

**PUBLIC HEALTH FOUNDATION  
ENTERPRISES, INC.  
FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REPORTS  
SINGLE AUDIT  
YEARS ENDED JUNE 30, 2014 AND 2013**

**PUBLIC HEALTH FOUNDATION ENTERPRISES, INC.**  
**(A California Non-Profit Corporation)**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Public Health Foundation Enterprises, Inc.  
(A California Non-Profit Corporation)  
City of Industry, California

### Report on the Financial Statements

We have audited the accompanying financial statements of Public Health Foundation Enterprises, Inc. ("PHFE"), a nonprofit organization, which comprise the statements of financial position as of June 30, 2014 and 2013, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

### *Management's Responsibility for the Financial Statements*

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

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

## INDEPENDENT AUDITORS' REPORT (continued)

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

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of PHFE as of June 30, 2014 and 2013, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters - Other 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 the Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 6, 2014, on our consideration of PHFE's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering PHFE's internal control over financial reporting and compliance.

*Haskell & White LLP*  
HASKELL & WHITE LLP

November 6, 2014  
Irvine, California

**PUBLIC HEALTH FOUNDATION ENTERPRISES, INC.**  
**(A California Non-Profit Corporation)**

**Statements of Financial Position**  
**June 30, 2014 and 2013**

|   | <b>2014</b>          | <b>2013</b>          |
|---|----------------------|----------------------|
| <b>Assets</b>   |                      |                      |
| Cash and cash equivalents   | \$ 4,822,594         | \$ 7,770,933         |
| Contracts receivable, net of allowance for doubtful accounts of \$79,808 and \$57,852, respectively | 13,725,999           | 11,111,154           |
| Deposits and prepaid expenses   | 1,209,768            | 1,080,681            |
| Property and equipment, net (Note 4)  | 1,559,241            | 1,191,547            |
| <b>Total assets</b>   | <b>\$ 21,317,602</b> | <b>\$ 21,154,315</b> |
| <b>Liabilities</b>  |                      |                      |
| Accounts payable and accrued expenses   | \$ 5,355,132         | \$ 4,706,632         |
| Accrued payroll and related liabilities (Note 5)  | 4,531,136            | 5,328,026            |
| Agency and other funds payable (Note 6)   | 1,852,517            | 2,100,016            |
| Advance on grantor payments   | 1,995,237            | 2,128,893            |
| Accountability for program assets   | 998,715              | 927,790              |
| Deferred rent   | 327,656              | 295,892              |
| Capital leases obligations (Note 7)   | 300,399              | 437,392              |
| Deferred revenue  | 119,100              | 86,211               |
| <b>Total liabilities</b>  | <b>15,479,892</b>    | <b>16,010,852</b>    |
| <b>Commitments and contingencies</b> (Notes 8, 9, 10 and 11)  |                      |                      |
| <b>Net assets</b>   |                      |                      |
| Unrestricted  | 5,392,016            | 4,541,076            |
| Board designated - operating reserve  | 445,694              | 445,694              |
| Temporarily restricted net assets   | -                    | 156,693              |
| Total net assets  | <b>5,837,710</b>     | <b>5,143,463</b>     |
| <b>Total liabilities and net assets</b>   | <b>\$ 21,317,602</b> | <b>\$ 21,154,315</b> |

See accompanying auditors' report and notes to financial statements.

**PUBLIC HEALTH FOUNDATION ENTERPRISES, INC.**  
**(A California Non-Profit Corporation)**

**Statement of Activities**  
**For the Year Ended June 30, 2014**

|   | Unrestricted  | Temporarily<br>Restricted | Total         |
|---|---------------|---------------------------|---------------|
| <b>Revenues and gains</b>                           |               |                           |               |
| Governmental service contracts                      | \$ 87,955,298 | \$ -                      | \$ 87,955,298 |
| Private contracts                                   | 1,725,021     | -                         | 1,725,021     |
| Management fees                                     | 7,831,504     | -                         | 7,831,504     |
| Other income  | 45,042        | -                         | 45,042        |
| Contributions                                       | 5,685         | -                         | 5,685         |
| Restrictions released                               | 156,693       | (156,693)                 | -             |
| Total revenue, support and<br>restrictions released | 97,719,243    | (156,693)                 | 97,562,550    |
| <b>Expenses</b>                                     |               |                           |               |
| Program services                                    | 88,832,677    | -                         | 88,832,677    |
| Support services                                    | 8,035,626     | -                         | 8,035,626     |
| Total expenses                                      | 96,868,303    | -                         | 96,868,303    |
| <b>Change in net assets</b>                         | 850,940       | (156,693)                 | 694,247       |
| <b>Net assets, beginning of the year</b>            | 4,986,770     | 156,693                   | 5,143,463     |
| <b>Net assets, end of year</b>                      | \$ 5,837,710  | \$ -                      | \$ 5,837,710  |

See accompanying auditors' report and notes to financial statements.

**PUBLIC HEALTH FOUNDATION ENTERPRISES, INC.**  
**(A California Non-Profit Corporation)**

**Statement of Activities**  
**For the Year Ended June 30, 2013**

|   | Unrestricted  | Temporarily<br>Restricted | Total         |
|---|---------------|---------------------------|---------------|
| <b>Revenues and gains</b>                           |               |                           |               |
| Governmental service contracts                      | \$ 88,098,473 | \$ -                      | \$ 88,098,473 |
| Private contracts                                   | 1,980,083     | -                         | 1,980,083     |
| Management fees                                     | 8,018,204     | -                         | 8,018,204     |
| Other income  | 26,746        | -                         | 26,746        |
| Contributions                                       | 30,295        | 164,345                   | 194,640       |
| In-kind revenue                                     | 198           | -                         | 198           |
| Restrictions released                               | 175,973       | (175,973)                 | -             |
| Total revenue, support and<br>restrictions released | 98,329,972    | (11,628)                  | 98,318,344    |
| <b>Expenses</b>                                     |               |                           |               |
| Program services                                    | 89,139,133    | -                         | 89,139,133    |
| Support services                                    | 9,855,744     | -                         | 9,855,744     |
| Total expenses                                      | 98,994,877    | -                         | 98,994,877    |
| <b>Change in net assets</b>                         | (664,905)     | (11,628)                  | (676,533)     |
| <b>Net assets, beginning of the year</b>            | 5,651,675     | 168,321                   | 5,819,996     |
| <b>Net assets, end of year</b>                      | \$ 4,986,770  | \$ 156,693                | \$ 5,143,463  |

See accompanying auditors' report and notes to financial statements.

**PUBLIC HEALTH FOUNDATION ENTERPRISES, INC.**  
**(A California Non-Profit Corporation)**

**Statement of Functional Expenses**  
**For the Year Ended June 30, 2014**

|                                       | <u>Program<br/>Services</u> | <u>Support<br/>Services</u> | <u>Total</u>         |
|---------------------------------------|-----------------------------|-----------------------------|----------------------|
| <b>Salaries and related expenses:</b> |                             |                             |                      |
| Salaries                              | \$ 47,292,508               | \$ 3,823,202                | \$ 51,115,710        |
| Employee benefits                     | 9,336,432                   | 668,171                     | 10,004,603           |
| Payroll taxes                         | 3,732,208                   | 156,345                     | 3,888,553            |
| <b>Other expenses:</b>                |                             |                             |                      |
| Advertising and promotion             | 1,319,077                   | 33,735                      | 1,352,812            |
| Conferences, conventions and meetings | 692,223                     | 51,442                      | 743,665              |
| Depreciation                          | 480,907                     | 199,002                     | 679,909              |
| Equipment rental and maintenance      | 193,919                     | 326,518                     | 520,437              |
| Information technology                | 1,129,191                   | 129,788                     | 1,258,979            |
| Insurance                             | 75,313                      | 266,932                     | 342,245              |
| Interest expense and bank charges     | 739                         | 22,456                      | 23,195               |
| Memberships and subscriptions         | 78,151                      | 63,273                      | 141,424              |
| Occupancy                             | 5,260,566                   | 754,262                     | 6,014,828            |
| Office expense                        | 781,537                     | 195,393                     | 976,930              |
| Outside services                      | 62,229                      | 919,120                     | 981,349              |
| Professional fees                     | 5,168,473                   | 250,839                     | 5,419,312            |
| Subcontractors                        | 3,639,367                   | -                           | 3,639,367            |
| Subrecipients                         | 5,032,093                   | -                           | 5,032,093            |
| Supplies                              | 3,341,749                   | -                           | 3,341,749            |
| Travel                                | 1,215,995                   | 175,148                     | 1,391,143            |
|                                       | <u>\$ 88,832,677</u>        | <u>\$ 8,035,626</u>         | <u>\$ 96,868,303</u> |

See accompanying auditors' report and notes to financial statements.

**PUBLIC HEALTH FOUNDATION ENTERPRISES, INC.**  
**(A California Non-Profit Corporation)**

**Statement of Functional Expenses**  
**For the Year Ended June 30, 2013**

|                                       | Program<br>Services         | Support<br>Services         | Total                       |
|---------------------------------------|-----------------------------|-----------------------------|-----------------------------|
|                                       | <u>                    </u> | <u>                    </u> | <u>                    </u> |
| <b>Salaries and related expenses:</b> |                             |                             |                             |
| Salaries                              | \$ 47,438,775               | \$ 4,113,235                | \$ 51,552,010               |
| Employee benefits                     | 9,869,146                   | 775,400                     | 10,644,546                  |
| Payroll taxes                         | 3,925,499                   | 735,839                     | 4,661,338                   |
| <b>Other expenses:</b>                |                             |                             |                             |
| Advertising and promotion             | 1,003,708                   | 2,312                       | 1,006,020                   |
| Conferences, conventions and meetings | 1,058,671                   | 58,763                      | 1,117,434                   |
| Depreciation                          | 331,937                     | 149,982                     | 481,919                     |
| Equipment rental and maintenance      | 146,471                     | 940,329                     | 1,086,800                   |
| Information technology                | 1,209,817                   | 158,700                     | 1,368,517                   |
| In-kind services                      | 183                         | 15                          | 198                         |
| Insurance                             | 19,551                      | 388,434                     | 407,985                     |
| Interest expense and bank charges     | 335                         | 34,764                      | 35,099                      |
| Memberships and subscriptions         | 67,202                      | 109,038                     | 176,240                     |
| Occupancy                             | 5,313,017                   | 687,511                     | 6,000,528                   |
| Office expense                        | 774,979                     | 683,502                     | 1,458,481                   |
| Outside services                      | 144,678                     | 492,190                     | 636,868                     |
| Professional fees                     | 4,682,779                   | 387,560                     | 5,070,339                   |
| Subcontractors                        | 1,333,610                   | -                           | 1,333,610                   |
| Subrecipients                         | 6,536,280                   | -                           | 6,536,280                   |
| Supplies                              | 3,799,162                   | -                           | 3,799,162                   |
| Travel                                | 1,483,333                   | 138,170                     | 1,621,503                   |
|                                       | <u>\$ 89,139,133</u>        | <u>\$ 9,855,744</u>         | <u>\$ 98,994,877</u>        |

See accompanying auditors' report and notes to financial statements.

**PUBLIC HEALTH FOUNDATION ENTERPRISES, INC.**  
**(A California Non-Profit Corporation)**

**Statements of Cash Flows**  
**For the Years Ended June 30, 2014 and 2013**

|   | <u>2014</u>                       | <u>2013</u>                       |
|---|-----------------------------------|-----------------------------------|
| <b>Cash flows from operating activities</b>   |                                   |                                   |
| Change in net assets  | \$ 694,247                        | \$ (676,533)                      |
| Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities: |                                   |                                   |
| Depreciation  | 679,909                           | 481,919                           |
| Disposition of program assets   | -                                 | 8,306                             |
| Changes in operating assets & liabilities:  |                                   |                                   |
| Contracts receivable, net   | (2,614,845)                       | 2,876,435                         |
| Deposits and prepaid expenses   | (129,087)                         | (168,599)                         |
| Accounts payable and accrued expenses   | 648,500                           | 779,524                           |
| Accrued payroll and related liabilities   | (796,890)                         | (2,058,883)                       |
| Agency and other funds payable  | (247,499)                         | 92,159                            |
| Advance on grantor payments   | (133,656)                         | 744,083                           |
| Accountability for program assets   | 70,925                            | (175,808)                         |
| Deferred rent   | 31,764                            | (1,968)                           |
| Deferred revenue  | 32,889                            | 86,211                            |
| Net cash (used in) provided by operating activities   | <u>(1,763,743)</u>                | <u>1,986,846</u>                  |
| <b>Cash flows from investing activities</b>   |                                   |                                   |
| Payments related to the acquisition of fixed assets   | <u>(1,047,603)</u>                | <u>(93,651)</u>                   |
| Net cash used in investing activities   | <u>(1,047,603)</u>                | <u>(93,651)</u>                   |
| <b>Cash flows from financing activities</b>   |                                   |                                   |
| Principal repayments on capital lease obligations   | <u>(136,993)</u>                  | <u>(134,410)</u>                  |
| Net cash used in financing activities   | <u>(136,993)</u>                  | <u>(134,410)</u>                  |
| <b>Net (decrease) increase in cash and cash equivalents</b>   | <b>(2,948,339)</b>                | <b>1,758,785</b>                  |
| <b>Cash and cash equivalents, beginning of year</b>   | <u><b>7,770,933</b></u>           | <u><b>6,012,148</b></u>           |
| <b>Cash and cash equivalents, end of year</b>   | <u><u><b>\$ 4,822,594</b></u></u> | <u><u><b>\$ 7,770,933</b></u></u> |
| <br><b>Supplemental disclosure of non-cash investing and financing activities:</b>                    |                                   |                                   |
| Property and equipment acquired through capital leases  | <u><u><b>\$ -</b></u></u>         | <u><u><b>\$ 463,053</b></u></u>   |

See accompanying auditors' report and notes to financial statements.

**PUBLIC HEALTH FOUNDATION ENTERPRISES, INC.**  
**(A California Non-Profit Corporation)**

**Notes to Financial Statements**  
**For the Years Ended June 30, 2014 and 2013**

**1. Organization**

Public Health Foundation Enterprises, Inc. (“PHFE” or the “Organization”) is a California non-profit corporation established on August 6, 1968. PHFE’s mission is to enable public health programs to improve the health and well-being of the communities, through providing fiscal sponsorship and related services to government, private and community based public health programs and activities.

Substantially all of PHFE’s revenue is received from annually renewable governmental service contracts, private grantors and foundations located in California.

**2. Summary of Significant Accounting Policies**

PHFE prepares its financial statements using the accrual basis of accounting, in accordance with accounting principles generally accepted (“GAAP”) in the United States of America for not-for-profit entities.

*Financial Statement Presentation*

The financial statements report net assets and changes in net assets in three classes that are based upon the existence or absence of restrictions on uses that are placed by its donors, as follows:

- *Unrestricted Net Assets* – Unrestricted net assets are resources available to support operations. The only limits on the use of unrestricted net assets are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents, its application for tax-exempt status and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations. Board-designated accounts are unrestricted but are set aside by the board for certain purposes. During the year ended June 30, 2013, the Organization used \$310,238, of the board-designated funds for costs related to an operating lease of office furniture and fixtures.

**PUBLIC HEALTH FOUNDATION ENTERPRISES, INC.**  
**(A California Non-Profit Corporation)**

**Notes to Financial Statements (continued)**  
**For the Years Ended June 30, 2014 and 2013**

**2. Summary of Significant Accounting Policies (continued)**

*Financial Statement Presentation (continued)*

- *Temporarily Restricted Net Assets* – Net assets subject to restrictions by a donor or by law for use for a particular purpose or in a particular future period. When a donor’s restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from temporarily restricted to unrestricted net assets. Net assets restricted for acquisition or contribution of buildings or equipment are reported as temporarily restricted until the specified asset is placed in service by PHFE, unless the donor provides more specific directions about the period or purpose of its use. Donor-restricted contributions received and expended in the same reporting period are recorded as unrestricted support. During the year ended June 30, 2014, all temporarily restricted net assets were released and there were no additional restricted funds received.
  
- *Permanently Restricted Net Assets* – Net assets whose use by PHFE are limited by donor-imposed restrictions that neither expire by being used in accordance with a donor’s restriction nor by the passage of time. The Organization has no permanently restricted net assets.

All revenues and net gains are reported as increases in unrestricted net assets in the statements of activities unless the use of the related resources is subject to temporary or permanent donor restrictions. All uses of restricted net assets are reported as restrictions released in the total revenue, support and restrictions released, and as decreases in temporarily restricted net assets on the statements of activities.

*Cash and Cash Equivalents*

Cash and cash equivalents include all cash balances and highly liquid investments with an initial maturity of three months or less. The Company places its temporary cash investments with high credit quality financial institutions. At times such cash and cash equivalents may be in excess of the Federal Deposit Insurance Corporation (“FDIC”) insurance limit of \$250,000.

**PUBLIC HEALTH FOUNDATION ENTERPRISES, INC.**  
**(A California Non-Profit Corporation)**

**Notes to Financial Statements (continued)**  
**For the Years Ended June 30, 2014 and 2013**

**2. Summary of Significant Accounting Policies (continued)**

*Contracts Receivable*

Contracts receivable consist of expenses incurred by the Organization in connection with the federal government, state and local governments and unconditional private enterprise awards for which individual applicable award agreements stipulate payment to the Organization on a reimbursement basis. The payment of such receivables generally occurs within one year from which expenses are incurred. The allowance for doubtful accounts is an estimate calculated by PHFE's management based on grant and contract specific reserves, if any, and the age of overall grants and contracts receivable. Once a grant or contract receivable is deemed uncollectible, it is expensed as bad debt against the allowance for doubtful accounts.

*Property and Equipment*

Property and equipment are reported in the statements of financial position at cost, if purchased, and at fair value at the date of donation, if donated. Property and equipment is capitalized if it has a cost of \$5,000 or more and a useful life when acquired of more than one year. Repairs and maintenance that do not significantly increase the useful life of the asset are expensed as incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the assets as follows:

|                                 |         |
|---------------------------------|---------|
| Automobile                      | 5 years |
| Furniture and equipment         | 5 years |
| Leasehold improvements          | 5 years |
| Computer equipment and software | 3 years |

PHFE records capital leases at the lesser of the minimum lease payments or the fair market value of the equipment at the inception of the lease agreement. Depreciation expense includes the depreciation of assets under capital leases.

Property and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value of such assets may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the asset to future net cash flows, undiscounted and without interest, expected to be generated by the asset. If an asset is determined to be impaired, impairment expense to be recognized is measured as the amount by which the carrying value of the asset exceeds its fair value. No impairment losses were recognized in the financial statements for the years ended June 30, 2014 and 2013.

**PUBLIC HEALTH FOUNDATION ENTERPRISES, INC.**  
**(A California Non-Profit Corporation)**

**Notes to Financial Statements (continued)**  
**For the Years Ended June 30, 2014 and 2013**

**2. Summary of Significant Accounting Policies (continued)**

*Program Assets*

PHFE acquires equipment and other capitalized assets that are necessary to support program initiatives. These program assets are generally returned to the grantor once a program is complete; however, during the term of the program, PHFE has the ability to decide on vendors and use of the assets are not restricted in anyway, except as required by the grant agreement.

Generally, the grantors retain legal title of certain program equipment acquired by PHFE during the contract period and it is not probable that PHFE will be permitted to keep the assets when the contract terminates. However, PHFE has the “right to use” the property during the contract period. When program equipment is acquired, the Organization records the fixed asset at cost and a corresponding liability equal to the cost of the acquired asset. The asset and liability are amortized into depreciation expense and grant revenue, respectively, on a straight-line basis over the term of the contract. Accountability for program assets, net of accumulated amortization at June 30, 2014 and 2013 was \$998,715 and \$927,790, respectively.

The Organization capitalizes program leasehold improvements when the costs are incurred and records a corresponding deferred revenue. The asset and deferred income are amortized into depreciation expense and grant revenue on a straight-line basis over the shorter of the term of the lease or the estimated period in which it will provide benefit. Program leasehold improvements, net of depreciation at June 30, 2014 and 2013, were \$42,774 and \$52,283 respectively, and are included in property and equipment in the accompanying statements of financial position.

At times, the Organization enters into facility lease agreements on behalf of the grantor, where the Organization has the ability to negotiate all terms of the contract. When the lease agreement requires a security deposit, these deposits are paid by PHFE and billed to the grantor. At the time of payment the Organization records operating lease deposits as an asset and a corresponding liability due to the grantor, as these amounts will be refunded to the grantor at the end of the lease when they are returned to PHFE from the lessor. Total program lease deposits and payables at June 30, 2014 were both \$339,385. Total program lease deposits and payables at June 30, 2013 were \$337,003 and \$354,121, respectively.

**PUBLIC HEALTH FOUNDATION ENTERPRISES, INC.**  
**(A California Non-Profit Corporation)**

**Notes to Financial Statements (continued)**  
**For the Years Ended June 30, 2014 and 2013**

**2. Summary of Significant Accounting Policies (continued)**

*Advance on grantor payments*

Advance on grantor payments consist of federal government, state and local governments and conditional private enterprise award amounts received in advance of the incurrence of corresponding individual award expenses, in accordance with applicable award agreements. Such liabilities are generally short-term in nature, whereby advanced funds are most commonly not received more than one year ahead of the incurrence of related expenses.

*Accrued compensated absences*

Compensated absences are accrued on a monthly basis. All such accrued benefits continually roll over from year to year. For the year ended June 30, 2013, there was no limit on benefits that could be accrued for headquarter employees. Effective December 1, 2013, headquarter employees can accrue up to a max of two years of benefits. All program employees can accrue up to a max of 1.75 years of benefits. Total accrued compensated absences at June 30, 2014 and 2013 were \$1,498,638 and \$2,153,629, respectively and are included in accrued payroll and related liabilities on the accompanying statements of financial position. Such benefits will be paid out at the time of employment termination if not used.

*Government and Private Contract Revenue*

Government and private contract revenue is recognized when the qualifying costs are incurred for cost-reimbursement grants or contracts or when a unit of service is provided for performance grants. Government revenue from federal agencies is subject to independent audit under the Office of Management and Budget Circular A-133 and review by grantor agencies. The review could result in the disallowance of expenditures under the terms of the grant or reductions of future grant funds. Based on prior experience, PHFE's management believes that costs ultimately disallowed, if any, would not materially affect the financial position of PHFE.

*Accounting for Contributions*

Contributions to support the general operations of PHFE, including unconditional promises to give, are recognized when received. These contributions are reported as increases in unrestricted net assets unless use of the contributed assets is specifically restricted by the donor. Amounts received that are restricted by the donor to be used in future periods or for specific purposes are reported as increases in either temporarily restricted or permanently restricted net assets, consistent with the nature of the restriction. Unconditional promises

**PUBLIC HEALTH FOUNDATION ENTERPRISES, INC.**  
**(A California Non-Profit Corporation)**

**Notes to Financial Statements (continued)**  
**For the Years Ended June 30, 2014 and 2013**

**2. Summary of Significant Accounting Policies (continued)**

*Accounting for Contributions (continued)*

with payments due in future years have an implied restriction to be used in the year the payment is due, and therefore, are reported as temporarily restricted until the payment is due unless the contribution is clearly intended to support activities of the current fiscal year or is received with permanent restrictions. Conditional promises, such as matching grants, are not recognized until they become unconditional, that is, until all conditions on which they depend are substantially met.

At times, PHFE collects contributions on behalf of its programs. In these circumstances, PHFE acts as an agent. Cash collected for such programs is recorded as an increase in the agency and other funds payable liability on the accompanying statements of financial position. As such funds are expended, the liability is decreased by an equivalent amount.

*Contributed Goods and Services*

Contributions of goods received that are measurable are recorded as revenue at their estimated fair value when received. Contributions of services are recognized if the services received either i) create or enhance nonfinancial assets or ii) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

*Expense Recognition and Allocation*

The cost of providing PHFE's programs and other activities are summarized on a functional basis in the statements of activities and statements of functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the functions benefited based on estimates made by PHFE's management.

Fundraising costs are expensed as incurred, even though they may result in contributions received in future years. During the years ended June 30, 2014 and 2013, PHFE did not incur any significant fundraising expenses.

*Income Taxes*

PHFE is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and California income taxes under section 23701(d) of the California Revenue and Taxation Code. PHFE is required to pay an annual filing fee to the State of California and other states in which it operates.

**PUBLIC HEALTH FOUNDATION ENTERPRISES, INC.**  
**(A California Non-Profit Corporation)**

**Notes to Financial Statements (continued)**  
**For the Years Ended June 30, 2014 and 2013**

**2. Summary of Significant Accounting Policies (continued)**

*Income Taxes (continued)*

PHFE evaluates uncertainty in income taxes for tax positions taken or expected to be taken in the course of preparing the Organization's tax returns to determine whether the tax positions are "more-likely-than-not" of being sustained by the applicable tax authority. Tax positions not deemed to meet the more-likely-than-not threshold are required to be recorded as a tax benefit or expense in the current year. Additionally, this interpretation provides guidance on de-recognition, classification, interest and penalties, disclosure and transition. PHFE had no uncertain tax positions that were not considered more-likely-than-not of being sustained by applicable tax authorities at June 30, 2014.

*Use of Estimates*

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses during the reporting period and the reported amounts of assets and liabilities at the date of the financial statements. On an ongoing basis, PHFE's management evaluates the estimates and assumptions based upon historical experience and various other facts and circumstances. PHFE's management believes that the estimates and assumptions are reasonable; however, the actual results could differ from those estimates.

*Reclassification*

Certain amounts relating to the 2013 statement of financial position have been reclassified to conform to the current year presentation.

*New Accounting Pronouncements*

Management has reviewed the relevant new accounting pronouncements and determined that they have no material effect on the financial statements for the year ended June 30, 2014.

*Subsequent Events*

PHFE's management evaluated subsequent events through November 6, 2014, the date the financial statements were issued, and noted no material events which required additional disclosure in the financial statements.

**PUBLIC HEALTH FOUNDATION ENTERPRISES, INC.**  
**(A California Non-Profit Corporation)**

**Notes to Financial Statements (continued)**  
**For the Years Ended June 30, 2014 and 2013**

**3. Fair Value Measurements**

PHFE reports its fair value measurements using a three-level hierarchy that prioritizes the inputs used to measure fair value. This hierarchy, established by GAAP, requires that entities maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

The three levels of inputs used to measure fair value are as follows:

- *Level 1* – Quoted prices for identical assets or liabilities in active markets to which the Organization has access at the measurement date.
- *Level 2* – Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include:
  - quoted prices for similar assets or liabilities in active markets;
  - quoted prices for identical or similar assets in markets that are not active;
  - observable inputs other than quoted prices for the asset or liability (for example, interest rates and yield curves); and
  - inputs derived principally from, or corroborated by, observable market data by correlation or by other means.
- *Level 3* – Unobservable inputs for the asset or liability. Unobservable inputs should be used to measure the fair value to the extent that observable inputs are not available.

At June 30, 2014 and 2013, the Organization held no investments that were required to be valued using the above fair value measurements. The carrying amounts of cash and cash equivalents, accounts receivable and liabilities approximate fair value because of the terms and relatively short maturity of these financial instruments.

**PUBLIC HEALTH FOUNDATION ENTERPRISES, INC.**  
**(A California Non-Profit Corporation)**

**Notes to Financial Statements (continued)**  
**For the Years Ended June 30, 2014 and 2013**

**4. Property and Equipment**

The balances at June 30, 2014 and 2013, respectively, consist of the following:

|                                | <u>2014</u>         | <u>2013</u>         |
|--------------------------------|---------------------|---------------------|
| Fixed assets                   | \$ 853,740          | \$ 560,553          |
| Program equipment              | 2,558,986           | 1,986,649           |
| Leasehold improvements         | 362,028             | 330,526             |
| Leased equipment               | 460,059             | 398,269             |
|                                | <u>4,234,813</u>    | <u>3,275,997</u>    |
| Less: accumulated depreciation | <u>(2,675,572)</u>  | <u>(2,084,450)</u>  |
| Property and equipment, net    | <u>\$ 1,559,241</u> | <u>\$ 1,191,547</u> |

Depreciation expense for the years ended June 30, 2014 and 2013 was \$679,909 and \$481,919, respectively.

**5. Payroll Related Liabilities**

The balances of payroll related liabilities at June 30, 2014 and 2013 consist of accrued salaries and wages, voluntary and employer fringe benefits, including pension contributions, accrued compensated absences, accrued workers' compensation expense and accrued unemployment benefits.

The following table reflects the payroll related liability balances at June 30:

|  | <u>2014</u>         | <u>2013</u>         |
|--|---------------------|---------------------|
| Salaries and wages                                 | \$ 1,504,983        | \$ 1,405,936        |
| Accrued compensated absences                       | 1,498,638           | 2,153,629           |
| Accrued taxes and other fringe benefits            | 949,096             | 670,206             |
| Unemployment and workers' compensation liabilities | 578,419             | 1,098,255           |
|  | <u>\$ 4,531,136</u> | <u>\$ 5,328,026</u> |

**PUBLIC HEALTH FOUNDATION ENTERPRISES, INC.**  
**(A California Non-Profit Corporation)**

**Notes to Financial Statements (continued)**  
**For the Years Ended June 30, 2014 and 2013**

**5. Payroll Related Liabilities (continued)**

PHFE holds a retroactive insurance policy for workers compensation claims for the years 2005 through 2010. Under this policy, the Organization accrues costs based on the value of current claims relating to these years and an estimate of the claims incurred but not reported. At June 30, 2014 and 2013 management has estimated this liability to be \$376,289 and \$343,573, respectively. All claims related to years 2011 and subsequent are insured under a traditional policy in which the Organization pays annual premiums for full coverage of all claims.

On April 1, 1977, PHFE elected the reimbursable method of financing under the California Unemployment Insurance Code. Under this method, the liability for unemployment insurance premiums are paid to the state of California (the "State") based on actual payments made by the State to former employees of PHFE. Accordingly, PHFE retains a liability for unemployment insurance benefits of terminated employees. The estimated liability balances at June 30, 2014 and 2013 were \$111,727 and \$754,682 respectively. Effective January 1, 2014, PHFE elected to opt-out of the reimbursement program and transition to the traditional contribution program. Under this methodology, the expense is calculated based on the fixed percentage issued by the State of California on the first \$7,000 of wages for each employee and is expensed as incurred.

**6. Agency and Other Funds Payable**

PHFE provides management services for agency, charitable, and fee for service programs. Cash collected on behalf of these programs in excess of program expenditures is classified as unrestricted cash and a liability. The agency and other funds payable balances at June 30, 2014 and 2013 was \$1,852,517 and \$2,100,016, respectively.

**PUBLIC HEALTH FOUNDATION ENTERPRISES, INC.**  
**(A California Non-Profit Corporation)**

**Notes to Financial Statements (continued)**  
**For the Years Ended June 30, 2014 and 2013**

**7. Capital Lease Obligations**

PHFE is a party to multiple capital lease agreements to purchase computer hardware and software. The future minimum lease payments under these capital leases at June 30, 2014 are as follows:

| <u>Year End</u>                      | <u>Amount</u>     |
|--------------------------------------|-------------------|
| 2015                                 | \$ 136,115        |
| 2016                                 | 101,137           |
| 2017                                 | 89,302            |
| 2018                                 | 7,283             |
|                                      | <u>333,837</u>    |
| Less: portion attributed to interest | <u>(33,438)</u>   |
| Net capital leases obligations       | <u>\$ 300,399</u> |

**8. Commitments and Contingencies**

The Organization receives funds from government grants and contracts that are subject to review and audit by the grantor agencies. These programs are subject to program compliance audits by the grantor or their representatives and such audits could result in disallowed costs. PHFE's management believes that any such disallowed costs would not have a material effect on the financial position of the Organization.

On July 23, 2004, PHFE entered a workers' compensation claim reinsurance agreement which is partially collateralized by a \$686,440 Standby Letter of Credit. Through various amendments, PHFE held a Letter of Credit for \$861,761 at June 30, 2014 and 2013. Each succeeding year this Standby Letter of Credit has been reissued on the same terms and conditions as the one issued on July 23, 2004.

During the year ended June 30, 2013, PHFE renewed a loan agreement with a bank which provides for a \$4,000,000 line of credit which expired on April 20, 2014. In April 2014, PHFE changed its banking relationship and secured a similar \$4,000,000 line of credit which expires April 16, 2015. Advances are collateralized by personal property of PHFE and bear interest at the Wall Street Journal Prime rate plus 1% with a floor rate of 4.00%. There were no line of credit amounts outstanding at June 30, 2014 and 2013.

**PUBLIC HEALTH FOUNDATION ENTERPRISES, INC.**  
**(A California Non-Profit Corporation)**

**Notes to Financial Statements (continued)**  
**For the Years Ended June 30, 2014 and 2013**

**9. Operating Lease Commitments**

*Facilities Leases*

PHFE has an operating lease agreement to lease its headquarters at 12801 Crossroads Parkway South, Suite 200, City of Industry, California, at a current rent expense of \$46,047 per month, which expires in June 2019. Facilities are also leased for various program operations. The Organization recorded rent expense on a straight-line basis, where lease commitments require escalating rent payments over the life of the lease. Total rent expense related to facility leases was \$4,545,090 and \$4,555,843 for the years ended June 30, 2014 and 2013, respectively, and is included in Occupancy in the accompanying statements of functional expenses. The approximate minimum future annual rental payments, under all facility leases at June 30, 2014 are:

| Year End   | Amount        |
|------------|---------------|
| 2015       | \$ 4,081,904  |
| 2016       | 3,134,161     |
| 2017       | 2,417,092     |
| 2018       | 1,991,341     |
| 2019       | 918,884       |
| Thereafter | 266,208       |
|            | \$ 12,809,590 |

*Equipment Leases and Maintenance Commitments*

PHFE leases office equipment and has maintenance contracts under several operating leases with terms expiring at various dates through 2018. Total rent expense related to equipment leases and maintenance commitments was \$352,839 and \$701,915 for the years ended June 30, 2014 and 2013. The approximate minimum future annual commitments, under all operating equipment leases and maintenance contracts, at June 30, 2014 are as follows:

| Year End | Amount     |
|----------|------------|
| 2015     | \$ 103,188 |
| 2016     | 18,641     |
| 2017     | 9,818      |
| 2018     | 2,780      |
|          | \$ 134,427 |

**PUBLIC HEALTH FOUNDATION ENTERPRISES, INC.**  
**(A California Non-Profit Corporation)**

**Notes to Financial Statements (continued)**  
**For the Years Ended June 30, 2014 and 2013**

**10. Retirement Plan**

PHFE has provided a contributory qualified pre-tax retirement plan covering exempt employees and hourly employees with extended benefits, working at least 20 hours per week. Employer contributions to the plan vary from 5% to 7% of applicable compensation, depending upon employee classification, and totaled \$2,975,172 and \$3,159,583, respectively, for the years ended June 30, 2014 and 2013.

**11. Concentration Risk**

The majority of PHFE's grants and contributions are received from Federal and state agencies, corporations, foundations and individuals located in the greater Los Angeles metropolitan area. As such, PHFE's ability to generate resources via contributions and grants is dependent upon the economic health of that area and of the State. An economic downturn could cause a decrease in contributions and grants that coincides with an increase in demand for PHFE's services. At June 30, 2014, 81% of PHFE's revenue and 79% of its contracts receivable was related to Federal government contracts, while at June 30, 2013, 82% of PHFE's revenue and 71% of its contracts receivable was related to Federal government contracts.

**GOVERNMENT AUDIT  
INFORMATION SECTION**

HASKELL  
&  
WHITE<sub>LLP</sub>

CERTIFIED PUBLIC ACCOUNTANTS  
AND BUSINESS ADVISORS

**Independent Auditor's Report on Internal Control over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of Financial Statements Performed in  
Accordance with *Government Auditing Standards***

To the Board of Directors  
Public Health Foundation Enterprises, Inc.  
(A California Non-Profit Corporation)  
City of Industry, California

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 Foundation Enterprises, Inc. a nonprofit organization ("PHFE" or the "Organization"), which comprise the statement of financial position as of June 30, 2014, 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 November 6, 2014.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered PHFE's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of PHFE's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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

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

**Independent Auditor's Report on Internal Control over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of Financial Statements Performed in  
Accordance with *Government Auditing Standards* (continued)**

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether PHFE's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Haskell & White LLP*

HASKELL & WHITE LLP

November 6, 2014.  
Irvine, California

**Independent Auditor's Report on Compliance for Each Major Program  
and on Internal Control over Compliance Required By OMB Circular A-133**

To the Board of Directors  
Public Health Foundation Enterprises, Inc.  
(A California Non-Profit Corporation)  
City of Industry, California

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

We have audited Public Health Foundations Enterprises, Inc's ("PHFE") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of PHFE's major federal programs for the year ended June 30, 2014. PHFE's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of PHFE's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about PHFE's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of PHFE's compliance.

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

In our opinion, PHFE complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

**Independent Auditor's Report on Compliance for Each Major Program  
and on Internal Control over Compliance Required By OMB Circular A-133 (continued)**

***Other Matters***

The results of our auditing procedures disclosed no instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133.

**Report on Internal Control over Compliance**

Management of PHFE is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered PHFE's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of PHFE's internal control over compliance.

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

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

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

*Haskell & White LLP*  
HASKELL & WHITE LLP

November 6, 2014  
Irvine, California

**PUBLIC HEALTH FOUNDATION ENTERPRISES, INC.**  
**(A California Not-for-Profit Corporation)**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2014**

| Project Name   | Federal CFDA Number | Agency or Pass Through Number | Contract Agency or Pass Through Name  | Grantee Number | Direct Federal | Federal Expenditures |
|--|---------------------|-------------------------------|---|----------------|----------------|----------------------|
| <b>Agency for International Development Pass Through</b>   |                     |                               |   |                |                |                      |
| AIDSTAR-Two/MSH/Honduras   | 98.001              | 1101                          | Management Sciences for Health, Inc.  | 2400.001       | Pass Through   | (\$238)              |
| <b>Sub-total CFDA No. 98.001 - USAID Foreign Assistance for Programs Overseas</b>  |                     |                               |   |                |                | <b>(\$238)</b>       |
| <b>Sub-total Agency for International Development Pass Through</b>   |                     |                               |   |                |                | <b>(\$238)</b>       |
| <b>Corporation for National and Community Service Pass Through</b>   |                     |                               |   |                |                |                      |
| AmeriCorp  | 94.006              | FCIA702                       | Child and Family Commission of Orange County                                | 2095.007       | Pass Through   | \$42,821             |
| AmeriCorp  | 94.006              | FCIA702                       | Child and Family Commission of Orange County                                | 2095.008       | Pass Through   | \$132,471            |
| <b>Sub-total CFDA No. 94.006 - ARRA-AmeriCorps</b>   |                     |                               |   |                |                | <b>\$175,292</b>     |
| VISTA  | 94.013              | FCIV404                       | Child and Family Commission of Orange County                                | 2291.005       | Pass Through   | \$166,684            |
| VISTA  | 94.013              | FCIV404                       | Child and Family Commission of Orange County                                | 2291.006       | Pass Through   | \$474,929            |
| <b>Sub-total CFDA No. 94.013 - Volunteers in Service to America</b>  |                     |                               |   |                |                | <b>\$641,614</b>     |
| <b>Sub-total Corporation for National and Community Service Pass Through</b>   |                     |                               |   |                |                | <b>\$816,906</b>     |
| <b>Department of Justice Pass Through</b>  |                     |                               |   |                |                |                      |
| GRYD - Proyecto Palabra  | 16.123              | 122579                        | City of Los Angeles   | 2502.001       | Pass Through   | \$216,765            |
| <b>Sub-total CFDA No. 16.123 - Community-Based Violence Prevention Program</b>   |                     |                               |   |                |                | <b>\$216,765</b>     |
| <b>Sub-total Department of Justice Pass Through</b>  |                     |                               |   |                |                | <b>\$216,765</b>     |
| <b>Department of Agriculture-Food and Nutrition Service Pass Through</b>   |                     |                               |   |                |                |                      |
| Women Infant and Children  | 10.557              | 1110484                       | State of California-Department of Public Health                             | 0005.019       | Pass Through   | \$13,355,312         |
| Women Infant and Children  | 10.557              | 1110484                       | State of California-Department of Public Health                             | 0005.020       | Pass Through   | \$35,203,656         |
| PCDB- Federal  | 10.557              | None                          | Various Government and Private Entities                                     | 2416.002       | Pass Through   | \$8,350              |
| CHC Network Program  | 10.557              | None                          | State of California-Department of Public Health / Camino Health Center      | 2421.002       | Pass Through   | \$17,572             |
| WIC Raptor System  | 10.557              | None                          | Various Government and Private Entities                                     | 2533.001       | Pass Through   | \$2,472              |
| OPI Project - Federal  | 10.557              | None                          | State of California-Department of Public Health / County of San Luis Obispo | 2485.001       | Pass Through   | \$3,731              |
| <b>Sub-total CFDA No. 10.557 - Special Supplemental Nutrition Program for Women, Infants and Children (WIC Program)</b>                    |                     |                               |   |                |                | <b>\$48,591,093</b>  |
| Angels Childcare Food Program  | 10.558              | 1930450F                      | State of California-Department of Education                                 | 0394.012       | Pass Through   | \$1,224,835          |
| Angels Childcare Food Program  | 10.558              | 1930450F                      | State of California-Department of Education                                 | 0394.013       | Pass Through   | \$3,745,390          |
| <b>Sub-total CFDA No. 10.558 - Child and Adult Care Food Program</b>   |                     |                               |   |                |                | <b>\$4,970,226</b>   |
| Periconceptional Nutrition   | 10.586              | 1920GQA126                    | Regents of the University of California-Los Angeles                         | 2480.001       | Pass Through   | \$32,928             |
| WIC-Online Education   | 10.586              | 00008372                      | Regents of the University of California-Berkeley                            | 2542.001       | Pass Through   | \$22,877             |
| <b>Sub-total CFDA No. 10.586 - Special Supplemental Nutrition Program for Women, Infants and Children; Nutrition Education Innovations</b> |                     |                               |   |                |                | <b>\$55,806</b>      |
| Network Local Health Department  | 10.561              | PH001416W9                    | County of Los Angeles-Department of Public Health                           | 2498.001       | Pass Through   | \$1,085,390          |
| <b>Sub-total CFDA No. 10.561 - State Administrative Matching Grants for the Supplemental Nutrition Assistance Program</b>                  |                     |                               |   |                |                | <b>\$1,085,390</b>   |
| WIC-Mathematica  | 93.000              | 40267S03513                   | Mathematica Policy Research, Inc.   | 2519.001       | Pass Through   | \$2,894              |
| <b>Sub-total CFDA No. 93.000 - Contract w/no CFDA#</b>   |                     |                               |   |                |                | <b>\$2,894</b>       |
| <b>Sub-total Department of Agriculture-Food and Nutrition Service Pass Through</b>   |                     |                               |   |                |                | <b>\$54,705,408</b>  |

See accompanying notes to schedule of expenditures of federal awards and report on compliance for each major program and on internal control over compliance required by OMB Circular A-133

**PUBLIC HEALTH FOUNDATION ENTERPRISES, INC.**  
**(A California Not-for-Profit Corporation)**  
**Schedule of Expenditures of Federal Awards (continued)**  
**Year Ended June 30, 2014**

| Project Name   | Federal CFDA Number | Agency or Pass Through Number | Contract Agency or Pass Through Name  | Grantee Number | Direct Federal | Federal Expenditures |
|--|---------------------|-------------------------------|---|----------------|----------------|----------------------|
| <b>Department of Education-Office of Innovation and Improvement Pass Through</b>                         |                     |                               |   |                |                |                      |
| Belmont Full-Service Community Schools Project   | 84.215J             | None                          | Youth Policy Institute  | 2310.004       | Pass Through   | \$2,607              |
| San Fernando Valley Full-Service Community Schools Project   | 84.215J             | U215J100152                   | Bert Corona Charter School  | 2446.002       | Pass Through   | \$3,344              |
| <b>Sub-total CFDA No. 84.215J - Fund for the Improvement of Education</b>                                |                     |                               |   |                |                | <b>\$5,951</b>       |
| <b>Sub-total Department of Education-Office of Innovation and Improvement Pass Through</b>               |                     |                               |   |                |                | <b>\$5,951</b>       |
| <b>Department of Education-Office of Special Education Pass Through</b>                                  |                     |                               |   |                |                |                      |
| Family Resource Center   | 84.181              | HD129024                      | State of California-Department of Developmental Services  | 0147.018       | Pass Through   | \$248                |
| Family Resource Center   | 84.181              | HD129024                      | State of California-Department of Developmental Services  | 0147.019       | Pass Through   | \$94,576             |
| Carolyn Kordich FRC  | 84.181              | HD129023                      | State of California-Department of Developmental Services  | 0239.016       | Pass Through   | \$30,272             |
| Carolyn Kordich FRC/PRRS   | 84.181              | HD139002-25                   | State of California-Department of Developmental Services / Support for Families of Children with Disabilities | 2516.001       | Pass Through   | \$17,759             |
| <b>Sub-total CFDA No. 84.181 - Special Education Grants for Infants and Families with Disabilities</b>   |                     |                               |   |                |                | <b>\$142,855</b>     |
| <b>Sub-total Department of Education-Office of Special Education Pass Through</b>                        |                     |                               |   |                |                | <b>\$142,855</b>     |
| <b>Department of Homeland Security Pass Through</b>  |                     |                               |   |                |                |                      |
| Bio Watch - JC   | 93.000              | 2011019                       | The Tauri Group   | 0790.008       | Pass Through   | \$1,089              |
| <b>Sub-total CFDA No. 93.000 - Contract w/no CFDA#</b>   |                     |                               |   |                |                | <b>\$1,089</b>       |
| <b>Sub-total Department of Homeland Security Pass Through</b>  |                     |                               |   |                |                | <b>\$1,089</b>       |
| <b>Department of the Interior-National Park Service Direct</b>   |                     |                               |   |                |                |                      |
| YNP - Hantavirus   | 15.944              | P13AC00320                    | Department of the Interior-National Park Service  | 2500.001       | Direct         | \$31,484             |
| YNP - Hantavirus   | 15.944              | P13AC00320                    | Department of the Interior-National Park Service  | 2500.002       | Direct         | \$69,941             |
| <b>Sub-total CFDA No. 15.944 - Natural Resource Stewardship</b>  |                     |                               |   |                |                | <b>\$101,425</b>     |
| <b>Sub-total Department of the Interior-National Park Service Direct</b>                                 |                     |                               |   |                |                | <b>\$101,425</b>     |
| <b>DHHS-Administration for Community Living Pass Through</b>   |                     |                               |   |                |                |                      |
| Senior Nutrition Program   | 93.045              | 2294012                       | County of Contra Costa  | 2118.008       | Pass Through   | \$130,699            |
| <b>Sub-total CFDA No. 93.045 - Special Programs for the Aging - Title III, Part C_Nutrition Services</b> |                     |                               |   |                |                | <b>\$130,699</b>     |
| <b>DHHS-Administration For Children and Families Pass Through</b>  |                     |                               |   |                |                |                      |
| Early Head Start   | 93.600              | 13-P0025765                   | Rancho Santiago Community College   | 2329.005       | Pass Through   | \$3,760              |
| Early Head Start   | 93.600              | 14P0030026                    | Rancho Santiago Community College   | 2329.006       | Pass Through   | \$6,259              |
| <b>Sub-total CFDA No. 93.600 - Administration For Children and Families</b>                              |                     |                               |   |                |                | <b>\$10,019</b>      |
| <b>Sub-total DHHS-Administration for Community Living Pass Through</b>                                   |                     |                               |   |                |                | <b>\$140,718</b>     |
| <b>DHHS-Agency for Healthcare Research and Quality Pass Through</b>                                      |                     |                               |   |                |                |                      |
| CUSP to Reduce CAUTI   | 93.000              | 80399                         | Health Research and Educational Trust   | 2448.002       | Pass Through   | \$67,163             |
| <b>Sub-total CFDA No. 93.000 - Contract w/no CFDA#</b>   |                     |                               |   |                |                | <b>\$67,163</b>      |
| <b>Sub-total DHHS-Agency for Healthcare Research and Quality Pass Through</b>                            |                     |                               |   |                |                | <b>\$67,163</b>      |
| <b>DHHS-CDC Direct</b>   |                     |                               |   |                |                |                      |
| Genotyping TB Isolates   | 93.000              | 200200828193                  | DHHS-CDC  | 0474.008       | Direct         | \$258,787            |
| So. Africa Prevention Initiative Curriculum Adaptation   | 93.000              | 2002010M34009                 | DHHS-CDC  | 2337.001       | Direct         | \$24,983             |
| <b>Sub-total CFDA No. 93.000 - Contract w/no CFDA#</b>   |                     |                               |   |                |                | <b>\$283,770</b>     |
| EHS Network - Food   | 93.070              | 5U01EH00070403                | DHHS-CDC  | 2055.009       | Direct         | \$360,755            |
| <b>Sub-total CFDA No. 93.070 - Environmental Public Health and Emergency Response</b>                    |                     |                               |   |                |                | <b>\$360,755</b>     |

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**PUBLIC HEALTH FOUNDATION ENTERPRISES, INC.**  
**(A California Not-for-Profit Corporation)**  
**Schedule of Expenditures of Federal Awards (continued)**  
**Year Ended June 30, 2014**

| Project Name   | Federal CFDA Number | Agency or Pass Through Number | Contract Agency or Pass Through Name              | Grantee Number | Direct Federal | Federal Expenditures |
|--|---------------------|-------------------------------|---|----------------|----------------|----------------------|
| <b>DHHS-CDC Direct (continued)</b>   |                     |                               |   |                |                |                      |
| California Emerging Infections Program (CEIP)  | 93.283              | 5U50CK00020102                | DHHS-CDC  | 0235.014       | Direct         | \$1,570,652          |
| California Emerging Infections Program (CEIP)  | 93.283              | 5U50CK00020103                | DHHS-CDC  | 0235.015       | Direct         | \$1,293,520          |
| Epidemiology and Laboratory Capacity for Infectious Diseases   | 93.283              | 1U50CK00024701                | DHHS-CDC  | 0310.012       | Direct         | (\$141,607)          |
| PPHF Building Epidemiology Laboratory Capacity   | 93.283              | 3U50CI00091503S6              | DHHS-CDC  | 2465.001       | Direct         | \$1,243,274          |
| CA Hemoglobinopathies Surveillance Initiative  | 93.283              | 5U50DD00056802                | DHHS-CDC  | 2328.002       | Direct         | \$84                 |
| <b>Sub-total CFDA No. 93.283 - CDC and Prevention - Investigations and Technical Assistance</b>  |                     |                               |   |                |                | <b>\$3,965,923</b>   |
| CEIP-ABC Supplemental  | 93.521              | 3U50CK0002010101S1            | DHHS-CDC  | 0235.013       | Direct         | \$124,347            |
| PPHF Building Epidemiology Laboratory Capacity   | 93.521              | 6U50CI00091503                | DHHS-CDC  | 2465.001       | Direct         | \$2,818,417          |
| CEIP Infrastructure  | 93.521              | 1U50CK00032001                | DHHS-CDC  | 2470.001       | Direct         | \$69,292             |
| CEIP Infrastructure  | 93.521              | 1U50CK00032001                | DHHS-CDC  | 2470.002       | Direct         | \$218,481            |
| <b>Sub-total CFDA No. 93.521 - The Affordable Care Act: Building Epidemiology, Laboratory and Health Information Systems Capacity in the Epidemiology and Laboratory Capacity for ELC and EIP Cooperative Agreements</b> |                     |                               |   |                |                | <b>\$3,230,537</b>   |
| Capacity Building Assistance   | 93.939              | 5U65PS00164205                | DHHS-CDC  | 2303.005       | Direct         | \$868,933            |
| Capacity Building Assistance   | 93.939              | 1U65PS004454-01               | DHHS-CDC  | 2303.006       | Direct         | \$229,784            |
| <b>Sub-total CFDA No. 93.939 - HIV Prevention Activities - Non- Governmental Organization Based</b>  |                     |                               |   |                |                | <b>\$1,098,717</b>   |
| Program Collaboration and Service Integration  | 93.940              | 5U38PS00317003                | DHHS-CDC  | 2366.003       | Direct         | \$214,928            |
| Implementing New Direction   | 93.940              | 5U65PS00362802                | DHHS-CDC  | 2369.003       | Direct         | \$393,656            |
| <b>Sub-total CFDA No. 93.940 - HIV Prevention Activities - Health Department Based</b>   |                     |                               |   |                |                | <b>\$608,584</b>     |
| <b>Sub-total DHHS-CDC Direct</b>   |                     |                               |   |                |                | <b>\$9,548,287</b>   |
| <b>DHHS-CDC Pass Through</b>   |                     |                               |   |                |                |                      |
| Virus Isolation Bangladesh   | 93.065              | U60HM0000803                  | Association of Public Health Laboratories         | 0599.002       | Pass Through   | \$217                |
| Virus Isolation Services   | 93.065              | 564002006211304               | Association of Public Health Laboratories         | 2301.002       | Pass Through   | \$56,083             |
| CaliciNet OSC  | 93.065              | None                          | Association of Public Health Laboratories         | 2379.002       | Pass Through   | \$14,245             |
| Salmonella Serotyping  | 93.065              | None                          | Association of Public Health Laboratories         | 2385.001       | Pass Through   | \$2,659              |
| Neuraminidase Inhibition Services  | 93.065              | 564002006211204               | Association of Public Health Laboratories         | 2432.001       | Pass Through   | \$29,574             |
| 2012 Influenza rRT-PCR   | 93.065              | 564002006211211               | Association of Public Health Laboratories         | 2449.001       | Pass Through   | \$36,955             |
| Explore Novel Approaches   | 93.065              | 564002006421302               | Association of Public Health Laboratories         | 2463.001       | Pass Through   | \$16,417             |
| PHL Multicenter Evaluation of the CDC Influenza Real-Time RT-PCR   | 93.065              | 564002006211316               | Association of Public Health Laboratories         | 2474.001       | Pass Through   | \$31,075             |
| Viral Vaccine Preventable Diseases Reference Lab Services  | 93.065              | 564002006021301               | Association of Public Health Laboratories         | 2476.001       | Pass Through   | \$82,784             |
| Evaluation of Syphilis   | 93.065              | 564002006451301               | Association of Public Health Laboratories         | 2481.001       | Pass Through   | \$9,798              |
| CaliciNet Unexplained Viral Diarrhea Outbreak  | 93.065              | 564002004301408               | Association of Public Health Laboratories         | 2522.001       | Pass Through   | \$1,343              |
| Assessing Diagnostic Practices   | 93.065              | 564002004431409               | Association of Public Health Laboratories         | 2553.001       | Pass Through   | \$7,885              |
| <b>Sub-total CFDA No. 93.065 - Laboratory Leadership, Workforce Training and Management Development, Improving Public Health Laboratory Infrastructure</b>   |                     |                               |   |                |                | <b>\$289,035</b>     |
| Research Assistant   | 93.067              | 13120213736                   | RTI International                                 | 2499.001       | Pass Through   | \$29,803             |
| Research Assistant   | 93.067              | 13120213736                   | RTI International                                 | 2499.002       | Pass Through   | \$17,551             |
| <b>Sub-total CFDA No. 93.067 - Global AIDS</b>   |                     |                               |   |                |                | <b>\$47,354</b>      |
| Project I - PHEP Base  | 93.069              | PH001416W4                    | County of Los Angeles-Department of Public Health | 2447.001       | Pass Through   | \$23                 |
| Project I - PHEP Base  | 93.069              | PH001416W4                    | County of Los Angeles-Department of Public Health | 2447.002       | Pass Through   | \$1,150,807          |
| Contra Costa County Health Services  | 93.069              | 2280621                       | County of Contra Costa                            | 0374.012       | Pass Through   | \$349,696            |
| <b>Sub-total CFDA No. 93.069 - Public Health Emergency Preparedness</b>  |                     |                               |   |                |                | <b>\$1,500,526</b>   |

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**PUBLIC HEALTH FOUNDATION ENTERPRISES, INC.**  
**(A California Not-for-Profit Corporation)**  
**Schedule of Expenditures of Federal Awards (continued)**  
**Year Ended June 30, 2014**

| Project Name   | Federal CFDA Number | Agency or Pass Through Number | Contract Agency or Pass Through Name              | Grantee Number | Direct Federal | Federal Expenditures |
|--|---------------------|-------------------------------|---|----------------|----------------|----------------------|
| <b>DHHS-CDC Pass Through (continued)</b>   |                     |                               |   |                |                |                      |
| Emergency Planning   | 93.074              | BPHC1100079                   | San Francisco Department of Public Health         | 2368.003       | Pass Through   | \$167,356            |
| ACDC Program   | 93.074              | PH001416W13                   | County of Los Angeles                             | 2530.001       | Pass Through   | \$10,557             |
| <b>Sub-total CFDA No. 93.074 - Hospital Preparedness Program and Public Health Emergency Preparedness Aligned Cooperative Agreements</b>   |                     |                               |   |                |                | <b>\$177,913</b>     |
| Active Enhanced Surveillance   | 93.270              | HCDC211300                    | San Francisco Department of Public Health         | 2491.001       | Pass Through   | \$80,130             |
| Active Enhanced Surveillance   | 93.270              | BPHC1300079                   | San Francisco Department of Public Health         | 2491.002       | Pass Through   | \$79,096             |
| <b>Sub-total CFDA No. 93.270 - Adult Viral Hepatitis Prevention and Control</b>  |                     |                               |   |                |                | <b>\$159,226</b>     |
| Influenza Virus Isolation  | 93.283              | None                          | Association of Public Health Laboratories         | 2301.002       | Pass Through   | \$66,504             |
| Antiviral Resistance Screening   | 93.283              | None                          | Association of Public Health Laboratories         | 2319.002       | Pass Through   | \$15,890             |
| <b>Sub-total CFDA No. 93.283 - CDC and Prevention - Investigation and Technical Assistance</b>   |                     |                               |   |                |                | <b>\$82,394</b>      |
| LAC PERFORMS I   | 93.507              | PH001416W2                    | County of Los Angeles-Department of Public Health | 2404.001       | Pass Through   | \$30,379             |
| <b>Sub-total CFDA No. 93.507 - PPHF 2012 National Public Health Improvement Initiative</b>   |                     |                               |   |                |                | <b>\$30,379</b>      |
| Epidemiology Laboratory  | 93.521              | PH001416W8                    | County of Los Angeles-Department of Public Health | 2486.001       | Pass Through   | \$319,090            |
| LA County TLC + Program  | 93.521              | PH001416W10                   | County of Los Angeles                             | 2512.001       | Pass Through   | \$174,449            |
| <b>Sub-total CFDA No. 93.521 - The Affordable Care Act: Building Epidemiology, Laboratory and Health Information Systems Capacity in the Epidemiology and Laboratory Capacity for ELC and EIP Cooperative Agreements</b> |                     |                               |   |                |                | <b>\$493,540</b>     |
| PHI-Community Transformation   | 93.531              | 1017796                       | Public Health Institute                           | 2451.002       | Pass Through   | \$10,141             |
| PHI-Community Transformation   | 93.531              | 1017796                       | Public Health Institute                           | 2451.003       | Pass Through   | \$15,041             |
| <b>Sub-total CFDA No. 93.531 - PPHF 2012: Community Transformation Grants and National Dissemination and Support for Community Transformation Grants</b>   |                     |                               |   |                |                | <b>\$25,182</b>      |
| Hepatitis B Early Identification   | 93.736              | HCDC211300                    | San Francisco Department of Public Health         | 2491.001       | Pass Through   | \$14,781             |
| Hepatitis B Early Identification   | 93.736              | BPHC1300079                   | San Francisco Department of Public Health         | 2491.002       | Pass Through   | \$18,444             |
| <b>Sub-total CFDA No. 93.736 - Prevention Public Health Fund: Viral Hepatitis Prevention</b>   |                     |                               |   |                |                | <b>\$33,225</b>      |
| Patient-Centered HIV Medical Home  | 93.914              | PH001416W6                    | County of Los Angeles-Department of Public Health | 2458.001       | Pass Through   | \$19,587             |
| Patient-Centered HIV Medical Home  | 93.914              | PH001416W61                   | County of Los Angeles-Department of Public Health | 2458.002       | Pass Through   | \$40,098             |
| <b>Sub-total CFDA No. 93.914 - HIV Emergency Relief Project Grants</b>   |                     |                               |   |                |                | <b>\$59,685</b>      |
| CB High-Impact HIV Prevention  | 93.939              | Pending/CMS#7470              | San Francisco Department of Public Health         | 2551.001       | Pass Through   | \$6,322              |
| <b>Sub-total CFDA No. 93.939 - HIV Prevention Activities - Non- Governmental Organization Based</b>  |                     |                               |   |                |                | <b>\$6,322</b>       |
| HIV Testing PS and Linkage   | 93.940              | BPHC1100084                   | San Francisco Department of Public Health         | 0463.010       | Pass Through   | \$250,752            |
| HIV Testing PS and Linkage   | 93.940              | BPHC1100084                   | San Francisco Department of Public Health         | 0463.011       | Pass Through   | \$212,461            |
| NHBS Project   | 93.940              | DPHC12000949                  | San Francisco Department of Public Health         | 2212.006       | Pass Through   | \$108,332            |
| NHBS Project   | 93.940              | DPHC12000949                  | San Francisco Department of Public Health         | 2212.007       | Pass Through   | \$55,216             |
| Evaluation and Data Management   | 93.940              | DPHC1300060402                | San Francisco Department of Public Health         | 2327.004       | Pass Through   | \$750,129            |
| NHBS Project   | 93.940              | PH001416                      | County of Los Angeles-Department of Public Health | 2387.005       | Pass Through   | \$51,881             |
| EPS Project  | 93.940              | PH001416                      | County of Los Angeles-Department of Public Health | 2387.008       | Pass Through   | \$7,566              |
| Expanded Testing Program   | 93.940              | PH001416W6                    | County of Los Angeles-Department of Public Health | 2458.001       | Pass Through   | \$25,314             |
| Expanded Testing Program   | 93.940              | PH001416W61                   | County of Los Angeles-Department of Public Health | 2458.002       | Pass Through   | \$53,240             |
| Augmenting High Impact   | 93.940              | DPHC13000553                  | San Francisco Department of Public Health         | 2464.002       | Pass Through   | \$471,748            |
| Augmenting High Impact   | 93.940              | DPHC14000838                  | San Francisco Department of Public Health         | 2464.003       | Pass Through   | \$535,919            |
| HIV Prevention Care (P-A)  | 93.940              | DPHC14000857                  | San Francisco Department of Public Health         | 2527.001       | Pass Through   | \$354,778            |
| HIV Expanded Test (P - B)  | 93.940              | DPHC14000870                  | San Francisco Department of Public Health         | 2528.001       | Pass Through   | \$51,028             |
| Expanded Testing Program   | 93.940              | PH001416W14                   | County of Los Angeles-Department of Public Health | 2532.001       | Pass Through   | \$80,580             |
| <b>Sub-total CFDA No. 93.940 - HIV Prevention Activities - Health Department Based</b>   |                     |                               |   |                |                | <b>\$3,008,942</b>   |

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**PUBLIC HEALTH FOUNDATION ENTERPRISES, INC.**  
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**Schedule of Expenditures of Federal Awards (continued)**  
**Year Ended June 30, 2014**

| Project Name   | Federal CFDA Number | Agency or Pass Through Number | Contract Agency or Pass Through Name                                       | Grantee Number | Direct Federal | Federal Expenditures |
|--|---------------------|-------------------------------|--|----------------|----------------|----------------------|
| <b>DHHS-CDC Pass Through (continued)</b>   |                     |                               |  |                |                |                      |
| HIV/AIDS Surveillance Data   | 93.944              | DPHC13000408                  | San Francisco Department of Public Health                                  | 2005.010       | Pass Through   | \$233,090            |
| HIV/AIDS Surveillance Data   | 93.944              | DPHC13000408                  | San Francisco Department of Public Health                                  | 2005.011       | Pass Through   | \$72,000             |
| Medical Monitoring Project   | 93.944              | DPHC13000414                  | San Francisco Department of Public Health                                  | 2032.010       | Pass Through   | \$357,843            |
| Medical Monitoring Project   | 93.944              | Pending/CMS#7468              | San Francisco Department of Public Health                                  | 2032.011       | Pass Through   | \$34,095             |
| <b>Sub-total CFDA No. 93.944 - HIV/Acquired Immunodeficiency Virus Syndrome Surveillance</b>                 |                     |                               |  |                |                | <b>\$697,028</b>     |
| STD Prevention Project   | 93.977              | BPHC1100084                   | San Francisco Department of Public Health                                  | 0463.010       | Pass Through   | \$133,318            |
| STD Prevention Project   | 93.977              | BPHC1100084                   | San Francisco Department of Public Health                                  | 0463.011       | Pass Through   | \$73,829             |
| STD Surveillance Network   | 93.977              | DPHC13000521                  | San Francisco Department of Public Health                                  | 2265.005       | Pass Through   | \$20,326             |
| <b>Sub-total CFDA No. 93.977 - Preventive Health Services - Sexually Transmitted Diseases Control Grants</b> |                     |                               |  |                |                | <b>\$227,473</b>     |
| <b>Sub-total DHHS-CDC Pass Through</b>   |                     |                               |  |                |                | <b>\$6,838,224</b>   |
| <b>DHHS-Health Resources and Services Administration Direct</b>  |                     |                               |  |                |                |                      |
| Demonstrating Newborn  | 93.110              | D93MC26187                    | DHHS-Health Resources and Services Administration                          | 2510.001       | Direct         | \$82,490             |
| <b>Sub-total CFDA No. 93.110 - Maternal and Child Health Federal Consolidated Programs</b>                   |                     |                               |  |                |                | <b>\$82,490</b>      |
| <b>Sub-total DHHS-Health Resources and Services Administration Direct</b>                                    |                     |                               |  |                |                | <b>\$82,490</b>      |
| <b>DHHS-Health Resources and Services Administration Pass Through</b>  |                     |                               |  |                |                |                      |
| Case Management - Psychosocial   | 93.917              | H20541-14                     | County of Los Angeles-Department of Public Health                          | 0123.021       | Pass Through   | \$55,341             |
| Case Management - Psychosocial   | 93.917              | H2054115                      | County of Los Angeles-Department of Public Health                          | 0123.022       | Pass Through   | \$2,606              |
| Transitional Case Management   | 93.917              | PH000598                      | State of California-Department of Public Health /<br>County of Los Angeles | 2290.005       | Pass Through   | \$47,107             |
| Transitional Case Management   | 93.917              | PH000598                      | State of California-Department of Public Health /<br>County of Los Angeles | 2290.006       | Pass Through   | \$16,333             |
| <b>Sub-total CFDA No. 93.917 - HIV Formula Care Grants</b>   |                     |                               |  |                |                | <b>\$121,386</b>     |
| UCSF-SPNS Systems  | 93.928              | 7825sc                        | Regents of the University of California- San Francisco                     | 2441.002       | Pass Through   | \$22,372             |
| The Brandy Martell Project   | 93.928              | None                          | Tri-City Health Center   | 2475.001       | Pass Through   | \$1,611              |
| The Brandy Martell Project   | 93.928              | None                          | Tri-City Health Center   | 2475.002       | Pass Through   | \$19,285             |
| <b>Sub-total CFDA No. 93.928 - Special Projects of National Significance</b>                                 |                     |                               |  |                |                | <b>\$43,268</b>      |
| <b>Sub-total DHHS-Health Resources and Services Administration Pass Through</b>                              |                     |                               |  |                |                | <b>\$164,655</b>     |
| <b>DHHS-NIH Direct</b>   |                     |                               |  |                |                |                      |
| OCTAVE/YECI  | 93.000              | None                          | DHHS-NIH   | 2340.002       | Direct         | \$29,901             |
| <b>Sub-total CFDA No. 93.000 - Contract w/no CFDA#</b>   |                     |                               |  |                |                | <b>\$29,901</b>      |
| <b>Sub-total DHHS-NIH Direct</b>   |                     |                               |  |                |                | <b>\$29,901</b>      |
| <b>DHHS-NIH Pass Through</b>   |                     |                               |  |                |                |                      |
| Clinical and Translational Science Institute   | 93.350              | 7446sc                        | Regents of the University of California- San Francisco                     | 2492.001       | Pass Through   | (\$46)               |
| <b>Sub-total CFDA No. 93.350 - National Center for Advancing Translational Sciences</b>                      |                     |                               |  |                |                | <b>(\$46)</b>        |
| PrEP and ART Adherence Monitoring  | 93.855              | FY13265002                    | Regents of the University of Colorado-Denver                               | 2503.001       | Pass Through   | \$75,590             |
| <b>Sub-total CFDA No. 93.855 - Allergy, Immunology and Transplantation Research</b>                          |                     |                               |  |                |                | <b>\$75,590</b>      |
| <b>Sub-total DHHS-NIH Pass Through</b>   |                     |                               |  |                |                | <b>\$75,544</b>      |
| <b>DHHS-Office of the Secretary Direct</b>   |                     |                               |  |                |                |                      |
| HAI Prevention Efforts   | 93.000              | HHSP233201200389P             | DHHS-Office of the Secretary   | 2426.002       | Direct         | \$12,769             |
| <b>Sub-total CFDA No. 93.000 - Contract w/no CFDA#</b>   |                     |                               |  |                |                | <b>\$12,769</b>      |

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**PUBLIC HEALTH FOUNDATION ENTERPRISES, INC.**  
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**Year Ended June 30, 2014**

| Project Name   | Federal CFDA Number | Agency or Pass Through Number | Contract Agency or Pass Through Name                         | Grantee Number | Direct Federal | Federal Expenditures |
|--|---------------------|-------------------------------|--|----------------|----------------|----------------------|
| <b>DHHS-Office of the Secretary Pass Through</b>   |                     |                               |  |                |                |                      |
| CHHS LANES   | 93.719              | 09042012                      | California Health and Human Services / County of Los Angeles | 3026.001       | Pass Through   | \$57,488             |
| <b>Sub-total CFDA No. 93.719 - ARRA-State Grants to Promote Health Information Technology</b>                                  |                     |                               |  |                |                | <b>\$57,488</b>      |
| <b>Sub-total DHHS-Office of the Secretary Direct</b>   |                     |                               |  |                |                | <b>\$70,257</b>      |
| <b>DHHS-Substance Abuse and Mental Health Services Pass Through</b>  |                     |                               |  |                |                |                      |
| Alcohol Screening  | 93.000              | None                          | Northrop Grumman   | 2234.006       | Pass Through   | \$988                |
| Alcohol Screen Training and Technical Assistance   | 93.000              | HHSS2832012000171             | Northrop Grumman   | 2518.001       | Pass Through   | \$11,239             |
| <b>Sub-total CFDA No. 93.000 - Contract w/no CFDA#</b>   |                     |                               |  |                |                | <b>\$12,227</b>      |
| Preventive Services-Mental Health  | 93.243              | DPHC14000407                  | San Francisco Department of Public Health                    | 2489.001       | Pass Through   | \$15,320             |
| Preventive Services-Mental Health  | 93.243              | DPHC14000553                  | San Francisco Department of Public Health                    | 2489.002       | Pass Through   | \$118,088            |
| <b>Sub-total CFDA No. 93.243 - Substance Abuse and Mental Health Services - Projects of Regional and National Significance</b> |                     |                               |  |                |                | <b>\$133,408</b>     |
| HIV Testing/FAP  | 93.959              | DPHM12000351                  | San Francisco Department of Public Health                    | 2358.003       | Pass Through   | \$295                |
| HIV Testing/FAP  | 93.959              | DPHM12000351                  | San Francisco Department of Public Health                    | 2358.004       | Pass Through   | \$89,716             |
| <b>Sub-total CFDA No. 93.959 - Block Grants for Prevention and Treatment of Substance Abuse</b>                                |                     |                               |  |                |                | <b>\$90,011</b>      |
| <b>Sub-total DHHS-Substance Abuse and Mental Health Services Pass Through</b>  |                     |                               |  |                |                | <b>\$235,646</b>     |
| <b>HUD-Office of Community Planning and Development Pass Through</b>   |                     |                               |  |                |                |                      |
| Clean Needles Now  | 14.218              | C119065                       | City of Los Angeles-Department of Disability                 | 0301.016       | Pass Through   | \$84,410             |
| Clean Needles Now  | 14.218              | C119065                       | City of Los Angeles-Department of Disability                 | 0301.017       | Pass Through   | \$26,537             |
| <b>Sub-total CFDA No. 14.218 - Community Development Block Grants/Entitlement Grants</b>                                       |                     |                               |  |                |                | <b>\$110,947</b>     |
| <b>Sub-total HUD-Office of Community Planning and Development Pass Through</b>   |                     |                               |  |                |                | <b>\$110,947</b>     |
| <b>RESEARCH AND DEVELOPMENT CLUSTER</b>  |                     |                               |  |                |                |                      |
| <b>Department of Agriculture-Food and Nutrition Service Pass Through</b>   |                     |                               |  |                |                |                      |
| WIC Infant Toddler Study2  | 93.RD               | SC11027                       | Westat / Altarum Institute                                   | 2430.001       | Pass Through   | \$6,125              |
| WIC Infant Toddler Study2  | 93.RD               | SC11027                       | Westat / Altarum Institute                                   | 2430.002       | Pass Through   | \$2,878              |
| WIC Nutrition Education  | 93.RD               | SC12049                       | RTI International / Altarum Institute                        | 2488.001       | Pass Through   | \$2,447              |
| <b>Sub-total CFDA No. 93.RD - Research contract w/no CFDA#</b>   |                     |                               |  |                |                | <b>\$11,450</b>      |
| <b>Sub-total Department of Agriculture-Food and Nutrition Service Pass Through</b>   |                     |                               |  |                |                | <b>\$11,450</b>      |
| <b>DHHS-CDC Direct</b>   |                     |                               |  |                |                |                      |
| Reducing Sexual Risk   | 93.941              | 5UR6PS00068404                | DHHS-CDC   | 2186.004       | Direct         | \$1,015              |
| Reducing Sexual Risk   | 93.941              | 5UR6PS00068405                | DHHS-CDC   | 2186.005       | Direct         | \$44,895             |
| <b>Sub-total CFDA No. 93.941 - HIV Demonstration, Research, Public and Professional Education</b>                              |                     |                               |  |                |                | <b>\$45,910</b>      |
| <b>Sub-total DHHS-CDC Direct</b>   |                     |                               |  |                |                | <b>\$45,910</b>      |
| <b>DHHS-CDC Pass Through</b>   |                     |                               |  |                |                |                      |
| CA STD HIV Prevention Center   | 93.941              | 6771sc                        | Regents of the University of California- San Francisco       | 2436.004       | Pass Through   | \$105,760            |
| CA STD HIV Prevention Center   | 93.941              | 6771sc                        | Regents of the University of California- San Francisco       | 2436.005       | Pass Through   | \$24,816             |
| <b>Sub-total CFDA No. 93.941 - HIV Demonstration, Research, Public and Professional Education Projects</b>                     |                     |                               |  |                |                | <b>\$130,576</b>     |
| Evaluation and Data STOP   | 93.943              | DPHC1300060402                | San Francisco Department of Public Health                    | 2327.003       | Pass Through   | \$501                |
| Evaluation and Data STOP   | 93.943              | DPHC1300060402                | San Francisco Department of Public Health                    | 2327.004       | Pass Through   | \$47,195             |
| <b>Sub-total CFDA No. 93.943 - Epidemiologic Research Studies of AIDS and HIV</b>  |                     |                               |  |                |                | <b>\$47,696</b>      |
| <b>Sub-total DHHS-CDC Pass Through</b>   |                     |                               |  |                |                | <b>\$178,272</b>     |

See accompanying notes to schedule of expenditures of federal awards and report on compliance for each major program and on internal control over compliance required by OMB Circular A-133

**PUBLIC HEALTH FOUNDATION ENTERPRISES, INC.**  
**(A California Not-for-Profit Corporation)**  
**Schedule of Expenditures of Federal Awards (continued)**  
**Year Ended June 30, 2014**

| Project Name  | Federal CFDA Number | Agency or Pass Through Number | Contract Agency or Pass Through Name                   | Grantee Number | Direct Federal | Federal Expenditures |
|---|---------------------|-------------------------------|--|----------------|----------------|----------------------|
| <b>DHHS-Health Resources and Services Administration Direct</b>   |                     |                               |  |                |                |                      |
| Los Angeles Family AIDS Network (LAFAN)   | 93.153              | 1H12HA247790100               | DHHS-Health Resources and Services Administration      | 0054.019       | Direct         | \$78,138             |
| Los Angeles Family AIDS Network (LAFAN)   | 93.153              | 5H12HA247790200               | DHHS-Health Resources and Services Administration      | 0054.020       | Direct         | \$522,774            |
| <b>Sub-total CFDA No. 93.153 - Coordinated Services and Access to Research for Women, Infants, Children and Youth</b> |                     |                               |  |                |                | <b>\$600,912</b>     |
| <b>Sub-total DHHS-Health Resources and Services Administration Direct</b>   |                     |                               |  |                |                | <b>\$600,912</b>     |
| <b>DHHS-NIH Direct</b>  |                     |                               |  |                |                |                      |
| Longitudinal Research   | 93.242              | 5R01MH09559802                | DHHS-NIH   | 2414.002       | Direct         | \$22,411             |
| Longitudinal Research   | 93.242              | 5R01MH09559803                | DHHS-NIH   | 2414.003       | Direct         | \$401,771            |
| Longitudinal Research   | 93.242              | 5R01MH09559803                | DHHS-NIH   | 2414.004       | Direct         | \$35,483             |
| EPIC Enhancing PrEP   | 93.242              | 1R01MH09562801                | DHHS-NIH   | 2417.003       | Direct         | \$619,098            |
| SHARP Research Program  | 93.242              | 5R25MH09759102                | DHHS-NIH   | 2450.002       | Direct         | \$72,880             |
| SHARP Research Program  | 93.242              | 5R25MH09759102                | DHHS-NIH   | 2450.003       | Direct         | \$29,988             |
| <b>Sub-total CFDA No. 93.242 - Mental Health Research Grants</b>  |                     |                               |  |                |                | <b>\$1,181,630</b>   |
| Naltrexone for Treatment of Met-Dependent MSM   | 93.279              | 5R01DA03167802                | DHHS-NIH   | 2406.002       | Direct         | \$259,035            |
| Naltrexone for Treatment of Met-Dependent MSM   | 93.279              | 5R01DA03167802                | DHHS-NIH   | 2406.003       | Direct         | \$174,733            |
| Mirtazapine for Treatment of Meth Dependence  | 93.279              | 1R01DA03452701                | DHHS-NIH   | 2490.001       | Direct         | \$149,240            |
| Mirtazapine for Treatment of Meth Dependence  | 93.279              | 1R01DA03452701                | DHHS-NIH   | 2490.002       | Direct         | \$135,222            |
| Naloxone Prescription for Opioid Safety Evaluation (NOSE)   | 93.279              | 1R21DA0367761                 | DHHS-NIH   | 2507.001       | Direct         | \$134,194            |
| Reduce Overdose and Risk Behaviors Among Nalo (REBOOT)  | 93.279              | 1R34DA03719401A1              | DHHS-NIH   | 2537.001       | Direct         | \$22,218             |
| <b>Sub-total CFDA No. 93.279 - Drug Abuse and Addiction Research Programs</b>   |                     |                               |  |                |                | <b>\$874,642</b>     |
| SF Vaccine and Prevention   | 93.855              | 5UM1AI06949607                | DHHS-NIH   | 0325.013       | Direct         | \$1,773,140          |
| SF Clinical Trials Unit   | 93.855              | 2UM1AI06949608                | DHHS-NIH   | 0325.014       | Direct         | \$2,363,923          |
| Prevention Umbrella for MSN in the Americas   | 93.855              | 5R01AI08306004                | DHHS-NIH   | 2278.004       | Direct         | \$621,229            |
| HOME: A Comprehensive HIV Testing   | 93.855              | 5R01AI10430902                | DHHS-NIH   | 2461.002       | Direct         | \$601,687            |
| <b>Sub-total CFDA No. 93.855 - Allergy, Immunology and Transplantation Research</b>                                   |                     |                               |  |                |                | <b>\$5,359,979</b>   |
| <b>Sub-total DHHS-NIH Direct</b>  |                     |                               |  |                |                | <b>\$7,416,251</b>   |
| <b>DHHS-NIH Pass Through</b>  |                     |                               |  |                |                |                      |
| FIS-Surveillance DMA  | 93.242              | DPHC13000408                  | San Francisco Department of Public Health              | 2005.011       | Pass Through   | \$9,597              |
| STT Finding Testing Treat   | 93.242              | 13120212795                   | RTI International                                      | 2382.002       | Pass Through   | \$754                |
| STT Finding Testing Treat   | 93.242              | 13120212795                   | RTI International                                      | 2382.003       | Pass Through   | \$172,236            |
| Center for AIDS PS  | 93.242              | 7452sc                        | Regents of the University of California- San Francisco | 2496.001       | Pass Through   | \$4,350              |
| <b>Sub-total CFDA No. 93.242 - Mental Health Research Grants</b>  |                     |                               |  |                |                | <b>\$186,937</b>     |
| CTN 49 HOPE   | 93.279              | 6419SC                        | Regents of the University of California- San Francisco | 2179.007       | Pass Through   | \$87,404             |
| CTN 49 HOPE   | 93.279              | 6419sc                        | Regents of the University of California- San Francisco | 2179.008       | Pass Through   | \$266,285            |
| Exploratory Research Drug   | 93.279              | 13120212890                   | University of Southern California / RTI International  | 2394.002       | Pass Through   | \$3,852              |
| NMPD Use Among IDUs   | 93.279              | 13120212940                   | RTI International                                      | 2409.003       | Pass Through   | \$97,014             |
| Link LA   | 93.279              | PH001416W5                    | County of Los Angeles-Department of Public Health      | 2457.001       | Pass Through   | \$84,772             |
| Link LA   | 93.279              | PH001416W5                    | County of Los Angeles-Department of Public Health      | 2457.002       | Pass Through   | \$105,859            |
| Opioid Overdose   | 93.279              | 744211                        | University of Washington                               | 2469.001       | Pass Through   | \$9,734              |
| Intermittent Naltrexone   | 93.279              | 7309sc                        | Regents of the University of California- San Francisco | 2477.001       | Pass Through   | \$901                |
| Intermittent Naltrexone   | 93.279              | 7309sc                        | Regents of the University of California- San Francisco | 2477.002       | Pass Through   | \$26,803             |
| Exploring Experiences   | 93.279              | None                          | RTI International                                      | 2508.001       | Pass Through   | \$1,515              |
| HIV Prevention Research Ethics  | 93.279              | 5R25DA031608                  | Fordham University                                     | 2538.001       | Pass Through   | \$3,384              |
| <b>Sub-total CFDA No. 93.279 - Drug Abuse and Addiction Research Programs</b>   |                     |                               |  |                |                | <b>\$687,525</b>     |

See accompanying notes to schedule of expenditures of federal awards and report on compliance for each major program and on internal control over compliance required by OMB Circular A-133

**PUBLIC HEALTH FOUNDATION ENTERPRISES, INC.**  
**(A California Not-for-Profit Corporation)**  
**Schedule of Expenditures of Federal Awards (continued)**  
**Year Ended June 30, 2014**

| Project Name  | Federal CFDA Number | Agency or Pass Through Number | Contract Agency or Pass Through Name  | Grantee Number | Direct Federal | Federal Expenditures |
|---|---------------------|-------------------------------|---|----------------|----------------|----------------------|
| <b>DHHS-NIH Pass Through (continued)</b>  |                     |                               |   |                |                |                      |
| OCACHR - PS91 ARRA  | 93.701              | PS91                          | Regents of the University of California-Irvine / Child and Family Commission of Orange County | 2398.003       | Pass Through   | \$117,480            |
| <b>Sub-total CFDA No. 93.701 - ARRA -Trans-NIH Recovery Act Research Support</b>          |                     |                               |   |                |                | <b>\$117,480</b>     |
| HVTN-Leadership Group   | 93.855              | 0000747832                    | Fred Hutchinson Cancer Research Center  | 0424.012       | Pass Through   | \$33,418             |
| Womens Interagency HIV  | 93.855              | None                          | Regents of the University of California- San Francisco / The Hektoen Institute                | 0578.003       | Pass Through   | \$22                 |
| Online Collaborative HVTN   | 93.855              | 0000753288                    | Fred Hutchinson Cancer Research Center  | 2025.009       | Pass Through   | (\$3,163)            |
| HVTN Protocol Implementation Funds 2  | 93.855              | 0000658015                    | Fred Hutchinson Cancer Research Center  | 2259.002       | Pass Through   | \$20,276             |
| MRCE for Biodefense and EID   | 93.855              | WU13221                       | University of Washington  | 2284.005       | Pass Through   | \$16,775             |
| USA HIV Vaccine Trials  | 93.855              | 0000747743                    | Fred Hutchinson Cancer Research Center  | 2294.004       | Pass Through   | \$135,643            |
| HVTN 505  | 93.855              | 0000750865                    | Fred Hutchinson Cancer Research Center  | 2302.004       | Pass Through   | \$215,894            |
| Rapid Tests for Drug Resistance   | 93.855              | 10305960004                   | Regents of the University of California-San Diego   | 2345.004       | Pass Through   | \$4,823              |
| Rapid Tests for Drug Resistance   | 93.855              | 10305960006                   | Regents of the University of California-San Diego   | 2345.005       | Pass Through   | \$10,903             |
| PREPARE   | 93.855              | 00800154933                   | Family Health International   | 2424.003       | Pass Through   | \$1,146,327          |
| Incidence Series CP   | 93.855              | None                          | SeraCare Life Science, Inc.   | 2445.001       | Pass Through   | \$61,475             |
| Plant-Produced Actinohivin as a candidate HIV Microbicide                                 | 93.855              | ULRF100066A1                  | University of Louisville Research Foundation, Inc.  | 2482.001       | Pass Through   | \$16,203             |
| NIH-WIHS  | 93.855              | 5U01AI0383420                 | Regents of the University of California- San Francisco / State University of New York         | 2483.001       | Pass Through   | \$22,260             |
| NIH-WIHS-Hektoen  | 93.855              | 5U01AI03499319                | Regents of the University of California- San Francisco / The Hektoen Institute                | 2484.001       | Pass Through   | \$27,579             |
| PrEP and ART AMUDBS   | 93.855              | FY13265002                    | Regents of the University of Colorado-Denver  | 2503.002       | Pass Through   | \$23,734             |
| Admin Support Services  | 93.855              | 62510                         | RTI International   | 2509.001       | Pass Through   | \$883                |
| MTN-003D  | 93.855              | 1312021200251652L             | RTI International   | 2521.001       | Pass Through   | \$4,222              |
| Laborde - Task 001  | 93.855              | 1312021200251652L             | RTI International   | 2521.002       | Pass Through   | \$10,691             |
| HVTN RAMP   | 93.855              | 0000804237                    | Fred Hutchinson Cancer Research Center  | 2550.001       | Pass Through   | \$2,123              |
| <b>Sub-total CFDA No. 93.855 - Allergy, Immunology and Transplantation Research</b>       |                     |                               |   |                |                | <b>\$1,750,088</b>   |
| Starfish  | 93.865              | DPHC14000488                  | San Francisco Department of Public Health   | 2495.001       | Pass Through   | \$60,121             |
| Starfish  | 93.865              | DPHC14000488                  | San Francisco Department of Public Health   | 2495.002       | Pass Through   | \$22,722             |
| WIC-UCLA Child Obesity  | 93.865              | 1920GRA149                    | Regents of the University of California-Los Angeles   | 2525.001       | Pass Through   | \$28,512             |
| <b>Sub-total CFDA No. 93.865 - Child Health and Human Development Extramural Research</b> |                     |                               |   |                |                | <b>\$111,355</b>     |
| Home Screening for Bacterial Vaginosis  | 93.RD               | None                          | University of Alabama   | 2229.004       | Pass Through   | \$95,010             |
| GC Dual   | 93.RD               | None                          | University of Alabama   | 2299.002       | Pass Through   | \$35,320             |
| <b>Sub-total CFDA No. 93.RD - Research contract w/no CFDA#</b>                            |                     |                               |   |                |                | <b>\$130,330</b>     |
| <b>Sub-total DHHS-NIH Pass Through</b>  |                     |                               |   |                |                | <b>\$2,983,715</b>   |
| <b>US Department of Treasury-IRS Pass Through</b>   |                     |                               |   |                |                |                      |
| Discovery of IDAVI  | 93.RD               | None                          | Susavion  | 2378.002       | Pass Through   | \$7,405              |
| <b>Sub-total CFDA No. 93.RD - Research contract w/no CFDA#</b>                            |                     |                               |   |                |                | <b>\$7,405</b>       |
| <b>Sub-total US Department of Treasury-IRS Pass Through</b>                               |                     |                               |   |                |                | <b>\$7,405</b>       |
| <b>TOTAL RESEARCH AND DEVELOPMENT CLUSTER</b>   |                     |                               |   |                |                | <b>\$11,243,915</b>  |
| <b>GRAND TOTAL</b>  |                     |                               |   |                |                | <b>\$84,597,907</b>  |

See accompanying notes to schedule of expenditures of federal awards and report on compliance for each major program and on internal control over compliance required by OMB Circular A-133

**PUBLIC HEALTH FOUNDATION ENTERPRISES, INC.**  
**(A California Not-for-Profit Corporation)**  
**Notes to Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2014**

**(1) Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal grant activity of Public Health Foundation Enterprises, Inc. (“PHFE”) under programs of the federal government for the year ended June 30, 2014. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget (“OMB”) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Because the Schedule presents only a selected portion of the operations of PHFE, it is not intended to and does not present the financial position, changes in net assets or cash flows of PHFE.

**(2) Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-122, Cost Principles for Non-Profit Organizations, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

**PUBLIC HEALTH FOUNDATION ENTERPRISES, INC.**  
**(A California Not-for-Profit Corporation)**  
**Notes to Schedule of Expenditures of Federal Awards (continued)**  
**Year Ended June 30, 2014**

**(3) Subrecipients**

Federal awards paid to subrecipients during the year ended June 30, 2014 were as follows:

| Project Name                                      | CFDA         | Total                             |
|---|--------------|-----------------------------------|
| Periconceptional Nutrition                        | 10.586       | \$ 3,571                          |
| Los Angeles Family AIDS Network (LAFAN)           | 93.153       | 353,357                           |
| Longitudinal Research                             | 93.242       | 65,220                            |
| EPIC Enhancing PrEP                               | 93.242       | 145,387                           |
| SHARP Research Program                            | 93.242       | 10,820                            |
| Naltrexone for Treatment of Met-Dependent MSM     | 93.279       | 48,825                            |
| Mirtazapine for Treatment of Meth Dependence      | 93.279       | 25,145                            |
| California Emerging Infections Program            | 93.283       | 374,664                           |
| Epidemiology & Laboratory Capacity for Infectious | 93.283       | (40,395)                          |
| PPHF Building Epidemiology Laboratory Capacity    | 93.283       | 223,779                           |
| PPHF Building Epidemiology Laboratory Capacity    | 93.521       | 118,025                           |
| OCACHR - PS91 - ARRA                              | 93.701       | 30,492                            |
| CHHS LANES - ARRA                                 | 93.719       | 40,917                            |
| SF Vaccine and Prevention                         | 93.855       | 800,310                           |
| SF Clinical Trials Unit                           | 93.855       | 889,248                           |
| Prevention Umbrella for MSM in Americans          | 93.855       | 223,761                           |
| PREPARE   | 93.855       | 33,954                            |
| HOME: A Comprehensive HIV Testing                 | 93.855       | 203,266                           |
| Women Infant Children-UCLA Child Obesity          | 93.865       | 9,883                             |
| Case Management - Psychosocial                    | 93.917       | 51,286                            |
| Capacity Building Assistance                      | 93.939       | 608,525                           |
| Program Collaboration and Service Integration     | 93.940       | 140,553                           |
| Implementing New Direction                        | 93.940       | 219,523                           |
| Augmenting High Impact                            | 93.940       | 354,896                           |
| Medical Monitoring Project                        | 93.944       | 11,855                            |
|   | <b>Total</b> | <b><u><u>\$ 4,946,867</u></u></b> |

**PUBLIC HEALTH FOUNDATION ENTERPRISES, INC.**  
**(A California Not-for-Profit Corporation)**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2014**

**(1) Summary of Auditors' Results**

***Financial Statements***

Type of auditors' report issued on the financial statements: **Unmodified opinion**

Internal control over financial reporting:

Material weaknesses identified?        Yes   X   No

Significant deficiencies identified that are not considered to be material weaknesses?        Yes   X   None reported

Noncompliance material to the financial statements noted?        Yes   X   No

***Federal Awards***

Internal control over major programs:

Material weaknesses identified?        Yes   X   No

Significant deficiencies identified that are not considered to be material weaknesses?        Yes   X   None reported

Identification of major programs and type of auditors' report issued on compliance:

| <u>Program Name</u>   | <u>CFDA Number</u> | <u>Opinion</u> |
|---|--------------------|----------------|
| Special Supplemental Nutrition Program for Women, Infants, and Children   | 10.557             | Unmodified     |
| Child and Adult Care Food Program   | 10.558             | Unmodified     |
| CDC and Prevention - Investigations and Technical Assistance  | 93.283             | Unmodified     |
| HIV Prevention Activities - Health Department Based   | 93.940             | Unmodified     |
| Research & Development Cluster  | Various            | Unmodified     |
| The Affordable Care Act: Building Epidemiology, Laboratory, and Health Information Systems Capacity in the Epidemiology and Laboratory Capacity for Infectious Disease (ELC) and Emerging Infections Program (EIP) Cooperative Agreements | 93.521             | Unmodified     |
| Other items:  |                    |                |

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133?        Yes   X   No

Dollar threshold used to distinguish between type A and type B programs: **\$2,537,937**

Auditee qualified as a low-risk auditee under section 0.530 of OMB Circular A-133?        Yes   X   No

**PUBLIC HEALTH FOUNDATION ENTERPRISES, INC.**  
**(A California Not-for-Profit Corporation)**  
**Summary Schedule of Prior Audit Findings**

**Comments Originating in the Year Ended June 30, 2013:**

**FS-2013-01**                    *Accounting Policies, Closing the Books and Review of Financial Statements*

PHFE does not have policies and procedures in place, documented and available, to help facilitate the daily, on-going accounting, as well as the financial statement close process in accordance with Generally Accepted Accounting Principles (“GAAP”). The purpose of a policies and procedures manual is to ensure that proper accounting principles are being applied, that similar transactions are treated consistently, and that financial reports are produced in the form desired by management. A logical and organized methodology is of significant benefit and will help the process become easier over time. We noted during our audit that PHFE had begun the process of correcting this by contracting a Chief Financial Officer who is knowledgeable about GAAP; however, we also noted that because she was contracted near the end of the year, many areas had not yet been addressed, including, but not limited to:

- determining the appropriate classification of various balance sheet and income statement accounts;
- recognizing expenses incurred on the Organization’s credit card in the proper period and billing for them in a timely manner; and
- accounting for capitalizable program assets and liabilities.

Status: Implemented

**F-2013-01**                    *Cash Management*

PHFE allowed costs to be billed to a program based on a purchase order, which was only an estimate of costs to be incurred. Once the costs were incurred and items were shipped to PHFE, the amount paid was less than the amounts billed to the program, and PHFE refunded approximately \$63,000 for the overbilling. We selected a sample of 25 expense items from the general ledger detail and noted one exception, resulting in this finding.

Status: Implemented

**F-2013-02**                    *Subrecipient Monitoring*

PHFE does not have adequate controls in place to ensure that subrecipients, that expend \$500,000 or more in federal funds, have received a single audit. PHFE also does not have adequate controls in place to ensure the proper review of subrecipients’ corrective actions on deficiencies, or that PHFE management decisions are made regarding the subrecipient within six months of receiving their single audit report.

Status: Implemented

**PUBLIC HEALTH FOUNDATION ENTERPRISES, INC.**  
**(A California Not-for-Profit Corporation)**  
**Summary Schedule of Prior Audit Findings (continued)**

**Comments Originating in the Year Ended June 30, 2012:**

**FS 2012-01**

***Closing the Books and Review of Financial Statements***

The current accounting department for PHFE performs well in the basic program accounting and recordkeeping functions. However, the process is lacking a supervisory or review function performed by an individual with a strong knowledge of generally accepted accounting principles (“GAAP”). We noted during our audit that PHFE was not properly:

- accruing for vacation and sick pay for federal program employees;
- classifying liabilities, such as deferred revenue and amounts due to subcontractors, net of the related accounts receivable;
- classifying prepaid expenses, such as workers compensation insurance and other prepayments, net of the related accounts payable;
- recording revenues and expenses, due to recording indirect fees twice as both indirect fee revenue and program revenue, offset by an equal amount of program expenses;
- accounting for rent expense where lease agreements included elements of escalating rents; and
- determining capital leases from operating leases and properly accounting for the capitalized asset, interest expense and liability of capital lesases.

Status: Implemented

**FS 2012-02**

**State Unemployment Insurance (“SUI”)**

PHFE has elected the reimbursement method of paying their state unemployment insurance, which is allowed for non-profits in order to keep their costs low. Under this method, PHFE reimburses the State of California quarterly for funds distributed during the period. However, PHFE is accruing unemployment insurance costs based on the traditional method of 3.6% of the first \$7,000 of wages for each employee. This condition resulted in an overstatement of the SUI accrual by \$1,240,000, but an understatement of the SUI expense by \$203,000 in the current fiscal year. Because this condition existed in the prior year, there was a prior period effect which adjusted the beginning net assets by \$1,443,000.

Status: Implemented

**PUBLIC HEALTH FOUNDATION ENTERPRISES, INC.**  
**(A California Not-for-Profit Corporation)**  
**Summary Schedule of Prior Audit Findings (continued)**

**Comments Originating in the Year Ended June 30, 2012 (continued):**

**FS-2012-03                      Workers Compensation**

PHFE accrues workers compensation expense using a formula based program that estimates the expense for purposes of billing their programs. However, the actual liability at the end of the year should be comprised of only known claims and an estimate of incurred but not reported (“IBNR”) claims on the retroactive and captive insurance policies for the years ended June 30, 2005 through 2010. All claims submitted after June 30, 2010 are covered under the current guaranteed cost policy in which PHFE pays annual premiums for 100% coverage. PHFE’s method of accruing workers compensation expense resulted in an overstatement of the liability by \$550,000 and an overstatement of the expense by \$49,000. Because this condition existed in the prior year, there was a prior period effect which adjusted the beginning net assets by \$501,000.

Status: Implemented

**FS-2012-04                      Revenue Recognition**

During our audit procedures, we noted inconsistencies regarding the classification of various contracts. We noted several private contracts improperly recorded as contributions resulting in revenue being recognized in the wrong period. Contribution revenue should be recognized upon receipt of the contributor’s pledge, while contract revenue is recognized as earned based on the terms of the contract. The improper classification resulted in an understatement of revenue of \$110,000 and an understatement of deferred revenue of \$374,000. Because this condition existed in the prior year there is a prior period effect which adjusted the beginning net asset by \$484,000.

Status: Implemented

**FS-2012-05                      Cash reconciliation process**

While performing audit procedures surrounding the cash reconciliation process, we noted that the process to reconcile PHFE’s cash accounts is overly complex. PHFE improperly includes credit card payables and cancelled electronic ACH payments and improperly excludes certain outstanding payroll checks as reconciling items, the net effects of which resulted in the understatement of cash and accounts payable by \$181,000.

Status: Implemented