



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

**For the Years Ended December 31, 2023 and 2022**

**PUBLIC HEALTH SOLUTIONS  
FINANCIAL STATEMENTS  
(Together with Independent Auditors' Report)  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

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## INDEPENDENT AUDITORS' REPORT

The Board of Directors  
Public Health Solutions  
New York, NY

### ***Opinion***

We have audited the financial statements of Public Health Solutions, which comprise the statements of financial position as of December 31, 2023 and 2022, 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, 2023 and 2022, 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"). 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.

### ***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 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.

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In certain jurisdictions, CBIZ CPAs P.C. operates under its previous name, Mayer Hoffman McCann P.C.



In performing an audit in accordance with GAAS, 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 Solution's ability to continue as a going concern for a reasonable period of time.

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

*CBIZ CPAs P.C.<sup>1</sup>*

New York, NY  
September 27, 2024

**PUBLIC HEALTH SOLUTIONS**  
**STATEMENTS OF FINANCIAL POSITION**  
**AS OF DECEMBER 31, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and cash equivalents (Notes 2B, 3 and 4)	\$ 47,252,127	\$ 45,738,886
Certificates of deposit (Notes 2C, 3, 4 and 10C)	406,308	399,165
Grants receivable (Notes 2D, 2K, 3 and 4):		
Federal	11,808,148	12,859,634
New York State/New York City	41,766,308	57,675,431
Private	1,841,146	1,871,361
Contributions receivable (Notes 2J and 3)	-	15,000
Service reimbursements receivable (Notes 2K, 3 and 4)	1,423,518	618,840
Supplies inventory (Note 2E)	70,089	116,588
Advances to subcontractors (Note 2G)	2,435,325	1,499,491
Deposits and other assets	<u>220,497</u>	<u>496,525</u>
Total current assets	<u>107,223,466</u>	<u>121,290,921</u>
<b>Non-current assets:</b>		
Property and equipment, net of accumulated depreciation and amortization (Notes 2F and 5)	2,660,442	2,950,916
Deposits and other assets	308,298	217,859
Right-of-use leased assets - operating (Note 9)	<u>26,168,642</u>	<u>26,998,356</u>
Total non-current assets	<u>29,137,382</u>	<u>30,167,131</u>
<b>TOTAL ASSETS</b>	<u>\$ 136,360,848</u>	<u>\$ 151,458,052</u>
<b>LIABILITIES</b>		
<b>Current liabilities:</b>		
Accounts payable and accrued liabilities (Note 10C)	\$ 52,418,315	\$ 111,658,311
Borrowings under line of credit (Note 7)	3,050,000	3,950,000
Advances from government and other agencies (Notes 2H and 2K)	52,920,774	7,466,300
Lease liabilities - operating - current portion (Note 9)	<u>3,300,489</u>	<u>3,036,648</u>
Total current liabilities	<u>111,689,578</u>	<u>126,111,259</u>
<b>Non-current liabilities:</b>		
Pension liabilities (Note 6)	6,472,734	10,425,765
Lease liabilities - operating, net of current portion (Note 9)	<u>24,356,472</u>	<u>25,177,728</u>
Total non-current liabilities	<u>30,829,206</u>	<u>35,603,493</u>
<b>TOTAL LIABILITIES</b>	<u>142,518,784</u>	<u>161,714,752</u>
<b>COMMITMENTS AND CONTINGENCIES</b> (Notes 9 and 10)		
<b>NET ASSETS (DEFICIT)</b> (Note 2I)		
Without donor restrictions:		
Undesignated	28,611,885	26,102,449
Net unrecognized actuarial loss on pension plan (Note 6)	<u>(34,819,998)</u>	<u>(36,414,529)</u>
Total net assets (deficit) without donor restrictions	(6,208,113)	(10,312,080)
With donor restrictions (Note 8)	<u>50,177</u>	<u>55,380</u>
<b>TOTAL NET DEFICIT</b>	<u>(6,157,936)</u>	<u>(10,256,700)</u>
<b>TOTAL LIABILITIES AND NET DEFICIT</b>	<u>\$ 136,360,848</u>	<u>\$ 151,458,052</u>

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

**PUBLIC HEALTH SOLUTIONS  
STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

	Year Ended December 31, 2023			Year Ended December 31, 2022		
	Without Donor Restrictions	With Donor Restrictions	Total 2023	Without Donor Restrictions	With Donor Restrictions	Total 2022
<b>REVENUES AND SUPPORT:</b>						
Government grants, service contracts and medical reimbursements (Note 2K):						
New York State	\$ 25,593,150	\$ -	\$ 25,593,150	\$ 24,636,692	\$ -	\$ 24,636,692
New York City	188,898,865	-	188,898,865	230,793,492	-	230,793,492
Federal	59,906,649	-	59,906,649	55,557,569	-	55,557,569
Medicaid and other third party	1,013,239	-	1,013,239	977,269	-	977,269
Interest income	49,391	-	49,391	26,541	-	26,541
Donated goods, services and facilities (Note 2O)	406,251	-	406,251	482,094	-	482,094
Other income	528,027	-	528,027	201,876	-	201,876
Nongovernment grants and contributions (Note 2J):						
Foundations and private grants	5,894,050	-	5,894,050	8,330,922	-	8,330,922
Contributions and special events (net of direct expenses of \$100,221 and \$88,529, respectively)	918,661	20,000	938,661	643,843	50,000	693,843
Net assets released from restrictions (Notes 2I and 8)	25,203	(25,203)	-	100,104	(100,104)	-
<b>TOTAL REVENUES AND SUPPORT</b>	<u>283,233,486</u>	<u>(5,203)</u>	<u>283,228,283</u>	<u>321,750,402</u>	<u>(50,104)</u>	<u>321,700,298</u>
<b>EXPENSES</b> (Note 2M):						
Program services:						
Reproductive health	8,334,361	-	8,334,361	6,904,327	-	6,904,327
HIV/STD	172,820,653	-	172,820,653	213,536,039	-	213,536,039
Nutrition	11,654,601	-	11,654,601	11,126,505	-	11,126,505
Child health and development	4,156,307	-	4,156,307	3,548,242	-	3,548,242
Emergency preparedness	51,061,420	-	51,061,420	48,120,328	-	48,120,328
Other miscellaneous programs	22,229,892	-	22,229,892	27,098,003	-	27,098,003
Total program services	270,257,234	-	270,257,234	310,333,444	-	310,333,444
Management and general	8,845,776	-	8,845,776	7,548,985	-	7,548,985
Fundraising and development	483,963	-	483,963	537,421	-	537,421
<b>TOTAL EXPENSES</b>	<u>279,586,973</u>	<u>-</u>	<u>279,586,973</u>	<u>318,419,850</u>	<u>-</u>	<u>318,419,850</u>
<b>CHANGE IN NET ASSETS BEFORE PENSION LIABILITY ADJUSTMENT AND NET PERIODIC BENEFIT COST</b>	3,646,513	(5,203)	3,641,310	3,330,552	(50,104)	3,280,448
Pension liability adjustment (Note 6)	1,594,531	-	1,594,531	(2,453,729)	-	(2,453,729)
Net periodic benefit cost (Note 6)	<u>(1,137,077)</u>	<u>-</u>	<u>(1,137,077)</u>	<u>(451,062)</u>	<u>-</u>	<u>(451,062)</u>
<b>CHANGE IN NET ASSETS (DEFICIT)</b>	4,103,967	(5,203)	4,098,764	425,761	(50,104)	375,657
Net assets (deficit) - beginning of year	<u>(10,312,080)</u>	<u>55,380</u>	<u>(10,256,700)</u>	<u>(10,737,841)</u>	<u>105,484</u>	<u>(10,632,357)</u>
<b>NET ASSETS (DEFICIT) - END OF YEAR</b>	<u>\$ (6,208,113)</u>	<u>\$ 50,177</u>	<u>\$ (6,157,936)</u>	<u>\$ (10,312,080)</u>	<u>\$ 55,380</u>	<u>\$ (10,256,700)</u>

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

**PUBLIC HEALTH SOLUTIONS**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

	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 2023
Salaries and wages	\$ 3,441,433	\$ 5,299,133	\$ 7,272,421	\$ 2,728,918	\$ 12,047,393	\$ 6,087,916	\$ 36,877,214	\$ 4,697,646	\$ 198,935	\$ 41,773,795
Payroll taxes and employee benefits										
excluding defined benefit plan (ERISA Funding) (Note 6)	1,007,108	1,549,996	2,127,182	798,314	3,523,862	1,781,400	10,787,862	1,008,823	58,189	11,854,874
Less: Net periodic benefit cost (Note 6)	(96,598)	(148,670)	(204,032)	(76,571)	(337,996)	(170,866)	(1,034,733)	(96,763)	(5,581)	(1,137,077)
Defined benefit plan (ERISA Funding) (Note 6)	<u>294,577</u>	<u>453,371</u>	<u>622,196</u>	<u>233,505</u>	<u>1,030,722</u>	<u>521,056</u>	<u>3,155,427</u>	<u>295,079</u>	<u>17,020</u>	<u>3,467,526</u>
	4,646,520	7,153,830	9,817,767	3,684,166	16,263,981	8,219,506	49,785,770	5,904,785	268,563	55,959,118
Subcontractors	2,084,863	165,073,191	115,500	-	18,983,701	11,934,427	198,191,682	-	-	198,191,682
Patient care	78,286	-	-	-	-	-	78,286	-	-	78,286
Purchased services	192,643	155,210	(29,094)	6,664	9,491,793	325,691	10,142,907	275,097	358	10,418,362
Occupancy (Notes 2O and 9)	251,940	438,479	1,636,107	197,044	1,663,893	1,000,144	5,187,607	592,102	18,074	5,797,783
Supplies	344,254	125,469	51,870	13,965	1,436,162	95,724	2,067,444	750,646	26,262	2,844,352
Communications	90,241	35,296	164,178	62,048	39,037	166,403	557,203	29,097	139	586,439
Maintenance and repairs	70,720	10,499	238,188	30,081	155,691	39,412	544,591	72,613	431	617,635
Postage	1,604	109	5,349	722	15,101	2,361	25,246	4,105	975	30,326
Marketing and promotion	6,684	(24,812)	19,891	7,023	17,795	297,227	323,808	-	19,124	342,932
Printing	14,533	(1,580)	7,493	97	8,008	13,961	42,512	7,330	3,351	53,193
Insurance	105,049	11,481	51,022	6,330	3,171	15,405	192,458	176,430	479	369,367
Travel	55,777	62	15,078	31,569	2,368	58,420	163,274	12,018	1,358	176,650
Equipment rental	11,352	5,904	26,126	3,489	934	14,929	62,734	3,982	230	66,946
Professional fees	190,651	108,821	23,465	89,953	3,568,867	345,586	4,327,343	865,680	251,599	5,444,622
Recruitment and training	88,017	46,783	8,587	51,239	432,105	19,385	646,116	164,099	4,449	814,664
Interest expense (Note 7)	289,771	-	-	-	-	-	289,771	846	1,098	291,715
Sundry expenses	<u>65,681</u>	<u>1,152</u>	<u>3,676</u>	<u>161,729</u>	<u>6,854</u>	<u>74,009</u>	<u>313,101</u>	<u>5,390</u>	<u>4,714</u>	<u>323,205</u>
Total expenses before depreciation and amortization, costs of direct benefit to donors and ERISA funding and adjustments	8,588,586	173,139,894	12,155,203	4,346,119	52,089,461	22,622,590	272,941,853	8,864,220	601,204	282,407,277
Depreciation and amortization (Note 5)	40,352	134,130	121,594	43,693	2,681	128,358	470,808	276,635	-	747,443
Costs of direct benefit to donors (Note 2P)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(100,221)</u>	<u>(100,221)</u>
Total expenses including ERISA Funding, excluding NPBC (A)	8,628,938	173,274,024	12,276,797	4,389,812	52,092,142	22,750,948	273,412,661	9,140,855	500,983	283,054,499
ERISA Funding Adjustment	<u>(294,577)</u>	<u>(453,371)</u>	<u>(622,196)</u>	<u>(233,505)</u>	<u>(1,030,722)</u>	<u>(521,056)</u>	<u>(3,155,427)</u>	<u>(295,079)</u>	<u>(17,020)</u>	<u>(3,467,526)</u>
<b>TOTAL EXPENSES (B)</b>	<u>\$ 8,334,361</u>	<u>\$ 172,820,653</u>	<u>\$ 11,654,601</u>	<u>\$ 4,156,307</u>	<u>\$ 51,061,420</u>	<u>\$ 22,229,892</u>	<u>\$ 270,257,234</u>	<u>\$ 8,845,776</u>	<u>\$ 483,963</u>	<u>\$ 279,586,973</u>

(A) Represents total expenses including \$3,467,526 cash payments in accordance with required ERISA funding standards and excluding \$1,137,077 in net periodic benefit cost.

(B) Represents total expenses after application of \$3,467,526 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, 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
Less: 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	-	23,117	471,528
Printing	3,655	-	8,213	1,242	41,779	2,114	57,003	2,688	3,523	63,214
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	256,249	6,521,123
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	4,846	299,310
Total expenses before depreciation and amortization, costs of direct benefits to donors and ERISA funding and adjustments	7,159,498	214,002,871	11,617,462	3,737,684	49,094,932	27,432,203	313,044,650	7,593,075	648,296	321,286,021
Depreciation and amortization (Note 5)	28,172	71,224	153,181	29,710	2,681	172,942	457,910	296,935	-	754,845
Costs of direct benefit to donors (Note 2P)	-	-	-	-	-	-	-	-	(88,529)	(88,529)
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  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

	<b>2023</b>	<b>2022</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 4,098,764	\$ 375,657
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	747,443	754,845
Pension related changes other than net periodic pension cost	(1,594,531)	2,453,729
Reduction in carrying amount of right-of-use leased assets - operating	2,870,311	2,715,311
Decrease (increase) in assets:		
Grants receivable	16,990,824	(29,257,971)
Contributions receivable	15,000	25,219
Service reimbursements receivable	(804,678)	(529,471)
Supplies inventory	46,499	(12,286)
Advances to subcontractors	(935,834)	(1,484,637)
Deposits and other assets	185,589	56,744
Increase (decrease) in liabilities:		
Accounts payable and accrued liabilities	(59,239,996)	59,643,673
Advances from government and other agencies	45,454,474	(14,932,620)
Pension liability	(2,358,500)	(2,266,498)
Lease liabilities - operating	(2,598,012)	(1,499,291)
<b>Net Cash Provided by Operating Activities</b>	<u>2,877,353</u>	<u>16,042,404</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of property and equipment	(456,969)	(228,743)
Net purchase of certificates of deposit	(7,143)	(2,057)
<b>Net Cash Used in Investing Activities</b>	<u>(464,112)</u>	<u>(230,800)</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)
Repayment of line of credit	(900,000)	(100,000)
<b>Net Cash Used in Financing Activities</b>	<u>(900,000)</u>	<u>(327,285)</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	1,513,241	15,484,319
<b>Cash and Cash Equivalents - Beginning of Year</b>	<u>45,738,886</u>	<u>30,254,567</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 47,252,127</u>	<u>\$ 45,738,886</u>
<b>Supplemental Disclosure of Cash Flow Information:</b>		
Cash paid during the year for interest	<u>\$ 258,762</u>	<u>\$ 132,485</u>

**PUBLIC HEALTH SOLUTIONS  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022**

**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 and 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 \$20,185,000 and \$48,417,000 as of December 31, 2023 and 2022, 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 the lower of cost or net realizable value 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, 2023 AND 2022**

**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 \$274,398,664 and \$310,987,753 for the years ended December 31, 2023 and 2022, respectively, and are included in the statements of activities.

As of December 31, 2023 and 2022, Public Health Solutions received conditional grants and contracts from government agencies in the aggregate amount of approximately \$892,000,000 and \$1 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, 2023 AND 2022**

**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.

**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.

**PUBLIC HEALTH SOLUTIONS  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022**

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

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, 2023 consisted of the following:

<b><u>Nonfinancial Asset</u></b>	<b><u>Amount</u></b>	<b><u>Usage in Programs/Activities</u></b>	<b><u>Donor-imposed Restrictions</u></b>	<b><u>Fair Value Techniques</u></b>
Donated goods and services	\$ 9,000	Various programs of Public Health Solutions	No associated donor restriction	Based on estimated fair market value of similar goods and services
Donated facilities	397,251	Management and General	No associated donor restriction	Based on current market rates of facilities donated
Total	<u>\$ 406,251</u>			

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

<b><u>Nonfinancial Asset</u></b>	<b><u>Amount</u></b>	<b><u>Usage in Programs/Activities</u></b>	<b><u>Donor-imposed Restrictions</u></b>	<b><u>Fair Value Techniques</u></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, 2023 AND 2022**

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

**P. *Special Events Direct Costs***

The direct costs of special events include expenses for the benefit of the donor. For example, meals and facilities rental are considered direct costs of special events.

**Q. *Recent Accounting Pronouncements***

January 1, 2023, Public Health Solutions adopted FASB ASU 2016-03, *Financial Instruments – Credit Losses, (Topic 326), Measurement of Credit Losses on Financial Instruments* (ASC 326). This standard replaced the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss (“CECL”) methodology. CECL requires an estimate of credit losses for the remaining estimated life of the financial asset using historical experience, current conditions, and reasonable and supportable forecasts and generally applies to financial assets measured at amortized cost which will be presented at the net amount expected to be collected by using an allowance for credit losses.

Public Health Solutions adopted ASC 326 and all related subsequent amendments thereto effective January 1, 2023, using the modified retrospective approach for all financial assets measured at amortized costs. The adoption had no effect on the change in net assets as previously reported.

**R. *Reclassifications***

Certain line items in the December 31, 2022 financial statements have been reclassified to conform to the December 31, 2023 presentation. These changes had no impact on the change in net assets for the year ended December 31, 2022.

**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>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 47,252,126	\$ 45,738,886
Certificates of deposit, net of collateral	342,808	335,665
Grants receivable	55,415,602	72,406,426
Other receivables	<u>1,423,518</u>	<u>633,840</u>
Total financial assets	104,434,054	119,114,817
Less: net assets with donor restrictions	<u>(50,177)</u>	<u>(55,380)</u>
	<u><u>\$ 104,383,877</u></u>	<u><u>\$ 119,059,437</u></u>

The majority of Public Health Solutions’ expenditures are incurred for New York City funded programs and federally funded programs (representing approximately 89% of all expenditures in both 2023 and 2022.). 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 2.1% and 2.6% 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 for each of the years ended December 31, 2023 and 2022, respectively.

**PUBLIC HEALTH SOLUTIONS**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

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

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 \$2.35 million and \$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, 2023 and 2022, respectively.

In management's judgment, the pre-funding and advances along with its careful management of cash and other financing arrangements will enable Public Health Solutions to meet its working capital needs in 2024 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, 2023 and 2022, Public Health Solutions' uninsured cash balances and certificates of deposit, in one bank, totaled approximately \$47.4 million and \$60.5 million, respectively.

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, 2023 and 2022 as collectible.

**NOTE 5 – PROPERTY AND EQUIPMENT**

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

	<u>2023</u>	<u>2022</u>	<u>Estimated Useful Lives</u>
Leasehold improvements	\$ 4,580,538	\$ 6,105,693	5 to 15 Years
Equipment, furniture and fixtures	<u>3,240,685</u>	<u>3,348,520</u>	5 Years
Total cost	7,821,223	9,454,213	
Less: Accumulated depreciation and amortization	<u>(5,160,781)</u>	<u>(6,503,297)</u>	
Net book value	<u>\$ 2,660,442</u>	<u>\$ 2,950,916</u>	

Depreciation and amortization expense amounted to \$747,443 and \$754,845 for the years ended December 31, 2023 and 2022, respectively. During the years ended December 31, 2023 and 2022, Public Health Solutions wrote-off fully depreciated property and equipment of \$2,089,959 and \$0, respectively.

**PUBLIC HEALTH SOLUTIONS**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

**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>2023</u>	<u>2022</u>
Benefit obligation as of December 31	\$ (48,953,300)	\$ (48,485,264)
Fair value of Plan assets at December 31	<u>42,480,566</u>	<u>38,059,499</u>
Net unfunded status of the Plan at December 31	<u>\$ (6,472,734)</u>	<u>\$ (10,425,765)</u>
Net periodic benefit cost	<u>\$ 1,137,077</u>	<u>\$ 451,062</u>
Accumulated benefit obligation at December 31	<u>\$ (48,953,300)</u>	<u>\$ (48,485,264)</u>
Employer contributions	<u>\$ 3,495,577</u>	<u>\$ 2,717,606</u>
Benefits paid	<u>\$ 3,467,526</u>	<u>\$ 3,553,371</u>

	<u>2023</u>	<u>2022</u>
Accrued pension liability recognized in the statements of financial position	<u>\$ 6,472,734</u>	<u>\$ 10,425,765</u>
Net unrecognized actuarial loss included in net deficit without donor restrictions	<u>\$ 34,819,998</u>	<u>\$ 36,414,529</u>

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

	<u>2023</u>	<u>2022</u>
January 1, net unrecognized actuarial loss included in net assets without donor restrictions	\$ 36,414,529	\$ 33,960,800
Actual return on plan assets	(5,380,138)	13,543,681
Expected return on plan assets	2,455,219	2,557,616
Actuarial loss (gain)	1,431,710	(13,005,902)
Amortization of net loss	(1,088,444)	(1,547,054)
Plan expenses paid	<u>987,122</u>	<u>905,388</u>
December 31, net unrecognized actuarial loss included in net assets without donor restrictions	<u>\$ 34,819,998</u>	<u>\$ 36,414,529</u>



**PUBLIC HEALTH SOLUTIONS**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

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

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>2023</u>	<u>2022</u>
Net (gain) loss	\$ (506,087)	\$ 4,000,783
Amortization of net loss	<u>(1,088,444)</u>	<u>(1,547,054)</u>
Total recognized in change in net assets without donor restrictions	<u>\$ (1,594,531)</u>	<u>\$ 2,453,729</u>
Total recognized in net periodic pension cost and change in net assets without donor restrictions	<u>\$ 457,454</u>	<u>\$ 2,904,791</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 \$1,177,000.

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

	<u>2023</u>	<u>2022</u>
Other components of cost:		
Interest cost	\$ 2,503,852	\$ 1,461,624
Expected return on plan assets	(2,455,219)	(2,557,616)
Amortization of net loss	<u>1,088,444</u>	<u>1,547,054</u>
Total other components	<u>1,137,077</u>	<u>451,062</u>
Net periodic benefits cost	<u>\$ 1,137,077</u>	<u>\$ 451,062</u>

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

	<u>2023</u>	<u>2022</u>
The weighted average assumptions used to determine benefit obligations were as follows:		
Discount rate	5.23%*	5.48%*
The weighted average assumptions used to determine net periodic benefit costs were as follows:		
Discount rate	5.48%	2.90%
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.

**PUBLIC HEALTH SOLUTIONS  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022**

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

Estimated future benefit payments based on expected future service for each of the five years subsequent to December 31, 2023 and in the aggregate for the five years thereafter are as follows:

2024	\$	4,362,517
2025		3,885,325
2026		3,805,548
2027		3,755,965
2028		3,752,920
2029-2033		17,935,233

**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, 2023 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%

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)

**PUBLIC HEALTH SOLUTIONS  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022**

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

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 7.5% and 7% 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.

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, 2023 AND 2022**

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

The Plan's financial assets measured at fair value on a recurring basis as of December 31, 2023 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	\$ 697,402	\$ -	\$ 697,402
Private Debt	<u>-</u>	<u>2,593,179</u>	<u>2,593,179</u>
Subtotal	<u>\$ 697,402</u>	<u>\$ 2,593,179</u>	<u>3,290,581</u>
Common/Collective Trusts – NAV as a practical expedient: Alternative Equity			<u>22,285,542</u>
Total Common Collective Trusts			<u>22,285,542</u>
Registered Investment Company – NAV as a practical expedient: Domestic Fixed Income			6,954,983
Real Asset			<u>2,220,675</u>
Total Registered Investment Company			<u>9,175,658</u>
Partnership/Joint Venture Interest – NAV as a practical expedient: Real Estate			<u>3,891,826</u>
Total Partnership/Joint Venture Interest			<u>3,891,826</u>
Private Equity			<u>3,836,959</u>
Total Plan Assets			<u>\$42,480,566</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, 2023:

Level 3 Reconciliation

	<u>Balance, January 1, 2023</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, 2023</u>
Private Debt	<u>\$ 1,995,222</u>	<u>\$ 342,402</u>	<u>\$ (292,839)</u>	<u>\$ 540,955</u>	<u>\$ 7,439</u>	<u>\$2,593,179</u>

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**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 – 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>

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**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, 2023:

<u>Investment Objective</u>	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
Alternative Equity	\$ 22,285,542	\$ -	None	None
Domestic Fixed Income	6,954,983	-	None	None
Real Asset	2,220,675	-	None	None
Real Estate	3,891,826	-	Quarterly	60 days
Private Equity	<u>3,836,959</u>	<u>3,431,447</u>	None	None
	<u>\$ 39,189,985</u>	<u>\$ 3,431,447</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, 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>		

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, 2023 and 2022.

**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.

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

**Registered Investment Companies:**

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

**Partnership/Joint Venture Interests:**

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

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Redemption terms vary among the funds ranging to a maximum requirement of 120 days' notice. There were no redemption restrictions as of December 31, 2023 and 2022.

**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, 2023 in the amount of \$3,431,447. 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 \$3,701,700 in cash or cash and credits to fund the Plan in 2024.

**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.

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**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, 2023 and 2022, Public Health Solutions contributed \$1,393,525 and \$1,222,785, 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 \$56,540,511 and \$46,329,952, respectively, on December 31, 2023 and 2022, were administered by Vanguard Fiduciary Trust Company in 2023 and 2022.

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 \$14,005,916 and \$13,410,550, respectively, on December 31, 2023 and 2022, 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, 2023 and 2022. The Plan was terminated in July 2020.

During the years ended December 31, 2023 and 2022, Public Health Solutions contributed \$77,597 and \$65,525, respectively, into a multi-employer defined contribution pension plan for all union employees.

**NOTE 7 – LINE OF CREDIT**

At December 31, 2023 and 2022, Public Health Solutions had a five million dollar line of credit with a financial institution. The line of credit had outstanding balances of \$3,050,000 and \$3,950,000 as of December 31, 2023 and 2022, respectively. The line expires on June 6, 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 8.25% and 7.00% as of December 31, 2023 and 2022, respectively). Management expects to renew the line of credit upon expiration. Interest expense incurred for the line of credit amounted to \$286,594 and \$126,594 for the years ended December 31, 2023 and 2022, respectively. As of September 27, 2024, there was \$2,150,000 borrowed.

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

Net assets with donor restrictions as of December 31, 2023 and 2022 amounted to \$50,177 and \$55,380, 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, 2023 and 2022 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 19 operating lease commitments (one for administrative offices and 18 for project services) that have expiration dates through 2033. Public Health Solutions adopted FASB ASC 2016-02, *Leases*, Topic 842, for the year ended December 31, 2022 using the modified retrospective approach.

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  
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**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, 2023 and 2022, the right-of-use assets balance totaled \$26,168,642 and \$26,998,356, respectively, and lease liabilities totaled \$27,656,961 and \$28,214,376, respectively, as shown in the statements of financial position. For the years ended December 31, 2023 and 2022, the weighted average of the remaining lease term is 10.11 and 10.99 years, respectively, and the weighted average discount rate is 2.11% and 1.93%, respectively.

The following is a yearly schedule of future minimum rental commitments under these leases:

<u>Year Ending December 31,</u>	<u>Amount</u>
2024	\$ 3,300,489
2025	3,292,530
2026	3,375,353
2027	2,879,575
2028	2,441,032
Thereafter	<u>15,652,541</u>
Total lease payments	30,941,520
Less: present value discount	<u>(3,284,559)</u>
Total	<u>\$ 27,656,961</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 \$5,800,000 and \$5,744,000 in the years ended December 31, 2023 and 2022, respectively.

**NOTE 10 – 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, 2023 and 2022, 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.

**PUBLIC HEALTH SOLUTIONS**  
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**NOTE 10 – CONTINGENCIES (Continued)**

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 \$590,000 and \$500,000 as of December 31, 2023 and 2022, 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, 2023, 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, 2023 and 2022 in accordance with FASB ASC Topic 740 ("Income Taxes"), which provides standards for establishing and classifying any tax provisions for uncertain tax positions.

**NOTE 11 – 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 \$201 million and \$167 million in the years ended December 31, 2023 and 2022, 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 12 – SUBSEQUENT EVENTS**

Management has evaluated events subsequent to the date of the statement of financial position through September 27, 2024, the date the financial statements were available to be issued.