



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

**For the Years Ended December 31, 2022 and 2021  
and  
Single Audit Reports and Schedule as Required by the  
Office of Management and Budget Uniform Guidance**

**For the Year Ended December 31, 2022**

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

**FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021  
AND  
SINGLE AUDIT REPORTS AND SCHEDULE AS REQUIRED BY THE OFFICE OF  
MANAGEMENT AND BUDGET UNIFORM GUIDANCE  
FOR THE YEAR ENDED DECEMBER 31, 2022**

**CONTENTS**

	<b><u>Page</u></b>
Independent Auditors' Report.....	1-2
<b>Financial Statements:</b>	
Statements of Financial Position .....	3
Statements of Activities .....	4
Statements of Functional Expenses .....	5-6
Statements of Cash Flows.....	7
Notes to Financial Statements.....	8-26
<b>Single Audit:</b>	
Schedule of Expenditures of Federal Awards .....	27-28
Notes to the Schedule of Expenditures of Federal Awards .....	29
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 <i>Government Auditing Standards</i> .....	30-31
Independent Auditors' Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance.....	32-34
Schedule of Findings and Questioned Costs.....	35
Summary Schedule of Prior Year Audit Findings .....	36



## INDEPENDENT AUDITORS' REPORT

The Board of Directors  
Public Health Solutions  
New York, NY

### Report on the Audit of the Financial Statements

#### **Opinion**

We have audited the financial statements of Public Health Solutions, which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Public Health Solutions as of December 31, 2022 and 2021, and the changes in its net deficit and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS") 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 Public Health Solutions and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **Change in Accounting Principle**

As discussed in Note 2Q to the financial statements, Public Health Solutions changed its method of accounting for leases as a result of the adoption of Accounting Standards Codification ("ASC") Topic 842, *Leases*, effective January 1, 2022, under the modified retrospective transition method. Our opinion is not modified with respect to this matter.

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

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Public Health Solutions' 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.

**Mayer Hoffman McCann CPAs**  
**The New York Practice of Mayer Hoffman McCann P.C.**  
**An Independent CPA Firm**

685 Third Avenue  
New York, NY 10017

Phone: 212.503.8800  
[mhmcps.com](http://mhmcps.com)





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

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- 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 audits in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Public Health Solutions' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Public Health Solutions' 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 audits were 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 audits 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 28, 2023 on our consideration of Public Health Solutions' 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 Public Health Solutions' 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 Public Health Solutions' internal control over financial reporting and compliance.

*Mayer Hoffman McCann CPAs*

New York, NY  
September 28, 2023

**PUBLIC HEALTH SOLUTIONS**  
**STATEMENTS OF FINANCIAL POSITION**  
**AS OF DECEMBER 31, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and cash equivalents (Notes 2B, 3 and 4)	\$ 45,738,886	\$ 30,254,567
Certificates of deposit (Notes 2C, 3, 4 and 11C)	399,165	397,108
Grants receivable (Notes 2D, 2K, 3 and 4):		
Federal	12,859,634	6,086,721
New York State/New York City	57,675,431	36,061,017
Private	1,871,361	1,000,717
Contributions receivable (Notes 2J and 3)	15,000	40,219
Service reimbursements receivable (Notes 2K, 3 and 4)	618,840	89,369
Supplies inventory (Note 2E)	116,588	104,302
Advances to subcontractors (Note 2G)	1,499,491	14,854
Deposits and other assets	496,525	553,269
Total current assets	<u>121,290,921</u>	<u>74,602,143</u>
<b>Non-current assets:</b>		
Property and equipment, net of accumulated depreciation and amortization (Notes 2F and 5)	2,950,916	3,477,018
Deposits and other assets	217,859	217,859
Right-of-use leased assets (Notes 2P, 2Q and 9)	<u>26,998,356</u>	<u>-</u>
Total non-current assets	<u>30,167,131</u>	<u>3,694,877</u>
<b>TOTAL ASSETS</b>	<u>\$ 151,458,052</u>	<u>\$ 78,297,020</u>
<b>LIABILITIES</b>		
<b>Current liabilities:</b>		
Accounts payable and accrued liabilities (Note 11C)	\$ 111,658,311	\$ 52,014,638
Paycheck Protection Program refundable advance (Note 10)	-	1,727,285
Borrowings under line of credit (Note 7)	3,950,000	2,550,000
Advances from government and other agencies (Notes 2H and 2K)	7,466,300	22,398,920
Lease liabilities - current portion (Notes 2P, 2Q and 9)	<u>3,036,648</u>	<u>-</u>
Total current liabilities	<u>126,111,259</u>	<u>78,690,843</u>
<b>Non-current liabilities:</b>		
Pension liabilities (Note 6)	10,425,765	10,238,534
Lease liabilities, net of current portion (Notes 2P, 2Q and 9)	<u>25,177,728</u>	<u>-</u>
Total non-current liabilities	<u>35,603,493</u>	<u>10,238,534</u>
<b>TOTAL LIABILITIES</b>	<u>161,714,752</u>	<u>88,929,377</u>
<b>COMMITMENTS AND CONTINGENCIES</b> (Notes 9 and 11)		
<b>NET ASSETS (DEFICIT)</b> (Note 2I)		
Without donor restrictions:		
Undesignated	26,102,449	23,222,959
Net unrecognized actuarial loss on pension plan (Note 6)	<u>(36,414,529)</u>	<u>(33,960,800)</u>
Total net assets (deficit) without donor restrictions	<u>(10,312,080)</u>	<u>(10,737,841)</u>
With donor restrictions (Note 8)	<u>55,380</u>	<u>105,484</u>
<b>TOTAL NET DEFICIT</b>	<u>(10,256,700)</u>	<u>(10,632,357)</u>
<b>TOTAL LIABILITIES AND NET DEFICIT</b>	<u>\$ 151,458,052</u>	<u>\$ 78,297,020</u>

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

**PUBLIC HEALTH SOLUTIONS  
STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

	Year Ended December 31, 2022			Year Ended December 31, 2021		
	Without Donor Restrictions	With Donor Restrictions	Total 2022	Without Donor Restrictions	With Donor Restrictions	Total 2021
<b>REVENUES AND SUPPORT:</b>						
Government grants, service contracts and medical reimbursements (Note 2K):						
New York State	\$ 24,636,692	\$ -	\$ 24,636,692	\$ 25,366,368	\$ -	\$ 25,366,368
New York City	230,793,492	-	230,793,492	156,999,193	-	156,999,193
Federal	55,557,569	-	55,557,569	42,585,690	-	42,585,690
Medicaid and other third party	977,269	-	977,269	995,120	-	995,120
Interest income	26,541	-	26,541	25,577	-	25,577
Donated goods, services and facilities (Notes 2O and 2Q)	482,094	-	482,094	900,736	-	900,736
Other income	201,876	-	201,876	52,452	-	52,452
Nongovernment grants and contributions (Note 2J):						
Foundations and private grants	8,330,922	-	8,330,922	6,822,551	-	6,822,551
Contributions and special events (net of direct expenses \$88,529)	643,843	50,000	693,843	1,216,643	113,000	1,329,643
Net assets released from restrictions (Notes 2I and 8)	100,104	(100,104)	-	61,946	(61,946)	-
<b>TOTAL REVENUES AND SUPPORT</b>	<b>321,750,402</b>	<b>(50,104)</b>	<b>321,700,298</b>	<b>235,026,276</b>	<b>51,054</b>	<b>235,077,330</b>
<b>EXPENSES (Note 2M):</b>						
Program services:						
Reproductive health	6,904,327	-	6,904,327	5,521,515	-	5,521,515
HIV/STD	213,536,039	-	213,536,039	132,826,862	-	132,826,862
Nutrition	11,126,505	-	11,126,505	11,793,037	-	11,793,037
Child health and development	3,548,242	-	3,548,242	3,248,168	-	3,248,168
Emergency preparedness	48,120,328	-	48,120,328	37,708,511	-	37,708,511
Other miscellaneous programs	27,098,003	-	27,098,003	33,467,531	-	33,467,531
Total program services	310,333,444	-	310,333,444	224,565,624	-	224,565,624
Management and general	7,548,985	-	7,548,985	7,231,680	-	7,231,680
Fundraising and development	537,421	-	537,421	521,062	-	521,062
<b>TOTAL EXPENSES</b>	<b>318,419,850</b>	<b>-</b>	<b>318,419,850</b>	<b>232,318,366</b>	<b>-</b>	<b>232,318,366</b>
<b>CHANGE IN NET ASSETS BEFORE PENSION LIABILITY ADJUSTMENT AND NET PERIODIC BENEFIT COST</b>	<b>3,330,552</b>	<b>(50,104)</b>	<b>3,280,448</b>	<b>2,707,910</b>	<b>51,054</b>	<b>2,758,964</b>
Pension liability adjustment (Note 6)	(2,453,729)	-	(2,453,729)	10,880,072	-	10,880,072
Net periodic benefit cost (Note 6)	(451,062)	-	(451,062)	(559,040)	-	(559,040)
<b>CHANGE IN NET ASSETS (DEFICIT)</b>	<b>425,761</b>	<b>(50,104)</b>	<b>375,657</b>	<b>13,028,942</b>	<b>51,054</b>	<b>13,079,996</b>
Net assets (deficit) - beginning of year	(10,737,841)	105,484	(10,632,357)	(23,766,783)	54,430	(23,712,353)
<b>NET ASSETS (DEFICIT) - END OF YEAR</b>	<b>\$ (10,312,080)</b>	<b>\$ 55,380</b>	<b>\$ (10,256,700)</b>	<b>\$ (10,737,841)</b>	<b>\$ 105,484</b>	<b>\$ (10,632,357)</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, 2022**

	Program Services									
	Reproductive Health	HIV/STD	Nutrition	Child Health and Development	Emergency Preparedness	Other Miscellaneous Programs	Total Program Services	Management and General	Fundraising and Development	TOTAL 2022
Salaries and wages	\$ 2,919,282	\$ 5,543,674	\$ 6,636,642	\$ 2,233,472	\$ 10,069,106	\$ 5,225,163	\$ 32,627,339	\$ 3,513,715	\$ 230,234	\$ 36,371,288
Payroll taxes and employee benefits excluding defined benefit plan (ERISA Funding) (Note 6)	774,600	1,470,933	1,760,938	599,115	2,671,692	1,386,421	8,663,699	932,290	61,089	9,657,078
Net periodic benefit cost (Note 6)	(36,181)	(68,704)	(82,250)	(27,983)	(124,789)	(64,757)	(404,664)	(43,545)	(2,853)	(451,062)
Defined benefit plan (ERISA Funding) (Note 6)	283,343	538,056	644,138	219,152	977,285	507,142	3,169,116	341,025	22,346	3,532,487
	<u>3,941,044</u>	<u>7,483,959</u>	<u>8,959,468</u>	<u>3,023,756</u>	<u>13,593,294</u>	<u>7,053,969</u>	<u>44,055,490</u>	<u>4,743,485</u>	<u>310,816</u>	<u>49,109,791</u>
Subcontractors	1,611,403	204,885,390	189,804	-	19,821,542	16,658,251	243,166,390	-	-	243,166,390
Patient care	77,649	-	-	-	-	-	77,649	-	-	77,649
Purchased services	306,510	143,464	20,253	4,372	8,011,122	536,986	9,022,707	495,787	-	9,518,494
Occupancy (Notes 2O and 9)	229,563	555,440	1,528,620	198,919	1,411,163	1,020,195	4,943,900	780,531	19,335	5,743,766
Supplies	256,166	246,850	152,536	92,589	1,056,833	551,465	2,356,439	490,554	15,653	2,862,646
Communications	111,085	66,810	161,048	66,046	34,688	140,251	579,928	45,711	313	625,952
Maintenance and repairs	77,299	21,913	330,671	23,927	559,907	178,864	1,192,581	87,994	446	1,281,021
Postage	752	547	10,675	330	1,815	1,049	15,168	6,951	812	22,931
Marketing and promotion	36,518	12,417	35,355	1,182	-	362,939	448,411	-	18,433	466,844
Printing	3,655	-	8,213	1,242	41,779	2,114	57,003	2,688	-	59,691
Insurance	73,548	27,409	97,980	6,011	3,265	39,620	247,833	107,440	435	355,708
Travel	29,493	16	29,059	15,067	6,932	41,322	121,889	14,735	-	136,624
Equipment rental	13,604	9,077	37,768	5,253	1,130	19,017	85,849	8,960	463	95,272
Professional fees	210,814	533,632	39,572	32,606	4,288,900	557,818	5,663,342	601,532	177,138	6,442,012
Recruitment and training	27,441	13,766	13,476	83,926	261,648	206,122	606,379	185,676	5,277	797,332
Interest expense (Note 7)	124,687	-	-	-	-	4,728	129,415	844	7,011	137,270
Sundry expenses	28,267	2,181	2,964	182,458	914	57,493	274,277	20,187	3,635	298,099
Total expenses before depreciation and amortization	7,159,498	214,002,871	11,617,462	3,737,684	49,094,932	27,432,203	313,044,650	7,593,075	559,767	321,197,492
Depreciation and amortization (Note 5)	28,172	71,224	153,181	29,710	2,681	172,942	457,910	296,935	-	754,845
Total expenses including ERISA Funding, excluding NPBC (A)	7,187,670	214,074,095	11,770,643	3,767,394	49,097,613	27,605,145	313,502,560	7,890,010	559,767	321,952,337
ERISA Funding Adjustment	(283,343)	(538,056)	(644,138)	(219,152)	(977,285)	(507,142)	(3,169,116)	(341,025)	(22,346)	(3,532,487)
<b>TOTAL EXPENSES (B)</b>	<u>\$ 6,904,327</u>	<u>\$ 213,536,039</u>	<u>\$ 11,126,505</u>	<u>\$ 3,548,242</u>	<u>\$ 48,120,328</u>	<u>\$ 27,098,003</u>	<u>\$ 310,333,444</u>	<u>\$ 7,548,985</u>	<u>\$ 537,421</u>	<u>\$ 318,419,850</u>

(A) Represents total expenses including \$3,532,487 cash payments in accordance with required ERISA funding standards and excluding \$451,062 in net periodic benefit cost.

(B) Represents total expenses after application of \$3,532,487 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, 2021**

	Program Services									
	Reproductive Health	HIV/STD	Nutrition	Child Health and Development	Emergency Preparedness	Other Miscellaneous Programs	Total Program Services	Management and General	Fundraising and Development	TOTAL 2021
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)	259,568	498,710	597,857	203,432	192,677	495,581	2,247,825	332,049	25,022	2,604,896
	<u>3,841,768</u>	<u>7,379,119</u>	<u>8,846,139</u>	<u>3,007,412</u>	<u>2,850,930</u>	<u>7,332,816</u>	<u>33,258,184</u>	<u>4,913,132</u>	<u>370,235</u>	<u>38,541,551</u>
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 (Notes 2O and 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  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 375,657	\$ 13,079,996
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	754,845	710,419
Pension related changes other than net periodic pension cost	2,453,729	(10,880,072)
Reduction in carrying amount of right-of-use leased assets	2,715,311	-
Decrease (increase) in assets:		
Grants receivable	(29,257,971)	(8,771,712)
Contributions receivable	25,219	(30,337)
Service reimbursements receivable	(529,471)	63,364
Supplies inventory	(12,286)	(55,026)
Advances to subcontractors	(1,484,637)	5,185,098
Deposits and other assets	56,744	166,722
Increase (decrease) in liabilities:		
Accounts payable and accrued liabilities	59,643,673	2,707,181
Advances from government and other agencies	(14,932,620)	10,227,272
Pension liability	(2,266,498)	(2,373,799)
Lease liabilities	(1,499,291)	-
<b>Net Cash Provided by Operating Activities</b>	<u>16,042,404</u>	<u>10,029,106</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of property and equipment	(228,743)	(1,830,766)
Purchase of certificates of deposit	(2,057)	(1,779)
<b>Net Cash Used in Investing Activities</b>	<u>(230,800)</u>	<u>(1,832,545)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Borrowings from line of credit	1,500,000	-
Repayment of Paycheck Protection Program Loan	(1,727,285)	(739,520)
Repayment of line of credit	(100,000)	(100,000)
<b>Net Cash Used in Financing Activities</b>	<u>(327,285)</u>	<u>(839,520)</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	15,484,319	7,357,041
<b>Cash and Cash Equivalents - Beginning of Year</b>	<u>30,254,567</u>	<u>22,897,526</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 45,738,886</u>	<u>\$ 30,254,567</u>
<b>Supplemental Disclosure of Cash Flow Information:</b>		
Cash paid during the year for interest	<u>\$ 132,485</u>	<u>\$ 110,629</u>

**PUBLIC HEALTH SOLUTIONS  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021**

**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 \$48,417,000 and \$26,699,000 as of December 31, 2022 and 2021, 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, 2022 AND 2021**

**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 \$310,987,753 and \$224,951,251 for the years ended December 31, 2022 and 2021, respectively, and are included in the statements of activities.

As of December 31, 2022 and 2021, Public Health Solutions received conditional grants and contracts from government agencies in the aggregate amount of approximately \$1 billion and \$1.2 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, 2022 AND 2021**

**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, 2022 AND 2021**

**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.

Donated goods, services and facilities for the year ended December 31, 2022 consisted of the following:

<b>Nonfinancial Asset</b>	<b>Amount</b>	<b>Usage in Programs/Activities</b>	<b>Donor-imposed Restrictions</b>	<b>Fair Value Techniques</b>
Donated goods and services	\$ 34,744	Various programs of Public Health Solutions	No associated donor restriction	Based on estimated fair market value of similar goods and services
Donated facilities	447,350	Management and General	No associated donor restriction	Based on current market rates of facilities donated
Total	<u>\$ 482,094</u>			

**PUBLIC HEALTH SOLUTIONS**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**

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

Donated goods, services and facilities for the year ended December 31, 2021 consisted of the following:

<b>Nonfinancial Asset</b>	<b>Amount</b>	<b>Usage in Programs/Activities</b>	<b>Donor-imposed Restrictions</b>	<b>Fair Value Techniques</b>
Donated goods and services	\$ 425,286	Various programs of Public Health Solutions	No associated donor restriction	Based on estimated fair market value of similar goods and services
Donated facilities	475,450	Management and General	No associated donor restriction	Based on current market rates of facilities donated
Total	<u>\$ 900,736</u>			

**P. *Leases***

Public Health Solutions determined if an arrangement is or contains a lease at inception. Leases are included in right-of-use (“ROU”) assets and lease liabilities in the statement of financial position as of December 31, 2022. ROU assets and lease liabilities reflect the present value of future minimum lease payments over the lease term, and ROU assets also include prepaid or accrued rent. Operating lease expense is recognized on a straight-line basis over the lease term. Public Health Solutions does not report ROU assets and lease liabilities for its short-term leases (leases with a remaining term of 12 months or less from the later of lease inception or Topic 842 adoption). Instead, the lease payments of those leases are reported as lease expenses on a straight-line basis over the lease term. (See Note 9 for further details).

**Q. *Recent Accounting Pronouncements***

Public Health Solutions adopted Financial Accounting Standards Board (“FASB”) ASU 2016-02, *Leases*, (Topic 842) for the year ended December 31, 2022. The ASU requires organizations that lease assets to recognize the present value of the assets and liabilities for the rights and obligations created by those leases. Public Health Solutions adopted Topic 842 as of January 1, 2022 which required the recognition of lease assets and liabilities as of that date. The lease liability was valued using the present value of future lease commitments. The adoption of Topic 842 was done using a modified retrospective approach that does not require restating prior periods, and as such, the adoption had no impact to the prior year financial statements, including the change in net assets as previously reported.

**R. *Reclassifications***

Certain line items in the December 31, 2021 financial statements have been reclassified to conform to the December 31, 2022 presentation.

**PUBLIC HEALTH SOLUTIONS**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**

**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>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 45,738,886	\$ 30,254,567
Certificates of deposit, net of collateral	335,665	333,608
Grants receivable	72,406,426	43,148,455
Other receivables	<u>633,840</u>	<u>129,588</u>
Total financial assets	119,114,817	73,866,218
Less: net assets with donor restrictions	<u>(55,380)</u>	<u>(105,484)</u>
	<u>\$ 119,059,437</u>	<u>\$ 73,760,734</u>

The majority of Public Health Solutions' expenditures are incurred for New York City funded programs and federally funded programs (representing approximately 89% and 86% of all expenditures in 2022 and 2021, 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 3% 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 internal cash reserve, certificates of deposit, and a revolving credit facility with Public Health Solutions' financial institution for each of the years ended December 31, 2022 and 2021.

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 2023 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, 2022 and 2021, Public Health Solutions' uninsured cash balances and certificates of deposit, in one bank, totaled approximately \$60.5 million and \$39 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, 2022 and 2021 as collectible.

**PUBLIC HEALTH SOLUTIONS**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**

**NOTE 5 – PROPERTY AND EQUIPMENT**

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

	<u>2022</u>	<u>2021</u>	<u>Estimated Useful Lives</u>
Leasehold improvements	\$ 6,105,693	\$ 6,019,758	5 to 15 Years
Equipment, furniture and fixtures	<u>3,348,520</u>	<u>3,205,712</u>	5 Years
Total cost	9,454,213	9,225,470	
Less: Accumulated depreciation and amortization	<u>(6,503,297)</u>	<u>(5,748,452)</u>	
Net book value	<u>\$ 2,950,916</u>	<u>\$ 3,477,018</u>	

Depreciation and amortization expense amounted to \$754,845 and \$710,419 for the years ended December 31, 2022 and 2021, respectively. During the years ended December 31, 2022 and 2021, Public Health Solutions wrote-off fully depreciated property and equipment of \$0 and \$62,499, respectively.

**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:

	<u>2022</u>	<u>2021</u>
Benefit obligation as of December 31	\$ (48,485,264)	\$ (63,582,913)
Fair value of Plan assets at December 31	<u>38,059,499</u>	<u>53,344,379</u>
Net unfunded status of the Plan at December 31	<u>\$ (10,425,765)</u>	<u>\$ (10,238,534)</u>
Net periodic benefit cost	<u>\$ 451,062</u>	<u>\$ 559,040</u>
Accumulated benefit obligation at December 31	<u>\$ (48,485,264)</u>	<u>\$ (63,582,913)</u>
Employer contributions	<u>\$ 2,717,606</u>	<u>\$ 2,932,839</u>
Benefits paid	<u>\$ 3,553,371</u>	<u>\$ 3,420,771</u>
	<u>2022</u>	<u>2021</u>
Accrued pension liability recognized in the statements of financial position	<u>\$ 10,425,765</u>	<u>\$ 10,238,534</u>
Net unrecognized actuarial loss included in net deficit without donor restrictions	<u>\$ 36,414,529</u>	<u>\$ 33,960,800</u>



**PUBLIC HEALTH SOLUTIONS**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**

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

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

	<u>2022</u>	<u>2021</u>
January 1, net unrecognized actuarial loss		
included in net assets without donor restrictions	\$ 33,960,800	\$ 44,840,872
Actual return on plan assets	13,543,681	(8,249,704)
Expected return on plan assets	2,557,616	2,330,185
Actuarial gain	(13,005,902)	(4,107,980)
Amortization of net loss	(1,547,054)	(1,695,308)
Plan expenses paid	<u>905,388</u>	<u>842,735</u>
December 31, net unrecognized actuarial loss		
included in net assets without donor restrictions	<u>\$ 36,414,529</u>	<u>\$ 33,960,800</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>2022</u>	<u>2021</u>
Net loss/(gain)	\$ 4,000,783	\$ (9,184,764)
Amortization of net loss	<u>(1,547,054)</u>	<u>(1,695,308)</u>
Total recognized in change in net assets without donor restrictions	<u>\$ 2,453,729</u>	<u>\$ (10,880,072)</u>
Total recognized in net periodic pension cost and change in net assets without donor restrictions	<u>\$ 2,904,791</u>	<u>\$ (10,321,032)</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 \$1,729,233.

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

	<u>2022</u>	<u>2021</u>
Other components of cost:		
Interest cost	\$ 1,461,624	\$ 1,193,917
Expected return on plan assets	(2,557,616)	(2,330,185)
Amortization of net loss	<u>1,547,054</u>	<u>1,695,308</u>
Total other components	<u>451,062</u>	<u>559,040</u>
Net periodic benefits cost	<u>\$ 451,062</u>	<u>\$ 559,040</u>

**PUBLIC HEALTH SOLUTIONS**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**

**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:

	<u>2022</u>	<u>2021</u>
The weighted average assumptions used to determine benefit obligations were as follows:		
Discount rate	5.48%*	2.90%*
The weighted average assumptions used to determine net periodic benefit costs were as follows:		
Discount rate	2.90%	2.44%
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, 2022 and in the aggregate for the five years thereafter are as follows:

2023	\$ 4,101,892
2024	3,825,989
2025	3,799,798
2026	3,732,449
2027	3,697,586
2028-2031	18,048,827

**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, 2022 was as follows:

	<u>Target</u>	<u>Range</u>
Domestic Alternative Equity	52.00%	42.00 – 62.00%
Real Estate (Equity)	12.80%	7.80 – 17.80%
Fixed Income	16.10%	11.00 – 21.00%
Real Assets	5.10%	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, 2022 AND 2021**

**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:

Three commingled funds, managed by State Street Advisors:

- Long U.S. Government/Bond Market Index Fund
- Real Asset Non-Lending Fund
- Pimco Stocks Plus Long Duration

Four funds, managed by Neuberger Berman:

- The Neuberger Berman Private Debt Fund
- The Neuberger Berman Private Debt Fund III
- The Neuberger Berman Private Debt Fund IV
- 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, 2022 AND 2021**

**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, 2022 AND 2021**

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

The Plan's financial assets measured at fair value on a recurring basis as of December 31, 2022 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	\$ 222,505	\$ -	\$ 222,505
Private Debt	<u>-</u>	<u>1,995,222</u>	<u>1,995,222</u>
Subtotal	<u>\$ 222,505</u>	<u>\$ 1,995,222</u>	<u>2,217,727</u>
Common/Collective Trusts – Net Asset Value (“NAV”) as a practical expedient:			
Alternative Equity			<u>19,165,157</u>
Total Common Collective Trusts			<u>19,165,157</u>
Registered Investment Company – NAV as a practical expedient:			
Domestic Fixed Income			5,856,865
Real Asset			<u>1,868,187</u>
Total Registered Investment Company			<u>7,725,052</u>
Partnership/Joint Venture Interest – NAV as a practical expedient:			
Real Estate			<u>4,611,960</u>
Total Partnership/Joint Venture Interest			<u>4,611,960</u>
Private Equity			<u>4,339,603</u>
Total Plan Assets			<u>\$38,059,499</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, 2022:

Level 3 Reconciliation

	<u>Balance, January 1, 2022</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, 2022</u>
Private Debt	<u>\$ 1,009,835</u>	<u>\$ 855,080</u>	<u>\$ (154,926)</u>	<u>\$ 266,041</u>	<u>\$ 19,192</u>	<u>\$ 1,995,222</u>

**PUBLIC HEALTH SOLUTIONS**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**

**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 – 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	<u>\$ 960,553</u>	<u>\$ (69,939)</u>	<u>\$ (66,924)</u>	<u>\$ 146,120</u>	<u>\$ 40,025</u>	<u>\$ 1,009,835</u>

**PUBLIC HEALTH SOLUTIONS**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**

**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, 2022:

<u>Investment Objective</u>	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
Alternative Equity	\$ 19,165,157	\$ -	None	None
Domestic Fixed Income	5,856,865	-	None	None
Real Asset	1,868,187	-	None	None
Real Estate	4,611,960	-	Quarterly	60 days
Private Equity	<u>4,339,603</u>	<u>2,980,614</u>	None	None
	<u>\$ 35,841,772</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, 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>		

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, 2022 and 2021.

**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, 2022 AND 2021**

**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

**Private Equity:**

The Fund's focus is to acquire, hold, sell, and exchange, either directly or indirectly, interests in limited partnerships or other pooled investment vehicles that are organized to make investments in large-cap buyout, mid-cap buyout, special situations, and venture/growth capital investment funds, as well as securities, including co-investments. There is an unfunded commitment for the Public Health Solutions Retirement Plan at December 31, 2022 in the amount of \$2,980,614. Generally, there is no comparable public market for private equity. To determine fair value, the general partner considers the relevant following inputs: comparable market transactions, discount rates, cash flow projections, liquidity, credit and market risk factors, company performance, current capital structure, applicable market trading and transaction comparable, applicable market yields, timing of future expected cash flows, and any recent trades in the secondary market for the security.

**Real Estate:**

The investment objective of the Fund is to seek to provide a return from investment in real properties located primarily in the US, including apartments, industrial, office, retail and hotel properties. Both capital appreciation and current income will be components of the return objective.

Public Health Solutions plans to contribute approximately \$3,010,000 in cash or cash and credits to fund the Plan in 2023.

**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.



**PUBLIC HEALTH SOLUTIONS  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021**

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

**Other Plans (Continued)**

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, 2022 and 2021, Public Health Solutions contributed \$1,222,785 and \$762,022, 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 \$46,329,952 and \$53,364,173, respectively, on December 31, 2022 and 2021, were administered by Vanguard Fiduciary Trust Company in 2022 and 2021.

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 \$13,410,550 and \$15,401,385, respectively, on December 31, 2022 and 2021, are administered by TIAA-CREF, Mutual of America, and Empower Retirement (formerly Mass Mutual).

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, 2022, and 2021. The Plan was terminated in July 2020.

During the years ended December 31, 2022 and 2021, Public Health Solutions contributed \$65,525 and \$73,489, respectively, into a multi-employer defined contribution pension plan for all union employees.

**NOTE 7 – LINE OF CREDIT**

At December 31, 2022 and 2021, Public Health Solutions had a five million dollar line of credit with a financial institution. The line of credit had outstanding balances of \$3,950,000 and \$2,550,000 as of December 31, 2022 and 2021, respectively. The line expires on March 8, 2024, is collateralized by Public Health Solutions' receivables, and carries interest at one-quarter percent below the Prime Rate (amounting to an interest rate of 7.00% and 3.00% as of December 31, 2022 and 2021, respectively). Management expects to renew the line of credit upon expiration. Interest expense incurred for the line of credit amounted to \$126,594 and \$106,746 for the years ended December 31, 2022 and 2021, respectively. As of September 28, 2023, there was \$3,550,000 borrowed.

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

Net assets with donor restrictions as of December 31, 2022 and 2021 amounted to \$55,380 and \$105,484, 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, 2022 and 2021 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. As noted in Note 2Q, Public Health Solutions adopted FASB ASC 842 as of January 1, 2022, which had no impact to the prior year statement of financial position or its change in net assets. No comparative information is provided for the amounts reported in the statement of financial position as of December 31, 2021, since Public Health Solutions used the modified retrospective method of transition that does not require restating the prior period.

Public Health Solutions has elected to use the risk-free rate for all its operating leases. Historical par rates from the U.S. Department of the Treasury were used to proxy the risk-free rate for each lease depending on its duration and start date of adoption.

**PUBLIC HEALTH SOLUTIONS  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021**

**NOTE 9 – LEASE COMMITMENTS (Continued)**

The weighted-average discount rate is based on the applicable risk-free rate selected for each lease.

Public Health Solutions has elected the short-term exemption to not recognize the asset and liability for all pre-existing operating leases with a remaining term of 12 months or less and for new leases with a term of 12 months or less.

As of December 31, 2022, the right-of-use assets balance totaled \$26,998,356 and lease liabilities totaled \$28,214,376, as shown in the statements of financial position. For the year ended December 31, 2022, the weighted average of the remaining lease term is 10.99 years, and the weighted average discount rate is 1.93%. The following is a yearly schedule of future minimum rental commitments under these leases:

<u>Year Ending December 31,</u>	<u>Amount</u>
2023	\$ 3,036,648
2024	3,007,262
2025	2,992,984
2026	3,078,824
2027	2,606,857
Thereafter	<u>16,921,222</u>
Total lease payments	31,643,797
Less: present value discount	<u>(3,429,421)</u>
 Total	 <u>\$ 28,214,376</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 expenses totaled approximately \$5,744,000 and \$4,848,000 in the years ended December 31, 2022 and 2021, 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 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. 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, 2022 and 2021, Public Health Solutions made principal repayments amounting to \$1,727,285 and \$739,520, respectively. The outstanding balance amounting to \$0 and \$1,727,285 is reflected as a PPP refundable advance in the accompanying statements of financial position as of December 31, 2022 and 2021, respectively. PPP loans exceeding \$2 million are subject to SBA audit and could result in disallowances. Management believes that such disallowances would be immaterial.

**PUBLIC HEALTH SOLUTIONS**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**

**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, 2022 and 2021, 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 \$500,000 and \$499,000 as of December 31, 2022 and 2021, 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.

- 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, 2022, 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, 2022 and 2021 in accordance with FASB ASC Topic 740 ("Income Taxes"), which provides standards for establishing and classifying any tax provisions for uncertain tax positions.

**PUBLIC HEALTH SOLUTIONS  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021**

**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 \$167 million and \$173 million in the years ended December 31, 2022 and 2021, 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 28, 2023, the date the financial statements were available to be issued.

**PUBLIC HEALTH SOLUTIONS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2022**

<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		\$ 18,186,488	\$ 11,814,768
Family Planning Services: Family Planning Services - Title X Title X Dire Needs for Family Planning Services Title X Telehealth Infrastructure	93.217		1,713,298 514,166 130,864 2,358,328	95,281 82,764 - 178,045
National Bioterrorism Hospital Preparedness Program: Hospital Preparedness Program - HPP	93.889		7,467,529	5,382,907
Healthy Start Initiative: Healthy Start Initiative	93.926		996,720	463,852
Hospital Preparedness Program (HPP) Ebola Preparedness and Response Activities: NYC DOHMH HPP Ebola Part B COVID-19 NYC DOHMH HPP Ebola Part B	93.817		284,555 107,833 392,388	284,555 107,833 392,388
Special Programs for the Aging, Title IV, and Title II, Discretionary Projects: Innovations in Nutrition Programs and Services	93.048		245,215	70,000
Family Planning Service Delivery Improvement Research Grants: Clinical Pilot Study to Address Opportunities and Barriers for Linking Family	93.974		403,242	87,025
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		1,519,804 22,825,970 24,345,774	- - -
Pass-Through from New York City Department of Health and Mental Hygiene: Viral Hepatitis Prevention and Control: Integrated Viral Hepatitis Surveillance and Prevention Funding for Health Departments	93.270	20AE000501R0X00	406,125	217,798
HIV Emergency Relief Project Grants (Ryan White HIV/AIDS Program Part A): Ryan White HIVCS	93.914	20AE000501R0X00	84,267,850	63,106,544
HIV Prevention Activities Health Department Based: HIV Prevention Program Integrated HIV Programs for Health Departments to Support Ending the HIV Epidemic Integrated HIV Programs for Health Departments to Support Ending the HIV Epidemic-NAE	93.940	20AE000501R0X00 20AE000501R0X00 21AE036501R0X00	3,903,142 2,287,076 27,000 6,217,218	3,903,142 1,411,211 - 5,314,353
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	337,578 4,766,759 5,104,337	- 3,271,703 3,271,703
Pass-Through from New York State Department of Health: Children's Health Insurance Program: IPA Navigator Program	93.767	C-028889	38,736	-
Maternal and Child Health Services Block Grant to the States: MIC-Women's Health Service MCH	93.994	C027053	67,883	-
Medicaid Cluster - Medical Assistance Program: IPA Navigator Program MICHC 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	455,089 3,000 1,729,506 590,478 311,756 3,089,829	- - 944,421 - - 944,421
Maternal, Infant, and Early Childhood Home Visiting Grant Program: NFP - State NFP-MIECHV ARP NFP- MIECHV one-time COVID	93.870	DOH01-C33786GG-3450000 DOH01-C36867GG-3450000 DOH01-T36887GG-3450000	560,267 166,285 22,931 749,483	- - - -
Pass-Through from NYS Office of Children and Family Services: Maternal, Infant, and Early Childhood Home Visiting Grant Program: Healthy Families Corona NFP-MIECHV ARP	93.870	C028304 C029274	337,938 28,996 366,934	- - -
Pass-Through from The General Hospital Corporation Prevention of Disease, Disability, and Death by Infectious Diseases Global Travepinet	93.084	229507	13,875	-

**PUBLIC HEALTH SOLUTIONS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2022**

<b>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</b>	<b>Federal Assistance Listing Number</b>	<b>Pass-Through Entity Identifying Number</b>	<b>Federal Expenditures</b>	<b>Amounts Provided to Subrecipients</b>
Pass-Through from Fund for Public Health in New York, Inc. Activities to Support State, Tribal, Local and Territorial (STLT) Health Department Response to Public Health or Healthcare Crises COVID-19 Disparities Initiative	93.391	84414	<u>791,685</u>	<u>337,914</u>
Pass-Through from National Association of County and City Health Officials-NACCHO Strengthening Public Health Systems and Services through National Partnerships to Improve and Protect the Nation's Health Implementing Overdose Prevention Strategies	93.421	2021-032502	<u>341,584</u>	<u>-</u>
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 COVID-19 Vaccines for a COVID-free Queens	93.185	43101	<u>51,859</u>	<u>-</u>
Pass-Through from The National Network of Public Health Institutes CSELS Partnership: Strengthening Public Health Laboratories NNPHI - Vaccine Equity Project	93.322	G2133_AG-0745, G2394_AG-1022	<u>620,157</u>	<u>96,000</u>
Total Funded by U.S. Department of Health and Human Services:			<u>156,523,239</u>	<u>91,677,718</u>
U.S. Department of Agriculture:				
Pass-Through from New York State Department of Health: Special Supplemental Nutrition Program for Women, Infants and Children: Women, Infants & Children Supplemental Food Program Women, Infants & Children Supplemental Food Program (Noncash Vouchers) Women, Infants & Children Vendor Consolidation Program	10.557	DOH01-C-30399GG-3450000 DOH01-C-30399GG-3450000 DOH01-C-30939GG-3450000	7,921,665 35,072,511 <u>1,888,398</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: T- SNAP	10.561	TDA01-C00225GG-34	<u>311,043</u>	<u>-</u>
Total Funded by U.S. Department of Agriculture			<u>45,193,617</u>	<u>-</u>
U.S. Department of Labor:				
Pass-Through from New York State Department of Labor: Compensation and Working Conditions: Fatal Occupational Injuries	17.005	C-015071	<u>92,941</u>	<u>-</u>
Total Funded by U.S. Department of Labor			<u>92,941</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: HOPWA Transitional Housing COVID-19 HOPWA Transitional Housing	14.241	20AE000501R0X00 20AE000501R0X00	1,499,866 <u>113,041</u> <u>1,612,907</u>	1,458,344 <u>113,041</u> <u>1,571,385</u>
Total Funded by U.S. Department of Housing and Urban Development			<u>1,612,907</u>	<u>1,571,385</u>
Corporations for National and Community Service				
Pass-Through from New York State Office of Children and Family Services: AmeriCorps State and National: OCFS AmeriCorps	94.006	C029592	<u>4,701</u>	<u>-</u>
Total Funded by Corporations for National and Community Service			<u>4,701</u>	<u>-</u>
Amounts Provided to Subrecipients				<u>\$ 93,249,103</u>
Total Expenditures of Federal Awards			<u>\$ 203,427,405</u>	

**PUBLIC HEALTH SOLUTIONS**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

**NOTE 1 – BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Public Health Solutions for the year ended December 31, 2022. 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 Public Health Solutions, it is not intended to, and does not, present the financial position, changes in net assets, or cash flows of Public Health Solutions.

The Schedule includes Women, Infants and Children ("WIC") Supplemental Food Program non-cash vouchers redeemed totaling \$35,072,511, 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**

Public Health Solutions 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  
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, which comprise the statement of financial position as of December 31, 2022, 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 28, 2023.

***Report on Internal Control Over Financial Reporting***

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

**Mayer Hoffman McCann CPAs**  
**The New York Practice of Mayer Hoffman McCann P.C.**  
**An Independent CPA Firm**

685 Third Avenue  
New York, NY 10017

Phone: 212.503.8800  
[mhmcpcpa.com](http://mhmcpcpa.com)







### **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 Public Health Solutions' internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Public Health Solutions' internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Mayer Hoffman McCann CPAs*

New York, NY  
September 28, 2023



## **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  
Public Health Solutions  
New York, NY

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

#### **Opinion on Each Major Federal Program**

We have audited Public Health Solutions' compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of Public Health Solutions' major federal programs for the year ended December 31, 2022. Public Health Solutions' major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Public Health Solutions' 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, 2022.

#### ***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 Public Health Solutions 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 each of the major federal programs. Our audit does not provide a legal determination of Public Health Solutions' 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 Public Health Solutions' federal programs.

**Mayer Hoffman McCann CPAs**  
**The New York Practice of Mayer Hoffman McCann P.C.**  
**An Independent CPA Firm**

685 Third Avenue  
New York, NY 10017

Phone: 212.503.8800  
[mhmcpa.com](http://mhmcpa.com)





## ***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 Public Health Solutions' 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 Public Health Solutions' 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 Public Health Solutions' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Public Health Solutions' 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 Public Health Solutions' 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 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 28, 2023

**PUBLIC HEALTH SOLUTIONS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2022**

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

**Financial Statements**

Type of Auditors' report issued: Unmodified

Internal control over financial reporting:

Material weaknesses identified?	<u>          </u> Yes	<u>  X  </u> No
Significant deficiency identified not considered to be material weaknesses?	<u>          </u> Yes	<u>  X  </u> None reported
Noncompliance material to financial statements noted?	<u>          </u> Yes	<u>  X  </u> No

**Federal Awards**

Internal control over major program:

Material weaknesses identified?	<u>          </u> Yes	<u>  X  </u> No
Significant deficiency identified not considered to be material weaknesses?	<u>          </u> Yes	<u>  X  </u> 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:

Assistance Listing Number 10.557 – Special Supplemental Nutrition Program for Women, Infants and Children  
Assistance Listing Number 93.889 – National Bioterrorism Hospital Preparedness Program

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, 2022**

**Prior Year Findings:**

There were no findings in the prior year audit.