



**Financial Statements  
(Together with Independent Auditors' Report)**

**For the Years Ended December 31, 2021 and 2020  
and  
Single Audit Reports and Schedule as Required by the  
Office of Management and Budget Uniform Guidance**

**For the Year Ended December 31, 2021**



**PUBLIC HEALTH SOLUTIONS  
FINANCIAL STATEMENTS  
(Together with Independent Auditors' Report)**

**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020  
AND  
SINGLE AUDIT REPORTS AND SCHEDULE AS REQUIRED BY THE OFFICE OF  
MANAGEMENT AND BUDGET UNIFORM GUIDANCE**

**FOR THE YEAR ENDED DECEMBER 31, 2021**

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## INDEPENDENT AUDITORS' REPORT

The Board of Directors of  
Public Health Solutions

### Report on the Audit of the Financial Statements

#### **Opinion**

We have audited the financial statements of Public Health Solutions (the "Organization"), which comprise the of financial position as of December 31, 2021, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of December 31, 2021, and the results of its net deficit and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **Report on 2020 Financial Statements**

The financial statements of the Organization as of and for the year ended December 31, 2021 were audited by other auditors whose report dated November 15, 2021, except for the SEFA, as to which the date is December 21, 2021, expressed an unmodified opinion on those statements.

#### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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



## ***Auditors' Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with GAAS and governmental auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

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

## ***Supplemental Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain 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 GAAS. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.



## **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2022 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 solely describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

*Mayer Roffman McCann CPAs*

New York, NY  
September 30, 2022

**PUBLIC HEALTH SOLUTIONS  
STATEMENTS OF FINANCIAL POSITION  
AS OF DECEMBER 31, 2021 AND 2020**

	<b>2021</b>	<b>2020</b>
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and cash equivalents (Notes 2B, 3 and 4)	\$ 30,254,567	\$ 22,897,526
Certificates of deposit (Notes 2C, 3, 4 and 11C)	397,108	395,329
Grants receivable (Notes 2D, 2K, 3 and 4):		
Federal	6,086,721	7,326,726
New York State/New York City	36,061,017	25,841,335
Private	1,000,717	1,208,682
Contributions receivable (Notes 2J and 3)	40,219	9,882
Service reimbursements receivable (Notes 2K, 3 and 4)	89,369	152,733
Supplies inventory (Note 2E)	104,302	49,276
Advances to subcontractors (Note 2G)	14,854	5,199,952
Deposits and other assets	<u>553,269</u>	<u>473,764</u>
Total current assets	<u>74,602,143</u>	<u>63,555,205</u>
<b>Non-current assets:</b>		
Property and equipment, net of accumulated depreciation and amortization (Notes 2F and 5)	3,477,018	2,356,671
Deposits and other assets	<u>217,859</u>	<u>464,086</u>
Total non-current assets	<u>3,694,877</u>	<u>2,820,757</u>
<b>TOTAL ASSETS</b>	<u>\$ 78,297,020</u>	<u>\$ 66,375,962</u>
<b>LIABILITIES</b>		
<b>Current liabilities:</b>		
Accounts payable and accrued liabilities (Note 11C)	\$ 52,014,638	\$ 49,307,457
Paycheck Protection Program refundable advance (Note 10)	1,727,285	2,466,805
Borrowings under line of credit (Note 7)	2,550,000	2,650,000
Advances from government and other agencies (Notes 2H and 2K)	<u>22,398,920</u>	<u>12,171,648</u>
Total current liabilities	<u>78,690,843</u>	<u>66,595,910</u>
<b>Non-current liabilities:</b>		
Pension liability (Note 6)	<u>10,238,534</u>	<u>23,492,405</u>
Total non-current liabilities	<u>10,238,534</u>	<u>23,492,405</u>
<b>TOTAL LIABILITIES</b>	<u>88,929,377</u>	<u>90,088,315</u>
<b>COMMITMENTS AND CONTINGENCIES (Notes 9 and 11)</b>		
<b>NET ASSETS (DEFICIT) (Note 2I)</b>		
Without donor restrictions:		
Undesignated	23,222,959	21,074,089
Net unrecognized actuarial loss on pension plan (Note 6)	<u>(33,960,800)</u>	<u>(44,840,872)</u>
Total net assets (deficit) without donor restrictions	(10,737,841)	(23,766,783)
With donor restrictions (Note 8)	<u>105,484</u>	<u>54,430</u>
<b>TOTAL NET ASSETS (DEFICIT)</b>	<u>(10,632,357)</u>	<u>(23,712,353)</u>
<b>TOTAL LIABILITIES AND NET ASSETS (DEFICIT)</b>	<u>\$ 78,297,020</u>	<u>\$ 66,375,962</u>

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

**PUBLIC HEALTH SOLUTIONS  
STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

	Year Ended December 31, 2021			Year Ended December 31, 2020		
	Without Donor Restrictions	With Donor Restrictions	Total 2021	Without Donor Restrictions	With Donor Restrictions	Total 2020
<b>REVENUES AND SUPPORT:</b>						
Government grants, service contracts and medical reimbursements (Note 2K):						
New York State	\$ 25,366,368	\$ -	\$ 25,366,368	\$ 24,071,047	\$ -	\$ 24,071,047
New York City	156,999,193	-	156,999,193	168,680,984	-	168,680,984
Federal	42,585,690	-	42,585,690	43,903,849	-	43,903,849
Medicaid and other third party	995,120	-	995,120	871,293	-	871,293
Interest income	25,577	-	25,577	49,384	-	49,384
Other income (Note 2O)	953,188	-	953,188	2,295,176	-	2,295,176
Nongovernment grants and contributions (Note 2J):						
Foundations and private grants (Note 10)	6,822,551	-	6,822,551	10,924,422	-	10,924,422
Contributions	1,216,643	113,000	1,329,643	1,503,130	2,500	1,505,630
Net assets released from restrictions (Notes 2I and 8)	61,946	(61,946)	-	6,890	(6,890)	-
<b>TOTAL REVENUES AND SUPPORT</b>	<b>235,026,276</b>	<b>51,054</b>	<b>235,077,330</b>	<b>252,306,175</b>	<b>(4,390)</b>	<b>252,301,785</b>
<b>EXPENSES (Note 2M):</b>						
Program services:						
Reproductive health	5,521,515	-	5,521,515	4,309,235	-	4,309,235
HIV/STD	132,826,862	-	132,826,862	137,806,329	-	137,806,329
Nutrition	11,793,037	-	11,793,037	12,633,738	-	12,633,738
Child health and development	3,248,168	-	3,248,168	3,129,424	-	3,129,424
Emergency preparedness	37,708,511	-	37,708,511	38,912,505	-	38,912,505
Other miscellaneous programs	33,467,531	-	33,467,531	43,324,845	-	43,324,845
Total program services	224,565,624	-	224,565,624	240,116,076	-	240,116,076
Management and general	7,231,680	-	7,231,680	7,640,350	-	7,640,350
Fundraising and development	521,062	-	521,062	453,263	-	453,263
<b>TOTAL EXPENSES</b>	<b>232,318,366</b>	<b>-</b>	<b>232,318,366</b>	<b>248,209,689</b>	<b>-</b>	<b>248,209,689</b>
<b>CHANGE IN NET ASSETS BEFORE PENSION LIABILITY ADJUSTMENT</b>	<b>2,707,910</b>	<b>51,054</b>	<b>2,758,964</b>	<b>4,096,486</b>	<b>(4,390)</b>	<b>4,092,096</b>
Pension liability adjustment (Note 6)	10,880,072	-	10,880,072	(4,170,962)	-	(4,170,962)
Net periodic benefit cost (Note 6)	(559,040)	-	(559,040)	(1,062,627)	-	(1,062,627)
<b>CHANGE IN NET ASSETS (DEFICIT)</b>	<b>13,028,942</b>	<b>51,054</b>	<b>13,079,996</b>	<b>(1,137,103)</b>	<b>(4,390)</b>	<b>(1,141,493)</b>
Net assets (deficit) - beginning of year	(23,766,783)	54,430	(23,712,353)	(22,629,680)	58,820	(22,570,860)
<b>NET ASSETS (DEFICIT) - END OF YEAR</b>	<b>\$ (10,737,841)</b>	<b>\$ 105,484</b>	<b>\$ (10,632,357)</b>	<b>\$ (23,766,783)</b>	<b>\$ 54,430</b>	<b>\$ (23,712,353)</b>

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

**PUBLIC HEALTH SOLUTIONS  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Program Services						Total Program Services	Management and General	Fundraising and Development	TOTAL 2021
	Reproductive Health	HIV/STD	Nutrition	Child Health and Development	Emergency Preparedness	Other Miscellaneous Programs				
Salaries and wages	\$ 2,846,037	\$ 5,466,014	\$ 6,552,696	\$ 2,227,025	\$ 2,111,801	\$ 5,431,716	\$ 24,635,289	\$ 3,639,356	\$ 274,248	\$ 28,548,893
Payroll taxes and employee benefits excluding defined benefit plan (ERISA Funding) (Note 6)	791,869	1,521,424	1,823,893	620,614	587,803	1,511,876	6,857,479	1,012,988	76,335	7,946,802
Net periodic benefit cost (Note 6)	(55,706)	(107,029)	(128,307)	(43,659)	(41,351)	(106,357)	(482,409)	(71,261)	(5,370)	(559,040)
Defined benefit plan (ERISA Funding) (Note 6)	<u>259,568</u>	<u>498,710</u>	<u>597,857</u>	<u>203,432</u>	<u>192,677</u>	<u>495,581</u>	<u>2,247,825</u>	<u>332,049</u>	<u>25,022</u>	<u>2,604,896</u>
	3,841,768	7,379,119	8,846,139	3,007,412	2,850,930	7,332,816	33,258,184	4,913,132	370,235	38,541,551
Subcontractors	685,472	121,011,533	906,297	-	22,544,409	21,665,510	166,813,221	-	-	166,813,221
Patient care	55,960	-	-	-	-	-	55,960	-	-	55,960
Purchased services	91,374	53,155	157,269	3,522	297,493	335,624	938,437	182,925	3	1,121,365
Occupancy (Note 9)	215,057	349,498	1,461,874	207,085	238,851	1,842,460	4,314,825	504,943	28,315	4,848,083
Supplies	182,747	1,082,783	107,248	20,679	2,428,219	1,166,303	4,987,979	487,305	13,801	5,489,085
Communications	93,322	87,297	216,471	42,415	97,407	179,112	716,024	84,974	3,246	804,244
Maintenance and repairs	82,566	15,703	282,759	15,263	423,617	39,824	859,732	106,934	117	966,783
Postage	1,031	606	2,495	151	-	1,716	5,999	6,493	680	13,172
Marketing and promotion	14,013	26,562	9,623	339	-	46,735	97,272	-	6,758	104,030
Printing	11,318	(2,734)	9,251	2,308	-	3,383	23,526	1,864	1,349	26,739
Insurance	61,047	15,443	90,836	5,101	2,020	24,231	198,678	95,130	343	294,151
Travel	23,608	4,323	13,233	9,728	3,374	10,695	64,961	4,159	81	69,201
Equipment rental	7,922	7,655	32,855	4,026	537	7,136	60,131	8,186	201	68,518
Professional fees	219,733	2,609,194	36,334	2,685	8,930,241	925,750	12,723,937	646,006	104,379	13,474,322
Recruitment and training	35,488	586,293	8,084	23,178	79,741	68,275	801,059	275,103	3,705	1,079,867
Interest expense (Note 7)	100,052	-	-	1,855	-	8,708	110,615	844	7,452	118,911
Sundry expenses	<u>32,890</u>	<u>22,206</u>	<u>14,391</u>	<u>80,277</u>	<u>1,668</u>	<u>154,157</u>	<u>305,589</u>	<u>12,632</u>	<u>5,419</u>	<u>323,640</u>
Total expenses before depreciation and amortization	5,755,368	133,248,636	12,195,159	3,426,024	37,898,507	33,812,435	226,336,129	7,330,630	546,084	234,212,843
Depreciation and amortization (Note 5)	<u>25,715</u>	<u>76,936</u>	<u>195,735</u>	<u>25,576</u>	<u>2,681</u>	<u>150,677</u>	<u>477,320</u>	<u>233,099</u>	<u>-</u>	<u>710,419</u>
Total expenses including ERISA Funding, excluding NPBC (A)	5,781,083	133,325,572	12,390,894	3,451,600	37,901,188	33,963,112	226,813,449	7,563,729	546,084	234,923,262
ERISA Funding Adjustment	<u>(259,568)</u>	<u>(498,710)</u>	<u>(597,857)</u>	<u>(203,432)</u>	<u>(192,677)</u>	<u>(495,581)</u>	<u>(2,247,825)</u>	<u>(332,049)</u>	<u>(25,022)</u>	<u>(2,604,896)</u>
<b>TOTAL EXPENSES (B)</b>	<u>\$ 5,521,515</u>	<u>\$ 132,826,862</u>	<u>\$ 11,793,037</u>	<u>\$ 3,248,168</u>	<u>\$ 37,708,511</u>	<u>\$ 33,467,531</u>	<u>\$ 224,565,624</u>	<u>\$ 7,231,680</u>	<u>\$ 521,062</u>	<u>\$ 232,318,366</u>

(A) Represents total expenses including \$2,604,896 cash payments in accordance with required ERISA funding standards and excluding \$559,040 in net periodic benefit cost.

(B) Represents total expenses after application of \$2,604,896 cash against pension liability in accordance with accounting principles generally accepted in the United States of America.



**PUBLIC HEALTH SOLUTIONS  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Program Services						Total Program Services	Management and General	Fundraising and Development	TOTAL 2020
	Reproductive Health	HIV/STD	Nutrition	Child Health and Development	Emergency Preparedness	Other Miscellaneous Programs				
Salaries and wages	\$ 1,939,382	\$ 5,898,394	\$ 6,542,253	\$ 2,083,292	\$ 1,013,699	\$ 8,176,834	\$ 25,653,854	\$ 3,443,281	\$ 260,816	\$ 29,357,951
Payroll taxes and employee benefits excluding defined benefit plan (ERISA Funding) (Note 6)	677,116	1,562,252	1,793,583	582,351	265,760	1,508,211	6,389,273	1,084,101	68,377	7,541,751
Net periodic benefit cost (Note 6)	(95,405)	(220,120)	(252,714)	(82,053)	(37,445)	(212,507)	(900,244)	(152,749)	(9,634)	(1,062,627)
Defined benefit plan (ERISA Funding) (Note 6)	<u>322,255</u>	<u>743,512</u>	<u>853,608</u>	<u>277,154</u>	<u>126,481</u>	<u>717,793</u>	<u>3,040,803</u>	<u>515,949</u>	<u>32,542</u>	<u>3,589,294</u>
	2,843,348	7,984,038	8,936,730	2,860,744	1,368,495	10,190,331	34,183,686	4,890,582	352,101	39,426,369
Subcontractors	569,639	124,220,880	1,950,128	-	22,275,065	26,104,883	175,120,595	-	-	175,120,595
Patient care	60,312	-	-	-	-	-	60,312	-	-	60,312
Purchased services	96,635	56,048	3,525	3,665	41,686	366,849	568,408	61,355	271	630,034
Occupancy (Note 9)	149,337	779,057	1,535,637	231,294	90,858	2,687,713	5,473,896	1,228,378	19,919	6,722,193
Supplies	280,847	903,701	263,161	26,453	1,871,796	1,893,240	5,239,198	220,530	5,235	5,464,963
Communications	54,155	115,079	174,904	53,861	85,875	225,829	709,703	148,422	1,703	859,828
Project Renovations/Non-Capital	-	5,501	4,999	-	-	-	10,500	-	-	10,500
Maintenance and repairs	31,719	26,980	175,048	8,590	608,560	202,602	1,053,499	329,670	6,792	1,389,961
Postage	1,990	967	23,590	890	-	2,922	30,359	10,404	1,119	41,882
Marketing and promotion	3,825	209,719	34,034	1,727	-	189,386	438,691	-	21,949	460,640
Printing	3,805	11,581	54,822	2,802	3,299	6,384	82,693	5,459	3,111	91,263
Insurance	58,190	33,954	42,447	4,816	1,083	16,022	156,512	90,129	-	246,641
Travel	31,726	12,212	8,748	24,610	40,348	28,356	146,000	8,683	-	154,683
Equipment rental	8,478	14,105	40,476	6,349	1,774	15,142	86,324	19,165	236	105,725
Professional fees	268,283	3,756,049	34,119	51,743	12,244,156	1,875,084	18,229,434	815,475	58,240	19,103,149
Recruitment and training	18,587	288,768	16,376	41,693	405,321	29,189	799,934	187,933	5,412	993,279
Interest expense (Note 7)	112,621	-	-	83	-	3,046	115,750	844	6,744	123,338
Sundry expenses	18,159	73,838	9,670	81,251	-	113,637	296,555	15,484	2,973	315,012
Total expenses before depreciation and amortization	4,611,656	138,492,477	13,308,414	3,400,571	39,038,316	43,950,615	242,802,049	8,032,513	485,805	251,320,367
Depreciation and amortization (Note 5)	<u>19,834</u>	<u>57,364</u>	<u>178,932</u>	<u>6,007</u>	<u>670</u>	<u>92,023</u>	<u>354,830</u>	<u>123,786</u>	<u>-</u>	<u>478,616</u>
Total expenses including ERISA Funding, excluding NPBC (A)	4,631,490	138,549,841	13,487,346	3,406,578	39,038,986	44,042,638	243,156,879	8,156,299	485,805	251,798,983
ERISA Funding Adjustment	<u>(322,255)</u>	<u>(743,512)</u>	<u>(853,608)</u>	<u>(277,154)</u>	<u>(126,481)</u>	<u>(717,793)</u>	<u>(3,040,803)</u>	<u>(515,949)</u>	<u>(32,542)</u>	<u>(3,589,294)</u>
<b>TOTAL EXPENSES (B)</b>	<b>\$ 4,309,235</b>	<b>\$ 137,806,329</b>	<b>\$ 12,633,738</b>	<b>\$ 3,129,424</b>	<b>\$ 38,912,505</b>	<b>\$ 43,324,845</b>	<b>\$ 240,116,076</b>	<b>\$ 7,640,350</b>	<b>\$ 453,263</b>	<b>\$ 248,209,689</b>

(A) Represents total expenses including \$3,589,294 cash payments in accordance with required ERISA funding standards and excluding \$1,062,627 in net periodic benefit cost.

(B) Represents total expenses after application of \$3,589,294 cash payments against pension liability and including \$1,062,627 in net periodic benefit cost in accordance with accounting principles generally accepted in the United States of America.

**PUBLIC HEALTH SOLUTIONS  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

	<b>2021</b>	<b>2020</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 13,079,996	\$ (1,141,493)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	710,419	478,616
Pension related changes other than net periodic pension cost	(10,880,072)	4,170,962
Decrease (increase) in assets:		
Grants receivable	(8,771,712)	(9,327,274)
Contributions receivable	(30,337)	9,519
Service reimbursements receivable	63,364	19,807
Supplies inventory	(55,026)	85,283
Advances to subcontractors	5,185,098	(2,363,660)
Deposits and other assets	166,722	(279,969)
Increase (decrease) in liabilities:		
Accounts payable and accrued liabilities	2,707,181	5,899,130
Paycheck Protection Program refundable advance	-	
Advances from government and other agencies	10,227,272	(774,340)
Pension liability	(2,373,799)	(1,985,828)
	<u>10,029,106</u>	<u>(5,209,247)</u>
<b>Net Cash Provided by (Used in) Operating Activities</b>		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of property and equipment	(1,830,766)	(1,133,971)
Purchase of certificates of deposit	(1,779)	(5,614)
	<u>(1,832,545)</u>	<u>(1,139,585)</u>
<b>Net Cash Used in Investing Activities</b>		
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Paycheck Protection Program refundable advance	-	2,466,805
Repayment of Paycheck Protection Program Loan	(739,520)	-
Repayment of line of credit	(100,000)	-
	<u>(839,520)</u>	<u>2,466,805</u>
<b>Net Cash (Used in) Provided by Financing Activities</b>		
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	7,357,041	(3,882,027)
<b>Cash and Cash Equivalents - Beginning of Year</b>	<u>22,897,526</u>	<u>26,779,553</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 30,254,567</u>	<u>\$ 22,897,526</u>
<b>Supplemental Disclosure of Cash Flow Information:</b>		
Cash paid during the year for interest	<u>\$ 110,629</u>	<u>\$ 100,085</u>

**PUBLIC HEALTH SOLUTIONS  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 1 – NATURE OF ACTIVITIES**

Incorporated in November 1957 in the State of New York, Public Health Solutions is the largest public health nonprofit serving New York City. For over 60 years, the organization has improved health outcomes and helped families thrive by providing services directly within communities that need them most and serving as a critical link in public-private partnerships with government agencies to support 223 community-based organizations across the city.

Public Health Solutions focuses on a wide range of crucial public health issues that overwhelmingly affect the health of low-income families in New York City, including food and nutrition, health insurance, maternal and child health, sexual and reproductive health, tobacco control, and HIV/AIDS.

Public Health Solutions is a public charity, classified as a 501(c)(3) organization and is exempt from federal income taxes under Section 501(a) of the Internal Revenue Code. Accordingly, no provision for income taxes has been reflected in the accompanying financial statements.

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

**A. *Basis of Presentation***

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

**B. *Cash Equivalents***

Cash and cash equivalents include all cash balances and highly liquid investments with a maturity of three months or less when acquired.

Under provisions stipulated by certain of Public Health Solutions' funding agencies, cash advances for program services are required to be held in separate accounts. Cash maintained in these segregated accounts for the Ryan White, HIV Prevention, Minority AIDS Initiative, CTL Master Administrator and One City Health programs totaled approximately \$26,699,000 and \$14,497,000 as of December 31, 2021 and 2020, respectively.

**C. *Certificates of Deposit***

Certificates of deposit that are not debt securities are carried at cost, which approximates fair value because of the short maturities of the certificates of deposit.

**D. *Grants Receivable***

Grants receivable are recognized to the extent of support earned in excess of advances and payments received.

**E. *Supplies Inventory***

Supplies inventory, consisting primarily of pharmaceuticals, is stated at cost using the first-in, first-out method.

**F. *Property and Equipment***

Public Health Solutions capitalizes property and equipment valued at \$5,000 or greater. Capital assets are stated at cost at the date of acquisition or fair value at the date of contribution, if donated. Public Health Solutions retains assets purchased with grantor restricted funds, unless the grantor requests that such equipment be returned. Purchases of property and equipment reimbursed by governmental funding sources and for which the contractual agreement specifies that title to these assets rests with the governmental funding sources are expensed.

Equipment, furniture and fixtures are depreciated over a five-year estimated useful life using the straight-line method. Leasehold improvements are amortized over the shorter of the lease term or the estimated useful life of the asset. Improvements on premises having no lease are amortized over estimated useful lives of five years. Amortization of fixed assets held under capital leases is included in depreciation and amortization expense.

**PUBLIC HEALTH SOLUTIONS  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**G. *Advances to Subcontractors***

Advances to subcontractors consist of advances Public Health Solutions has made to subcontractors under various agreements. The amounts advanced are generally equal to 25 percent of the total grant award and will be offset against expenses incurred by the subcontractor during the grant award year. Unreimbursed allowable expenditures incurred by the subcontractors are recorded as accounts payable prior to final settlement.

**H. *Advances from Government Agencies***

Advances from government agencies and all other sources are deferred when received and recorded as revenue in the period in which the related services are rendered.

**I. *Net Assets (Net Deficit)***

Public Health Solutions' resources are classified and reported based on the existence or absence of donor-imposed restrictions as follows:

- *Without donor restrictions* - include resources not subject to donor-imposed restrictions.
- *With donor restrictions* - include resources subject to donor-imposed stipulations that limit their use either through purpose or time restrictions. When donor restrictions expire, that is, when a time restriction ends or a purpose restriction is accomplished, donor restricted net assets are reclassified as net assets without donor restrictions and reported as net assets released from restrictions. In addition, net assets with donor restrictions represent those resources subject to donor-imposed stipulations that they be maintained intact in perpetuity by Public Health Solutions.

**J. *Contributions***

Public Health Solutions records contributions of cash and other assets when an unconditional promise to give is received from a donor. Contributions are recorded at the fair value of the assets received and are classified as either net assets without donor restrictions or net assets with donor restrictions depending on the existence of any donor restrictions.

Donor-restricted contributions whose restrictions are met in the same reporting period are reported as contributions without donor restrictions.

Material contributions of noncash assets are recorded at their fair value in the period received.

Contributions are accounted for under Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") 2018-08 *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made* (Topic 958) ("ASU 2018-08").

**K. *Government Grants, Service Contracts and Medical Reimbursement Revenue***

Public Health Solutions' grants and contracts are primarily expense reimbursement agreements; however, some arrangements are performance based. Government grants and contracts are nonexchange transactions and accounted for under ASU 2018-08. Grants and contracts are recognized as revenue when barriers within the contract are overcome, and there is no right of return. Grants and contracts amounted to \$224,951,251 and \$236,655,880 for the years ended December 31, 2021 and 2020, respectively, and are included in the statements of activities.

As of December 31, 2021 and 2020, Public Health Solutions received conditional grants and contracts from government agencies in the aggregate amount of approximately \$1.2 billion and \$1.3 billion, respectively. Such grants and contracts have not been recognized in the accompanying financial statements as they are for future periods and will be recognized when contract barriers are overcome. Such barriers include expending these funds in accordance with their agreements. If such services are not provided, the governmental entities are not obligated to expend the funds allotted under the grants and contracts and Public Health Solutions may be required to return the funds already remitted.

**PUBLIC HEALTH SOLUTIONS**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021 AND 2020**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The terms under which government grants are awarded for reimbursement of actual expenditures are within the grant period. Funds are received in either predetermined installments or in increments based on estimated or actual expenditures for the period. When grants end, unexpended funds received are returnable to the grantor. Accordingly, grant income under these awards is recognized in amounts equal to actual expenditures incurred.

Any deficiency or excess of receipts under or over actual expenditures incurred is reported in the financial statements under the appropriate captions "Grants receivable" or "Advances from government and other agencies."

Service contract revenue and medical reimbursement revenue are recognized at the time the contractual service is delivered and are accounted for under FASB ASU 2014-09 Topic 606 "*Revenue from Contracts with Customers*."

Performance obligations are determined based on the nature of the services provided by Public Health Solutions in accordance with the contract. Revenue for performance obligations are satisfied at a point in time at which services are provided. Public Health Solutions believes this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Public Health Solutions measures the performance obligation from the beginning of the next month or day to the point when it is no longer required to provide services under the contract or has met the requirements to bill for the services provided, which is generally at the end of each month or period of time allowed based on the government agencies' stipulations.

Because all of its performance obligations relate to contracts with a duration of less than one year, Public Health Solutions has elected to apply the optional exemption provided in FASB ASC Topic 606-10-50-1 4(a) and, therefore, is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period. The performance obligations for these contracts are generally completed when the service is completed and upon submission of required documentation.

Public Health Solutions determines the transaction price based on established rates and contracts for services provided. The initial estimate of the transaction price is determined by reducing the established rates for services provided by any implicit price concessions based on historical collection experience with each government agency. Public Health Solutions has determined that the nature, amount, timing and uncertainty of revenue and cash flows are affected by the payors and service lines. Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to revenue in the period of the change.

Public Health Solutions reports program service fees at the estimated net realizable amounts due from third-party payors for services in the period in which they are rendered. Revenues are based, in part, on cost reimbursement principles and are subject to audit and retroactive adjustment by the respective governmental fiscal intermediaries. Provision for estimated amounts due to/from the payor agencies, if any, has been made in the financial statements. Differences between estimated rates and subsequently realized amounts are reflected in the statements of activities in the year revisions are calculated.

**L. *Use of Estimates***

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**PUBLIC HEALTH SOLUTIONS  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**M. *Functional Expense Allocation***

The costs of providing various programs and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail for the functional expenses with the result that certain natural costs are allocated among the programs and supporting services benefited. Accordingly, the statements of functional expenses report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include: salaries, payroll taxes and fringe benefits which are allocated based on time and effort reporting; and depreciation and amortization which are direct charges based on specific identification of program assets. A combination of allocation bases are used for occupancy, supplies, communications, maintenance and repairs, postage, and equipment rental expenses. Where these costs are incurred for Public Health Solutions' 40 Worth Street location, they are allocated to the functional areas based on the number of workstations each area occupies. The remaining costs in this group are directly charged based on specific identification to program activities.

**N. *Fair Value Measurements***

Fair value measurements are based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In order to increase consistency and comparability in fair value measurements, a fair value hierarchy prioritizes observable and unobservable inputs used to measure fair value into three levels, as described in Note 6.

**O. *Donated Goods, Services and Facilities***

Public Health Solutions receives donated equipment, services, facilities and other items which supplement the efforts of Public Health Solutions' professional staff in providing services. Public Health Solutions records these contributions in the accompanying financial statements as support and expenses at the estimated value of the donated goods, services, facilities and other items.

**P. *Reclassifications***

Certain line items in the December 31, 2020 financial statements have been reclassified to conform to the December 31, 2021 presentation.

**NOTE 3 – LIQUIDITY AND AVAILABILITY OF RESOURCES FOR OPERATING EXPENDITURES**

Financial assets available for general expenditures, without donor or other restrictions limiting their use within one year of the statements of financial position date are as follows as of December 31:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 30,254,567	\$ 22,897,526
Certificates of deposit	333,608	331,829
Grants receivable	43,148,455	34,376,743
Other receivables	<u>129,588</u>	<u>162,615</u>
Total financial assets	73,866,218	57,768,713
Less: net assets with donor restrictions	<u>(105,484)</u>	<u>(54,430)</u>
	<u>\$ 73,760,734</u>	<u>\$ 57,714,283</u>

**PUBLIC HEALTH SOLUTIONS  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020**

**NOTE 3 – LIQUIDITY AND AVAILABILITY OF RESOURCES FOR OPERATING EXPENDITURE (Continued)**

The majority of Public Health Solutions' expenditures are incurred for New York City funded programs and federally funded programs (representing approximately 86% and 88% of all expenditures in 2021 and 2020, respectively). These expenditures present no liquidity risk for Public Health Solutions because New York City pre-funds expenditures made for its program purposes in advance, and because Public Health Solutions can draw down federally funded dollars as soon as expenditures are processed through accounts payable. In addition, foundations, which make up about 4% of Public Health Solutions' revenue, generally pay the full award amount at the time of award regardless of the period over which the expenditures will be made, again pre-funding expenditures for the obligations that arise from these activities.

Interim cash needs for non-City, federal, or foundation funded projects are managed via Public Health Solutions' vigilant receivables management, careful budgeting, and continuous cash management processes. In the event of any temporary, short-term deficiency, Public Health Solutions has access to a \$2.84 million and \$2.99 million internal cash reserve, certificates of deposit, and a revolving credit facility with Public Health Solutions' financial institution for the years ended December 31, 2021 and 2020, respectively.

In management's judgment, the pre-funding and advances along with its careful management of cash and other financing arrangements will enable Public Health Solutions to meet its working capital needs in 2022 and beyond.

**NOTE 4 – CONCENTRATION OF CREDIT RISK**

The financial instruments that potentially subject Public Health Solutions to concentrations of credit risk consist principally of cash and cash equivalents, certificates of deposit, and grants and service reimbursement receivables.

At times during the year, Public Health Solutions' cash balances and certificates of deposit may exceed the limits of Federal Deposit Insurance Corporation ("FDIC") insurance coverage. As of December 31, 2021 and 2020, Public Health Solutions' uninsured cash balances and certificates of deposit, in one bank, totaled approximately \$39 million and \$30.5 million, respectively. Management does not anticipate nonperformance by the financial institution and believes that the credit risk related to these accounts is negligible.

Grants and service reimbursement receivables' credit risk is limited due to the nature of the grants and the services. Public Health Solutions regularly monitors its grant and service reimbursement receivables by investigating delayed payments and differences when payments received do not conform to the amount billed. Public Health Solutions considered all grant and service reimbursements receivables as of December 31, 2021 and 2020 as collectible.

**PUBLIC HEALTH SOLUTIONS  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020**

**NOTE 5 – PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following as of December 31:

	2021	2020	<u>Estimated Useful Lives</u>
Leasehold improvements	\$ 6,019,758	\$ 4,416,607	5 to 15 Years
Equipment, furniture and fixtures	3,205,712	2,919,961	5 Years
Construction in progress	-	120,635	
Total cost	9,225,470	7,457,203	
Less: Accumulated depreciation and amortization	(5,748,452)	(5,100,532)	
Net book value	\$ 3,477,018	\$ 2,356,671	

Depreciation and amortization expense amounted to \$710,419 and \$478,616 for the years ended December 31, 2021 and 2020, respectively. During the years ended December 31, 2021 and 2020, Public Health Solutions wrote-off fully depreciated property and equipment of \$62,499 and \$25,138, respectively. Construction in progress as of December 31, 2020 consists of renovations at 40 Worth Street. The renovations were completed in August 2021 and were placed in service as of December 31, 2021.

**NOTE 6 – PENSION PLANS**

Public Health Solutions has a frozen defined benefit pension plan (the “Plan”) covering certain employees who completed 1,000 hours of service for each of the five years required to vest. The Plan calls for benefits to be paid to eligible employees at retirement based primarily on years of service and average salary, as defined.

Plan valuation for funding purposes and for financial reporting purposes is prepared using the required projected unit credit method. Public Health Solutions' policy is to fund the pension expenses determined by the projected unit credit method, subject to the Internal Revenue Service funding limitation rules.

The obligations and funded status of the Plan was as follows:

	2021	2020
Benefit obligation as of December 31	\$ (63,582,913)	\$ (69,917,747)
Fair value of Plan assets at December 31	53,344,379	46,425,342
Net unfunded status of the Plan at December 31	\$ (10,238,534)	\$ (23,492,405)
Net periodic benefit cost	\$ 559,040	\$ 1,062,627
Accumulated benefit obligation at December 31	\$ (63,582,913)	\$ (69,917,747)
Employer contributions	\$ 2,932,839	\$ 3,048,455
Benefits paid	\$ 3,420,771	\$ 3,428,988
	2021	2020
Accrued pension liability recognized in the statements of financial position	\$ 10,238,534	\$ 23,492,405
Net unrecognized actuarial loss included in net deficit without donor restrictions	\$ 33,960,800	\$ 44,840,872



**PUBLIC HEALTH SOLUTIONS  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020**

**NOTE 6 – PENSION PLANS (Continued)**

The change in net unrecognized actuarial loss included the following for the years ended December 31:

	<u>2021</u>	<u>2020</u>
January 1, net unrecognized actuarial loss included in net assets without donor restrictions	\$ 44,840,872	\$ 40,669,910
Actual return on plan assets	(8,249,704)	(4,344,999)
Expected return on plan assets	2,330,185	2,212,378
Actuarial (gain)/loss	(4,107,980)	6,952,430
Amortization of net loss	(1,695,308)	(1,519,290)
Plan expenses paid	<u>842,735</u>	<u>870,443</u>
December 31, net unrecognized actuarial loss included in net assets without donor restrictions	<u>\$ 33,960,800</u>	<u>\$ 44,840,872</u>

Other changes in plan assets and benefit obligations recognized in the change in net assets without donor restrictions for the years ended December 31, were as follows:

	<u>2021</u>	<u>2020</u>
Net (gain)/loss	\$ (9,184,764)	\$ 5,690,252
Amortization of net loss	<u>(1,695,308)</u>	<u>(1,519,290)</u>
Total recognized in change in net assets without donor restrictions	<u>\$ (10,880,072)</u>	<u>\$ 4,170,962</u>
Total recognized in net periodic pension cost and change in net assets without donor restrictions	<u>\$ (10,321,032)</u>	<u>\$ 5,233,589</u>

The estimated net loss for the pension plan that will be amortized from the net asset without donor restrictions balance into net periodic benefit cost over the next fiscal year is \$1,729,223.

The net periodic benefit obligations and the components of the benefit cost for the years ended December 31, were as follows:

	<u>2021</u>	<u>2020</u>
Other components of cost:		
Interest cost	\$ 1,193,917	\$ 1,755,715
Expected return on plan assets	(2,330,185)	(2,212,378)
Amortization of net loss	<u>1,695,308</u>	<u>1,519,290</u>
Total other components	<u>559,040</u>	<u>1,062,627</u>
Net periodic benefits cost	<u>\$ 559,040</u>	<u>\$ 1,062,627</u>

**PUBLIC HEALTH SOLUTIONS  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020**

**NOTE 6 – PENSION PLANS (Continued)**

The following table provides weighted average assumptions and certain other information for the Plan as of and for the years ended December 31:

	2021	2020
The weighted average assumptions used to determine benefit obligations were as follows:		
Discount rate	2.90%*	2.44%*
The weighted average assumptions used to determine net periodic benefit costs were as follows:		
Discount rate	2.44%	3.19%
Expected long-term return on plan assets	7.50%	7.50%

\* Single effective rate representing end of year benefit obligation determined by applying the individual spot rates from the bond yield curve to each future year's cash flows.

The expected long-term rate of return on assets assumption represents the average earnings rate expected on the funds invested or to be invested to cover the accumulated benefit obligation. The assumption reflects expectations regarding future rates of return for the investment portfolio, with consideration given to the distribution of investments by asset class and historical rates of return for each individual asset class.

Estimated future benefit payments based on expected future service for each of the five years subsequent to December 31, 2021 and in the aggregate for the five years thereafter are as follows:

2022	\$	4,116,025
2023		3,701,024
2024		3,722,965
2025		3,703,482
2026		3,652,133
2027-2031		17,776,390

**Investment Policies and Strategies**

Wilmington Trust is the custodian for all Plan funds.

The Plan is managed under a diversified investment program with the goals of capital preservation and income generation. Plan assets are allocated among specialized long-term investment strategies designed to maximize total return while minimizing the risk of loss of principal and the erosion of principal due to inflation.

The primary means by which capital preservation is to be achieved is through the diversification of the Plan's investments across asset classes. The appropriate level of risk for the Plan is determined by examining the risk and reward of numerous asset allocation alternatives.

The adopted asset allocation policy as of December 31, 2021 was as follows:

	Target	Range
Domestic Equity - Large Cap	23.90%	18.90 – 28.90%
Domestic Equity - Small Cap	9.60%	4.60 – 14.50%
International Equity - Developed	12.00%	7.00 – 17.00%
International Equity - Emerging Markets	6.50%	1.50 – 11.50%
Fixed Income	16.00%	11.00 – 21.00%
Real Estate	12.80%	7.80 – 17.80%
Real Assets	5.20%	0.20 – 10.50%
Private Market - Debt	5.00%	0.00 – 10.00%
Private Market - Equity	9.00%	4.00 – 14.00%

**PUBLIC HEALTH SOLUTIONS**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021 AND 2020**

**NOTE 6 – PENSION PLANS (Continued)**

The Plan's Trustees desire to achieve investment results that will culminate in promised plan benefits being ultimately paid to plan participants and their beneficiaries. Benefits will be paid from a combination of employer contributions and investment earnings of the Plan's assets. The amount the employer is obligated to contribute to the Plan is dependent on the performance of the invested assets.

It is the intention of the Trustees to allow each Investment Manager discretion in investing the account it manages on the Plan's behalf (its "Account") within the scope of the Plan's statement of overall investment objectives and policy, and any legal documentation such as prospectuses or other representations and warranties.

The Plan will invest in:

Seven commingled funds, managed by Wilmington Trust Advisors:

- S&P 500 Index Fund
- Russell 2000 Index Fund
- Passive Bond Market Index Fund
- Daily MSCI EAFE Index Non-Lending Fund
- MSCI Emerging Markets Index Fund
- Real Asset Non-Lending Fund
- Pimco Stocks Plus Long Duration

Four funds, managed by Neuberger Berman:

- The Neuberger Berman High Income Bond R6 Fund (NRHIX)
- The Neuberger Berman Private Debt Fund  
The Neuberger Berman Private Debt Fund III
- The Neuberger Berman Crossroads XXI Fund (Private Equity)

An open-ended real estate fund, managed by UBS Realty Advisors:

- UBS Trumbull Property Fund

A fund managed by Pomona Capital:

- Pomona Capital IX

The investment strategies used will be determined by mutual consent of the Trustees and the investment managers, and no changes in the accounts will be made without the mutual consent of both parties.

The expected long-term rate of return on assets is between 7% and 8% per annum. The assumption is based on the investment consultant's projected returns for each major category. The assumptions combine a historical and forward-thinking approach. The building blocks approach is utilized to determine the major categories' assumptions. The 10-year Treasury Strip is used as the initial building block for a number of reasons. The yield on the 10-year Treasury Strip is a guaranteed payment in ten years, which would correspond to a more predictable risk-free rate. In addition, it has the same horizon that the capital market assumptions are intended to forecast.

The next building block for the equity assumptions is the risk premium. The equity risk premium is determined by taking into account various white papers, presentations, and interviews with thought leaders and industry experts coupled with the consultant's view of the economic environment. For each equity category, various additions to this premium are made based on the specific asset class.

**PUBLIC HEALTH SOLUTIONS  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020**

**NOTE 6 – PENSION PLANS (Continued)**

For fixed income, the consultant begins with the risk-free rate adding various premia based on historical spread and default risk, mindful of specific characteristics relevant to each asset class.

A similar approach is taken in the alternative space to develop assumptions for real estate, hedge funds and commodities. The fixed income framework is applied for real estate.

In order to allow for uncertainties associated with forecasting capital market assumptions, the consultant uses stochastic modeling for all asset allocation studies, which provides a broad range of possible outcomes. Stochastic modeling generates a thousand iterations or possible outcomes, which are then averaged to present results for further analysis, including the probability of achieving a particular outcome. Asset allocation studies include return and wealth percentile charts that emphasize the range of probable outcomes.

**Significant Concentrations of Risk**

Investments within each major category are diversified among type of investment, sectors within the investment and weight in the total account to reduce concentration risk. The major categories can be categorized from least risky to most risky in terms of investment mandate as follows: domestic fixed income, real estate, high yield fixed income, large cap equity, small cap equity, international equity and emerging markets equity.

**Fair Value Measurements of Plan Assets**

The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1: Valuations based on quoted prices (unadjusted) in an active market that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

Level 2: Valuations based on observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in inactive markets; or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with observable market data.

Level 3: Valuations based on unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs.

The three levels denote a classification of the inputs used to measure fair value and are not intended to provide an indication of the quality or safety of the investments and other financial assets.

**PUBLIC HEALTH SOLUTIONS  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020**

**NOTE 6 – PENSION PLANS (Continued)**

The Plan's financial assets measured at fair value on a recurring basis as of December 31, 2021 were classified in the table below in one of the three categories as defined above:

	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash Equivalents and Receivables for Securities Sold	\$ 265,432	\$ -	\$ 265,432
Private Debt	-	1,009,835	1,009,835
Subtotal	<u>\$ 265,432</u>	<u>\$ 1,009,835</u>	<u>1,275,267</u>
Common/Collective Trusts – Net Asset Value (“NAV”) as a practical expedient:			
Alternative Equity			14,221,500
Domestic Equity – Small Cap			5,393,761
International Equity			6,850,054
Emerging Markets Equity			<u>3,780,475</u>
Total Common Collective Trusts			<u>30,245,790</u>
Registered Investment Company – NAV as a practical expedient:			
Domestic Fixed Income			9,212,624
Real Asset			<u>2,908,943</u>
Total Registered Investment Company			<u>12,121,567</u>
Partnership/Joint Venture Interest – NAV as a practical expedient:			
Real Estate			<u>4,385,208</u>
Total Partnership/Joint Venture Interest			<u>4,385,208</u>
Private Equity			<u>5,316,547</u>
Total Plan Assets			<u>\$53,344,379</u>

The changes in assets measured at fair value for which the Plan has used Level 3 inputs to determine fair value are as follows for the year ended December 31, 2021:

Level 3 Reconciliation

	<u>Balance, January 1, 2021</u>	<u>Net Contributions/ (Distributions)</u>	<u>Advisory, Management and Performance Fees</u>	<u>Investment Income</u>	<u>Realized and Unrealized Gains</u>	<u>Balance, December 31, 2021</u>
Private Debt	\$ 960,553	\$ (69,939)	\$ (66,924)	\$ 146,120	\$ 40,025	\$ 1,009,835

**PUBLIC HEALTH SOLUTIONS**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021 AND 2020**

**NOTE 6 – PENSION PLANS (Continued)**

The Plan's financial assets measured at fair value on a recurring basis as of December 31, 2020 were classified in the table below in one of the three categories as defined above:

	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash Equivalents and Receivables for Securities Sold	\$ 751,564	\$ -	\$ 751,564
Private Debt	-	960,553	960,553
Subtotal	<u>\$ 751,564</u>	<u>\$ 960,553</u>	<u>1,712,117</u>
Common/Collective Trusts – NAV as a practical expedient:			
Domestic Equity – Large Cap			6,742,849
Domestic Equity – Small Cap			6,228,245
International Equity			7,673,175
Emerging Markets Equity			<u>4,260,457</u>
Total Common Collective Trusts			<u>24,904,726</u>
Registered Investment Company – NAV as a practical expedient:			
Domestic Fixed Income			8,075,896
Real Asset			<u>3,369,055</u>
Total Registered Investment Company			<u>11,444,951</u>
Partnership/Joint Venture Interest – NAV as a practical expedient:			
Real Estate			<u>3,911,735</u>
Total Partnership/Joint Venture Interest			<u>3,911,735</u>
Private Equity			<u>4,451,813</u>
Total Plan Assets			<u>\$46,425,342</u>

The changes in assets measured at fair value for which the Plan has used Level 3 inputs to determine fair value are as follows for the year ended December 31, 2020:

Level 3 Reconciliation

	<u>Balance, January 1, 2020</u>	<u>Net Contributions/ (Distributions)</u>	<u>Advisory, Management and Performance Fees</u>	<u>Investment Income</u>	<u>Realized and Unrealized Gains</u>	<u>Balance, December 31, 2020</u>
Private Debt	<u>\$1,125,563</u>	<u>\$ (265,758)</u>	<u>\$ (57,330)</u>	<u>\$ 138,025</u>	<u>\$ 20,053</u>	<u>\$ 960,553</u>

**PUBLIC HEALTH SOLUTIONS  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020**

**NOTE 6 – PENSION PLANS (Continued)**

The following table sets forth additional disclosures of Public Health Solutions Pension Plan's investments whose fair value is measured using the NAVs per share practical expedient as of December 31, 2021:

<u>Investment Objective</u>	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
Alternative Equity	\$ 14,221,500	\$ -	None	None
Domestic Equity – Small Cap	5,393,761	-	None	None
International Equity	6,850,054	-	None	None
Emerging Markets Equity	3,780,475	-	None	None
Domestic Fixed Income	9,212,624	-	None	None
Real Asset	2,908,943	-	None	None
Real Estate	4,385,208	-	Quarterly	60 days
Private Equity	<u>5,316,547</u>	<u>2,980,614</u>	None	None
	<u>\$ 52,069,112</u>	<u>\$ 2,980,614</u>		

The following table sets forth additional disclosures of Public Health Solutions Pension Plan's investments whose fair value is measured using the NAVs per share practical expedient as of December 31, 2020:

<u>Investment Objective</u>	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
Domestic Equity – Large Cap	\$ 6,742,849	\$ -	None	None
Domestic Equity – Small Cap	6,228,245	-	None	None
International Equity	7,673,175	-	None	None
Emerging Markets Equity	4,260,457	-	None	None
Domestic Fixed Income	8,075,896	-	None	None
Real Asset	3,369,055	-	None	None
Real Estate	3,911,735	-	Quarterly	60 days
Private Equity	<u>4,451,813</u>	<u>2,830,615</u>	None	None
	<u>\$ 44,713,225</u>	<u>\$ 2,830,615</u>		

In determining fair value, the Plan utilizes valuation techniques that maximize the use of observable inputs, such as prices and other relevant information generated by market transactions involving identical or comparable assets ("market approach"), and minimize the use of unobservable inputs to the extent possible, and also considers counterparty credit risk.

The following is a description of the valuation methodology used for assets at fair value. There have been no changes in the methodologies used as of December 31, 2021 and 2020.

**Common/Collective Trusts:**

The Plan's interests in the common/collective trusts are valued using the NAV provided by the administrator of the trust and are based on the value of the underlying assets owned by the fund, minus its liabilities and then divided by the number of shares outstanding.

**PUBLIC HEALTH SOLUTIONS  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020**

**NOTE 6 – PENSION PLANS (Continued)**

**Registered Investment Companies:**

The investments in registered investment companies are valued at the NAV of shares held by the Plan at year-end as provided by the investment manager. The underlying investments are generally valued using market quotations or prices obtained from independent pricing services.

**Partnership/Joint Venture Interests:**

The fair value of the investments in partnership/joint venture interests is provided by the general partner or fund manager, and may be based on historical cost, appraisals, obtainable prices for similar assets or other estimates. Some of the funds are valued using NAVs provided by the underlying investment managers as a practical expedient.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Plan 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.

Redemption terms vary among the funds ranging to a maximum requirement of 120 days' notice. There were no redemption restrictions as of December 31, 2021 and 2020.

Public Health Solutions plans to contribute approximately \$2,600,000 in cash or cash and credits to fund the Plan in 2022.

**Other Plans**

In an effort to help stabilize future pension costs, Public Health Solutions' Board of Directors froze the defined benefit plan as of December 31, 2006, and a new defined contribution plan, the Retirement Savings Plan, was established for employees effective January 1, 2007.

The Retirement Savings Plan is a self-directed 403(b) plan open to all non-union employees. Under the Retirement Savings Plan's provisions, Public Health Solutions contributes a percentage of eligible pay, on a sliding scale based on years of service in the form of basic and transition funds, and matches employee contributions to a maximum of two percent of pay. For the years ended December 31, 2021 and 2020, Public Health Solutions contributed \$762,022 and \$1,034,455, respectively, to the Retirement Savings Plan. Employees vest in the employer match after three years of service. The Retirement Savings Plan offers a variety of investment choices including a range of lifecycle funds and is fully portable. All of the Retirement Savings Plan's assets, which totaled \$53,364,173 and \$47,164,630, respectively, on December 31, 2021 and 2020, were administered by Vanguard Fiduciary Trust Company in 2021 and 2020.

Effective January 1, 1978, Public Health Solutions adopted a 403(b) Tax Deferred Annuity ("TDA") Plan for all employees. The TDA is funded solely by employee contributions. In conjunction with the opening of the Retirement Savings Plan, the TDA was closed to additional active employee contributions effective January 1, 2007. All of the TDA's assets, which totaled \$15,401,385 and \$14,245,756, respectively, on December 31, 2021 and 2020, are administered by TIAA-CREF, Mutual of America, and Mass Mutual (formerly The Hartford).

Effective April 7, 2003, Public Health Solutions adopted a nonqualified 457(b) Deferred Compensation Plan for highly compensated employees which was administered by TIAA-CREF and Vanguard. The Plan is funded solely by employee contributions. There were no Plan assets as of December 31, 2021 and 2020. The Plan was terminated in July 2020.

During the years ended December 31, 2021 and 2020, Public Health Solutions contributed \$73,489 and \$76,867, respectively, into a multi-employer defined contribution pension plan for all union employees.



**PUBLIC HEALTH SOLUTIONS  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020**

**NOTE 7 – LINE OF CREDIT**

At December 31, 2021 and 2020, Public Health Solutions had a five million dollar line of credit with a financial institution. The line of credit had outstanding balances of \$2,550,000 and \$2,650,000 as of December 31, 2021 and 2020, respectively. The line expires on March 9, 2023, is collateralized by Public Health Solutions' receivables, and carries interest at one-quarter percent below the Prime Rate (amounting to an interest rate of 3.00% as of both December 31, 2021 and 2020). Management expects to renew the line of credit upon expiration. Interest expense incurred for the line of credit amounted to \$106,746 and \$110,085 for the years ended December 31, 2021 and 2020, respectively. As of September 30, 2022, there was \$2,450,000 borrowed.

**NOTE 8 – NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions as of December 31, 2021 and 2020 amounted to \$105,484 and \$54,430, respectively. The funds were received from donors to be used to support Public Health Solutions' programs.

Net assets released from restrictions for the years ended December 31, 2021 and 2020 were released by incurring expenses satisfying the program restrictions and the expiration of time restrictions specified by the donors.

**NOTE 9 – LEASE COMMITMENTS**

Public Health Solutions holds 15 operating lease commitments (one for administrative offices and 14 for project services) that have expiration dates through 2036. The following is a yearly schedule of future minimum rental commitments under these leases:

<u>Year Ending December 31,</u>	<u>Amount</u>
2022	\$ 2,857,008
2023	2,965,646
2024	2,946,246
2025	2,986,048
2026	3,071,974
Thereafter	<u>19,715,734</u>
Total	<u>\$ 34,542,656</u>

Public Health Solutions anticipates that as leases expire new leases will be entered into at rentals which are not less than those previously paid for the equivalent facilities. Rent expense totaled approximately \$4,848,000 and \$6,722,000 in the years ended December 31, 2021 and 2020, respectively.

**NOTE 10 – PAYCHECK PROTECTION PROGRAM REFUNDABLE ADVANCE**

On March 27, 2020, in response to COVID-19, the federal government passed the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"). Among many other provisions, to help businesses retain employees, the CARES Act provides relief to qualifying businesses through a program called the Paycheck Protection Program ("PPP"). Participating in the PPP enables the business to obtain a loan from the Small Business Administration ("SBA") sector of the government. If the proceeds from the loan are used for specified purposes, some or all of the loan can be forgiven.

**PUBLIC HEALTH SOLUTIONS  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020**

**NOTE 10 – PAYCHECK PROTECTION PROGRAM REFUNDABLE ADVANCE (Continued)**

Public Health Solutions applied for this loan through an SBA authorized lender and received \$5.5 million on May 5, 2020. The term of the loan is two years and bears interest at a fixed rate of 1% per annum. If the proceeds from the loan are used for specified purposes, some or all of the loan can be forgiven, based on how much is spent in the twenty-four-week period immediately following funding of the loan times a forgiveness factor that is based on employee headcount and amounts paid to the Public Health Solutions' employees. In accounting for the terms of the PPP loan, Public Health Solutions, guided by FASB Accounting Standards Codification ("ASC") Topic 958-608, recorded the loan as a refundable advance. For the year ended December 31, 2020, Public Health Solutions incurred sufficient qualifying expenses and met other conditions for forgiveness and accordingly recorded grant income amounting to \$3,033,195 which is included in foundations and private grants in the accompanying statements of activities. In October 2021, Public Health Solutions received partial loan forgiveness from the SBA for the amount recorded as grant income during the year ended December 31, 2020. The remaining balance, which was not forgiven amounting to \$2,466,805 as of December 31, 2020, was treated as a loan with an interest rate of 1% and maturing in July 2022. For the years ended December 31, 2021 and 2020, Public Health Solutions made principal repayments amounting to \$739,520 and \$0, respectively. The outstanding balance amounting to \$1,727,285 and \$2,466,805 is reflected as a PPP refundable advance in the accompanying statements of financial position as of December 31, 2021 and 2020, respectively. PPP loans exceeding \$2 million are subject to SBA audit and could result in disallowances. Management believes that such disallowances would be immaterial.

**NOTE 11 – CONTINGENCIES**

- A. Grant awards received from governmental agencies provide grantors the right to audit transactions charged to projects and services rendered by Public Health Solutions with right of reimbursement.
- B. In the normal course of its operations, Public Health Solutions is a defendant or co-defendant in various legal proceedings, including medical malpractice and employment claims. While the ultimate outcomes of such proceedings cannot be determined with certainty, management does not expect the resolution of the legal proceedings brought against it to have a material adverse effect on Public Health Solutions' financial position.
- C. Effective July 1, 2010, Public Health Solutions changed its employee health insurance program from an indemnification plan to a self-insured plan. Under self-insurance, Public Health Solutions pays administrative fees, stop-loss insurance premiums, and the actual cost of claims to the plan's third-party administrator. Claim costs are capped under the terms of the stop-loss protection. However, there are typically other assets and liabilities to consider in evaluating a self-insured plan's total run-out costs. These include the imprest balance or letter of credit, pharmacy rebate accruals and run-out cost of immature administrative fees. In the case of Public Health Solutions however, there are no pharmacy rebates paid to the plan sponsor and the administrative fee is mature, leaving Public Health Solutions with no administrative cost liability in the event of plan termination. As of December 31, 2021 and 2020, the plan's third-party administrator was holding a letter of credit of \$63,500 as collateral for the imprest balance. Such letter of credit was secured by certificates of deposit held by Public Health Solutions.

The plan's cost also incorporates a health insurance reserve, which is an estimate of incurred, but unreported medical claims. The reserve estimate, developed by Public Health Solutions' benefits consultant's actuary, is based on a chain ladder approach, wherein historical claim payout patterns were evaluated and averaged in order to estimate the outstanding liability of claims incurred prior to year-end. The estimated loss reserve of approximately \$499,000 and \$457,000 as of December 31, 2021 and 2020, respectively, is included in accounts payable and accrued liabilities in the accompanying financial statements. Public Health Solutions intends to continue monitoring claims experience, claims cost, and the adequacy of the reserve requirement.

**PUBLIC HEALTH SOLUTIONS  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020**

**NOTE 11 – CONTINGENCIES (Continued)**

- D. In October 2017, Public Health Solutions was served with a Civil Investigative Demand by the U.S. Attorney's Office for the Southern District of New York and in December 2017, Public Health Solutions was served with an identical subpoena by the New York State Attorney General. The governments have not disclosed the exact nature of their investigation, but they are apparently focused on billing practices by Public Health Solutions' now discontinued Early Intervention Services Coordination Program. As of December 31, 2021, Public Health Solutions' continues to cooperate with the governments' investigation. Public Health Solutions' government funders have been advised of the investigation, as required. Legal counsel is unable to evaluate the likelihood of a favorable or unfavorable outcome or estimate the range of potential loss.
- E. Public Health Solutions believes it has no uncertain income tax positions as of December 31, 2021 and 2020 in accordance with FASB ASC Topic 740 ("Income Taxes"), which provides standards for establishing and classifying any tax provisions for uncertain tax positions.

**NOTE 12 – RELATED-PARTY TRANSACTIONS**

As a major player in New York City's public health arena, Public Health Solutions seeks and obtains Board of Director candidates from a wide range of hospitals, universities and other New York City area organizations that provide health services or are otherwise connected to the public health field. In addition, Article 1, Sections 2 and 4 of Public Health Solutions' by-laws mandate the appointment of two local public health officials as ex-officio Directors; the Commissioner of the New York City Department of Health, and the President of the New York City Health & Hospitals Corporation. Together, all of these individuals bring indispensable skills and expertise to Public Health Solutions' Board of Directors. However, due to the broad scope of services Public Health Solutions provides, Public Health Solutions has business arrangements with certain public agencies and private organizations where the ex-officio Directors and certain other Directors are agency heads or key employees.

The total amounts contracted with such agencies and organizations approximated \$173 million and \$149 million in the years ended December 31, 2021 and 2020, respectively. Contracts with local government agencies are awarded in accordance with rigorous government procurement regulations. The award of contracts to Director and ex-officio Director-affiliated organizations comply with Public Health Solutions' purchasing procedures; Directors and ex-officio Directors play no role in the process in either their organizational or directorship capacities. Management believes that Public Health Solutions is in full compliance with its comprehensive conflict of interest policy.

**NOTE 13 – SUBSEQUENT EVENTS**

Management has evaluated events subsequent to the date of the statement of financial position through September 30, 2022, the date the financial statements were available to be issued.

PHS had made the final payment on the PPP refundable advance on July 29, 2022. The balance on the PPP refundable advance was \$0 as of September 30, 2022.

**PUBLIC HEALTH SOLUTIONS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal Assistance Listing Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>	<u>Amounts Provided to Subrecipients</u>
U.S. Department of Health and Human Services:				
Public Health Emergency Preparedness: Emergency Preparedness	93.069		\$ 17,139,303	\$ 14,319,040
Family Planning Services: Family Planning Services - Title X	93.217		7,830	-
National Bioterrorism Hospital Preparedness Program: Hospital Preparedness Program - HPP COVID-19 Hospital Preparedness Program-HPP	93.889		8,444,777 2,458,735 10,903,512	7,910,502 2,118,982 10,029,484
Healthy Start Initiative: Healthy Start Initiative	93.926		1,278,536	510,538
Hospital Preparedness Program (HPP) Ebola Preparedness and Response Activities: NYC DOHMH HPP Ebola Part A NYC DOHMH HPP Ebola Part B COVID-19 NYC DOHMH HPP Ebola Part B	93.817		296,676 1,630,784 275,581 2,203,041	184,134 1,531,294 257,807 1,973,235
Special Programs for the Aging, Title IV, and Title II, Discretionary Projects: Innovations in Nutrition Programs and Services	93.048		262,489	54,170
Family Planning Service Delivery Improvement Research Grants: Clinical Pilot Study to Address Opportunities and Barriers for Linking Family	93.974		661,543	78,975
Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response COVID-19 NYCDOHMH Public Health Crisis Response COVID-19 Public Health Workforce Supplemental Funding	93.354		8,575,808 2,275,292 10,851,100	- - -
Pass-Through from New York City Department of Health and Mental Hygiene: HIV Emergency Relief Project Grants (Ryan White HIV/AIDS Program Part A): Ryan White HIVCS COVID-19 Ryan White HIV/AIDS Program Part A COVID-19 Response	93.914	20AE000501R0X00 20AE000501R0X00	72,285,092 859,815 73,144,907	65,295,392 844,485 66,139,877
HIV Prevention Activities Health Department Based: HIV Prevention Program Integrated HIV Programs for Health Departments to Support Ending the HIV Epidemic	93.940	20AE000501R0X00 20AE000501R0X00	6,744,654 826,488 7,571,142	2,463,904 - 2,463,904
Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance: HIV Prevention DOHMH	93.944	21AE036501R0X00	70,779	-
Preventive Health Services Sexually Transmitted Diseases Control Grants: STD Prevention and Control for Health Departments	93.977	20AE000501R0X00	26,875	-
Acquired Immunodeficiency Syndrome (AIDS) Activity Strategic Partnerships and Planning to Support Ending the HIV Epidemic	93.118	10AE002501R2X00	3,729	-
Block Grants for Community Mental Health Services CTL Master Administrator	93.958	15AC024001R1X00	2,886,262	2,886,262
Ending the HIV Epidemic: A Plan for America — Ryan White HIV/AIDS Program Parts A and B DOHMH Admin - Ending the HIV Epidemic: A Plan for America - RW Part A & B Ending the HIV Epidemic: A Plan for America - RW Part A & B	93.686	21AE036501R0X00 20AE000501R0X00	836,291 2,307,128 3,143,419	- 792,749 792,749
Capacity Building Assistance (CBA) for Health Departments CBA Hiv Prev For Health Depts-NAE	93.834	21AE036501R0X00	242,761	-
Mental Health Research Grants: CHORDS NIMH	93.242	20AE000501R0X00	10,500	10,500
Pass-Through from New York State Department of Health: Children's Health Insurance Program: IPA Navigator Program	93.767	C-028889	36,389	-
Medicaid Cluster - Medical Assistance Program: IPA Navigator Program MICHHC Consumer Assistance for Aged, Blind and Disabled Statewide Health Information Network for New York (SHIN-NY) Community Healthcare Worker Expansion	93.778	DOH01-C-34594GG-3450000 C-028971 C-029904 C034141 DOH01-C34825GG-3450000	427,512 4,186 1,569,543 1,291,431 260,645 3,553,317	- - 326,046 - - 326,046

**PUBLIC HEALTH SOLUTIONS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal Assistance Listing Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>	<u>Amounts Provided to Subrecipients</u>
Maternal, Infant, and Early Childhood Home Visiting Grant Program:	93.870			
NFP - State		DOH01-C33786GG-3450000	569,590	-
NFP-MIECHV ARP		DOH01-C36867GG-3450000	4,079	-
NFP- MIECHV one-time COVID		DOH01-T36887GG-3450000	462	-
			<u>574,131</u>	<u>-</u>
Pass-Through from NYS Office of Children and Family Services:				
Maternal, Infant, and Early Childhood Home Visiting Grant Program:	93.870			
Healthy Families Corona		C028304	335,832	-
NFP-MIECHV ARP		C029274	4,347	-
			<u>340,179</u>	<u>-</u>
Maternal and Child Health Services Block Grant to the States:	93.994			
MIC-Women's Health Service MCH		C027053	52,311	-
Pass-Through from The General Hospital Corporation				
Prevention of Disease, Disability, and Death by Infectious Diseases	93.084			
Global Travelpinet		229507	114,084	-
Pass-Through from National Association of County and City Health Officials-NACCHO				
Activities to Support State, Tribal, Local and Territorial (STLT) Health Department Response to Public Health or Healthcare Crises	93.391			
Public Health Crisis - Opioid Overdose		2019-020702	156,951	-
Strengthening Public Health Systems and Services through National Partnerships to Improve and Protect the Nation's Health	93.421			
Implementing Overdose Prevention Strategies		2021-032502	274,613	-
Pass-Through from National Foundation for the Centers for Disease Control and Prevention, Inc.				
Immunization Research, Demonstration, Public Information and Education Training and Clinical Skills Improvement Projects	93.185			
Vaccines for a COVID-free Queens		43101	48,141	-
Total Funded by U.S. Department of Health and Human Services:			<u>135,557,844</u>	<u>99,584,780</u>
U.S. Department of Agriculture:				
Pass-Through from New York State Department of Health:				
Special Supplemental Nutrition Program for Women, Infants and Children:	10.557			
Women, Infants & Children Supplemental Food Program		DOH01-C-30399GG-3450000	7,805,333	-
Women, Infants & Children Supplemental Food Program (Noncash Vouchers)		DOH01-C-30399GG-3450000	29,087,576	-
Women, Infants & Children Vendor Consolidation Program		DOH01-C-30939GG-3450000	1,858,808	-
			<u>38,751,717</u>	<u>-</u>
Pass-Through from NYS Office of Temporary and Disability Assistance:				
SNAP Cluster - State Administrative Matching Grants for the Supplemental Nutrition Assistance Program:	10.561			
T- SNAP		TDA01-C00225GG-34	284,286	-
Pass-Through from Johns Hopkins University:				
Participant Research Innovation Laboratory for Enhancing WIC Services:	10.540			
Enhancing WIC Services: Utilizing Innovation Technology to Maximize Participation and Retention		2004393419	59,898	-
Total Funded by U.S. Department of Agriculture			<u>39,095,901</u>	<u>-</u>
U.S. Department of Labor:				
Pass-Through from New York State Department of Labor:				
Compensation and Working Conditions:	17.005			
Fatal Occupational Injuries		C-015071	83,536	-
Total Funded by U.S. Department of Labor			<u>83,536</u>	<u>-</u>
U.S. Department of Housing and Urban Development:				
Pass-Through from New York City Department of Health and Mental Hygiene:				
Housing Opportunities for Persons with AIDS - HOPWA:	14.241			
HOPWA Transitional Housing		20AE000501R0X00	2,160,114	1,030,704
COVID-19 HOPWA Transitional Housing		20AE000501R0X00	149,370	96,025
			<u>2,309,484</u>	<u>1,126,729</u>
Total Funded by U.S. Department of Housing and Urban Development			<u>2,309,484</u>	<u>1,126,729</u>
U.S. Department of Treasury				
Pass-Through from New York City Department of Health & Mental Hygiene:				
Coronavirus State and Local Fiscal Recovery Funds	21.027			
COVID-19 CTL Master Administrator		15AC024001R1X00	5,232,205	5,232,205
Total Funded by U.S. Department of Treasury			<u>5,232,205</u>	<u>5,232,205</u>
Amounts Provided to Subrecipients				<u>\$ 105,943,714</u>
Total Expenditures of Federal Awards			<u>\$ 182,278,970</u>	

**PUBLIC HEALTH SOLUTIONS  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

**NOTE 1 – BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Public Health Solutions (the "Organization") for the year ended December 31, 2021. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, (*Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*) (the "Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to, and does not, present the financial position, changes in net assets, or cash flows of the Organization.

The Schedule includes Women, Infants and Children ("WIC") Supplemental Food Program non-cash vouchers redeemed totaling \$29,087,576, which are not recognized as revenue or expense in Public Health Solutions' financial statements. Such amount represents checks distributed directly by the New York State Department of Health to clients screened at Public Health Solutions' WIC clinic sites.

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

Expenditures reported on the Schedule are reported on the accrual basis of accounting except for amounts passed through to subrecipients, which are reported on a cash basis. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or limited as to reimbursement.

**NOTE 3 – INDIRECT COST RATES**

The Organization has a federal approved indirect cost rate and therefore cannot use the 10 percent *de minimis* indirect cost rate as allowed under the Uniform Guidance.



**INDEPENDENT AUDITORS' 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**

The Board of Directors of  
Public Health Solutions  
New York, NY

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Public Health Solutions (the "Organization"), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 30, 2022.

***Report on 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from 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 financial statements. 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 results of that testing, and not to provide an opinion on the effectiveness of the Organization'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 Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Mayer Hoffman McCann Chartered, P.A.*

New York, NY  
September 30, 2022







**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

The Board of Directors of  
Public Health Solutions  
New York, NY

**Opinion on Each Major Federal Program**

We have audited Public Health Solutions' (the "Organization") compliance with the types of compliance requirements identified as subject to audit in the *Office of Management and Budget ("OMB") Compliance Supplement* that could have a direct and material effect on the Organization's major federal programs for the year ended December 31, 2021. The Organization's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization's complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended December 31, 2021.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America ("GAAS"); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal programs. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

**Responsibilities of Management for Compliance**

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Organization's federal programs.



## **Auditors' Responsibilities for the Audit of Compliance**

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on Internal Control Over Compliance**

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.



Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

*Mayer Hoffman McCann CPAs*

New York, NY  
September 30, 2022



**PUBLIC HEALTH SOLUTIONS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

**Section I—Summary of Auditors' Results**

**Financial Statements**

Type of Auditors' report issued: \_\_\_\_\_ Unmodified \_\_\_\_\_

Internal control over financial reporting:

Material weaknesses identified? \_\_\_\_\_ Yes        X   No

Significant deficiency identified not considered to be material weaknesses? \_\_\_\_\_ Yes        X   None reported

Noncompliance material to financial statements noted? \_\_\_\_\_ Yes        X   No

**Federal Awards**

Internal control over major program:

Material weaknesses identified? \_\_\_\_\_ Yes        X   No

Significant deficiency identified not considered to be material weaknesses? \_\_\_\_\_ Yes        X   None reported

Type of auditors' report issued on compliance for major program: \_\_\_\_\_ Unmodified \_\_\_\_\_

Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance? \_\_\_\_\_ Yes        X   No

Identification of major programs:

- CFDA 14.241 – Housing Opportunities for Persons with AIDS
- CFDA 21.027 – Coronavirus State and Local Fiscal Recovery Funds
- CFDA 93.069 – Public Health Emergency Preparedness
- CFDA 93.686 – Ending the HIV Epidemic: A Plan for America
- CFDA 93.914 – HIV Emergency Relief Project Grants (Ryan White HIV/AIDS Program Part A)
- CFDA 93.940 – HIV Prevention Activities Health Department Based

Dollar threshold used to distinguish between Type A and Type B programs: \_\_\_\_\_ \$3,000,000 \_\_\_\_\_

Auditee qualified as low-risk auditee?   X   Yes      \_\_\_\_\_ No

**Section II—Financial Statement Findings**

No matters were reported.

**Section III—Federal Award Findings and Questioned Costs**

No matters were reported.

**PUBLIC HEALTH SOLUTIONS  
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

**Prior Year Findings:**

There were no findings in the prior year audit.