvis	10,000
	93.297	St. Dominic's Home	2,000
	93.297	Sunrise Drop-In Center	2,000
	93.297	Urban Assembly School for Applied Math & Science	4,700
	93.297	Urban Health Plan SBHC (Jane Addams)	2,000
	93.297	Validus Preparatory Academy	3,150
		Subtotal	<u>168,700</u>
Prevention Public Health Fund: Viral Hepatitis Prevention (9/30/2012-12/29/2014)	93.736	VOCAL - NY	840
	93.736	CitiWide Harm Reduction	35
	93.736	After Hours Project	1,750
		Subtotal	<u>2,625</u>
Adult Viral Hepatitis Prevention and Control (9/30/2012-12/29/2014)	93.270	Montefiore Medical Center	13,980
	93.270	BOOM!Health	10,437
	93.270	After Hours Project	9,720
		Subtotal	<u>34,137</u>
Environmental Public Health and Emergency Response (7/1/2014- 9/30/2015)	93.070	Research Foundation of CUNY	13,333
		Subtotal	<u>13,333</u>
State and Local Public Health Actions to Prevent Obesity, Diabetes, Heart Disease and Stroke (PPHF) (9/30/2014-9/29/2016)	93.757	Bronx Works Inc.	7,956
	93.757	Havest Home Farmer's Market, Inc.	9,969
	93.757	InquisitHealth	19,952
	93.757	Mexican Coalition for the Empowerment of Youth and Families, Inc.	8,046
	93.757	Northeastern Conference of Seventh Day Adventists	10,000
	93.757	Heath Insurance Plan of Greater New York (Emblem Health)	15,000
	93.757	Health People, Inc.	15,000
	93.757	YMCA of Greater New York	30,000
	93.757	APC Community Services	6,016
		Subtotal	<u>121,939</u>

FUND FOR PUBLIC HEALTH IN NEW YORK, INC.
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2015

NOTE 3 SUBRECIPIENTS (continued)

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Subrecipient</u>	<u>Amount Provided to Subrecipient</u>
Partnerships to Improve Community Health (9/30/2014-9/29/2015)	93.331	Bedford Stuyvesant Restoration Corporation	\$ 192,640
	93.331	Institute for Family Health	215,140
	93.331	Make the Road New York	185,140
	93.331	Icahn School of Medicine at Mount Sinai	185,140
	93.331	State Island Partnership for Community Wellness	194,140
	93.331	Children's Museum of Manhattan	100,000
	93.331	Public Health Solutions	90,000
	93.331	Icahn School of Medicine at Mount Sinai	11,500
	93.331	Word of Life International	9,000
	93.331	North Shore LIJ Health System	9,000
	93.331	Coalition for Asian American Children and Families	9,000
	93.331	New York Public Interest Research Group Fund	9,000
	93.331	Flushing Hospital Medical Center	11,500
	93.331	Maimonides Medical Center	11,500
	93.331	Jamaica Hospital Medical Center	11,500
	93.331	New York University Langone Medical Center	11,500
	93.331	North Shore LIJ	9,057
	93.331	Forest Hills Hospital	6,613
	93.331	Montefiore Medical Center	4,169
	93.331	Staten Island University Hospital	6,613
93.331	SBH Health System/St. Barnabas Hospital	9,056	
		Subtotal	<u>1,291,208</u>
Health Care Innovation Awards (HCIA) (7/1/2014-10/31/2015)	93.610	Services for the Underserved	916,855
	93.610	Community Access - Support Line	891,901
	93.610	Riverdale Mental Health Association	782,016
	93.610	Transitional Services of New York	867,262
	93.610	Community Healthcare Network	52,602
	93.610	Community Access	329,129
	93.610	HHC Woodhull Medical Center	446,081
	93.610	VNSNY	229,142
	93.610	VNSNY	255,082
	93.610	VNSNY	246,711
		Subtotal	<u>5,016,781</u>
Health Care Innovation Awards (HCIA) (9/1/2014-8/31/2015)	93.610	Weill Medical College of Cornell University	178,957
	93.610	HealthFirst	15,574
	93.610	Montefiore Medical Center	864,245
	93.610	Mt. Sinai Medical Center	333,149
	93.610	VNSNY Choice	82,790
		Subtotal	<u>1,474,715</u>

FUND FOR PUBLIC HEALTH IN NEW YORK, INC.
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2015

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 (9/1/2014-5/31/2015)	93.926	Carribbean Women's Health Association	\$ 87,790
	93.926	Brooklyn Perinatal Network	23,107
	93.926	CAMBA	88,188
	93.926	SCO Family of Services	311,788
		Subtotal	<u>510,873</u>
Healthy Start Initiative (6/1/2015-3/31/2016)	93.926	CAMBA, Inc	18,593
	93.926	CWHA	29,976
	93.926	SCO Families	120,260
	93.926	Brooklyn Perinatal Network, Inc.	13,749
		Subtotal	<u>182,578</u>
Mental Health Disaster Assistance and Emergency Mental Health (1/27/2014-1/26/2016)	93.982	Staten Island Mental Health Society	295,327
	93.982	Coney Island Hospital	151,480
	93.982	St. John's Episcopal Hospital	363,826
	93.982	Partnership with Children	147,398
	93.982	Counseling in Schools	147,879
		Subtotal	<u>1,105,910</u>
Substance Abuse and Mental Health Services Projects of Regional and National Significance (9/30/2014-9/29/2015)	93.243	New York Center for Child Development	312,050
	93.243	NCCP-Columbia University	109,248
	93.243	Mental Health Association of New York City	36,350
		Subtotal	<u>457,648</u>
ARRA - Health Information Technology Regional Extension Centers Program (2/8/2010-2/7/2015)	93.718	Bronx Lebanon Hospital	42,000
	93.718	New Jersey Institute of Technology	130,000
	93.718	VHQC	78,000
		Subtotal	<u>250,000</u>
		Grand Total	<u>\$ 10,638,976</u>

FUND FOR PUBLIC HEALTH IN NEW YORK, INC.
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2015

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 Schedule			\$ 24,867,724
Less: Pass Throughs:			
Federal Grantor/Pass Through Grantor/Program Title	CFDA #	Pass Through Grant #	Amount
<i>Passed through Health Research, Inc.:</i>			
Centers for Disease Control and Prevention Investigations and Technical Assistance (6/30/2014-6/29/2015)	93.283	2U58DP00202906	\$ 111,424
<i>Passed through Health Research, Inc.:</i>			
Pregnancy Assistance Fund Program (8/1/2014-7/31/2015)	93.500	5SP1AH0000250200	125,164
Pregnancy Assistance Fund Program (8/1/2015-7/31/2016)	93.500	5SP1AH0000250300	19,010
<i>Passed through NYU School of Medicine:</i>			
PPHF: Racial and Ethnic Approaches to Community Health Program financed solely by Public Prevention and Health Funds (9/30/2014-9/29/2015)	93.738	1U58DP005621-01	42,153
<i>Passed through New York State Department of Health:</i>			
Medical Assistance Program (10/1/2012-12/31/2016)	93.778	C028048	2,541,429
Medical Assistance Program (10/1/2014-9/30/2016)	93.778	C029355	55,378
Medical Assistance Program (7/1/2015-6/30/2017)	93.778	C030537	39,332
<i>Passed through Brown University:</i>			
Environmental Health (4/1/13-3/31/15)	93.113	5R01 ES01 9955-03	67,237
<i>Passed through Einstein College of Medicine:</i>			
Diabetes, Digestive, and Kidney Diseases Extramural Research (9/1/2014-6/30/2015)	93.847	5R18DK098742-02	275,553
Diabetes, Digestive, and Kidney Diseases Extramural Research (7/1/2015-6/30/2016)	93.847	5R18DK098742-03	53,626
<i>Passed through NYU School of Medicine:</i>			
Research on Healthcare Costs, Quality and Outcomes (9/1/2013-8/31/2015)	93.226	5 R21 HS020982-02	34,611
Research on Healthcare Costs, Quality and Outcomes (5/1/2015-4/30/2016)	93.226	1 R18 HS023922-01	690,194
			4,055,111
Add: Other adjustments			
ARRA - Health Information Technology Regional Extension Centers Program - Program Income & Matching	93.718		1,061,150
Total adjustments			(2,993,961)
Federal revenue per financial statement			\$ 21,873,763



**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, 2015, 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 May 31, 2016.

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

May 31, 2016



**INDEPENDENT AUDITOR'S REPORT 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 *OMB 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, 2015. 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 of America; 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.

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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, 2015.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance with the subrecipient monitoring compliance requirement which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 2015-001. Our opinion on each major federal program is not modified with respect to this matter.

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.



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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.

Mitchell Titus, LLP

May 31, 2016

FUND FOR PUBLIC HEALTH IN NEW YORK, INC.
 Schedule of Findings and Questioned Costs
 September 30, 2015

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>
93.297	Teenage Pregnancy Prevention Program
93.331	Partnerships to Improve Community Health
93.757	State and Local Public Health Actions to Prevent Obesity, Diabetes, Heart Disease and Stroke (PPHF)
93.926	Healthy Start Initiative
93.982	Mental Health Disaster Assistance and Emergency Mental Health
93.113/93.226/93.847	R&D Cluster

Dollar threshold used to distinguish between type A and type B programs: \$ 746,032

Auditee qualified as low-risk auditee? √ yes no

SECTION II—FINANCIAL STATEMENT FINDINGS

No matters were reported.

SECTION III—FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Reference Number: Finding 2015-001

Program Name: Teenage Pregnancy Prevention Program – CFDA #93.297

Federal Agency: U.S. Department of Health and Human Services, Centers for Disease Control and Prevention

Compliance Requirement/ Description: Subrecipient Monitoring – Immaterial noncompliance over review of subrecipient audit report

Criteria:

United States Code Title 31, Subtitle V, Chapter 75, Section 7502(f)(2) states:

“Each pass-through entity shall... monitor the subrecipient’s use of Federal awards through site visits, limited scope audits, or other means, and review the audit of a subrecipient as necessary to determine whether prompt and appropriate corrective action has been taken with respect to audit findings, as defined by the Director, pertaining to Federal awards provided to the subrecipient by the pass-through entity...”

Condition and Context:

Fund for Public Health in New York, Inc. (the Organization) is responsible for monitoring its subrecipients. Of a sample of four subrecipients that received major program funds, the Organization did not request, receive, or review one subrecipient’s audit report during the year under audit. Total contract amount between the Organization and the subrecipient was \$2,000, of which two payments totaling \$2,000 were made during the year under audit. Per review of the subrecipient’s data collection forms for the years ended June 30, 2014 and 2015, the subrecipient had no audit findings for either years.

In order to determine the extent of noncompliance and any possible deficiencies in internal control, we expanded our sample and tested an additional three subrecipients with similar dollar amount subawards. We did not note any other compliance exceptions or deficiencies in internal controls.

Questioned Costs:

None.

SECTION III—FEDERAL AWARD FINDINGS AND QUESTIONED COSTS *(continued)*

Finding 2015-001 *(continued)*

Effect:

The Organization did not know whether the subrecipient in question had any programmatic, internal control, and/or compliance issues pertaining to federal awards as identified in the subrecipient's A-133 audit report because they did not request, receive, or review the subrecipient's A-133 audit report during the year under audit.

Cause:

Organization personnel did not maintain support of evidencing the request, receipt and review of subrecipient's A-133 audit report. The subrecipient may have had findings in their A-133 audit report causing the Organization to be noncompliant with the subrecipient monitoring requirements to ensure proper management decision on any subrecipient audit findings.

Recommendation:

The Organization should implement procedures to ensure that audit reports of all subrecipients receiving federal funds during the year are requested, received, and reviewed to determine whether required reports were completed and prompt and appropriate corrective action has been taken with respect to audit findings pertaining to federal awards passed through to the subrecipients.

Views of responsible officials and planned corrective actions:

The Director of Grants and Finance accepts responsibility for not properly reviewing and approving the subrecipient A-133 audit report. Due to the size and nature of the subrecipient contract (it was for \$2,000 and payment was based upon meeting defined deliverables), the subrecipient's A-133 audit report was not reviewed. However, as with all subrecipients, a scope of work was created which furthered the goals of the awarded project. All programmatic goals were reviewed, and determined to be completed, before any invoice was approved for payment.

The Organization has updated its practice so that staff will review the A-133 audit reports of all subrecipients.

Individual responsible for implementation of corrective action:

Director of Grants and Finance

Timeline for implementation:

Immediately implemented.

