

**CALIFORNIA CENTER FOR
PUBLIC HEALTH ADVOCACY
D.B.A. PUBLIC HEALTH ADVOCATES**

Independent Auditor's Report
and Financial Statements

Year Ended December 31, 2016

**CALIFORNIA CENTER FOR PUBLIC HEALTH ADVOCACY
D.B.A. PUBLIC HEALTH ADVOCATES
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2016**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
California Center for Public Health Advocacy, d.b.a. Public Health Advocates

Report on the Financial Statements

We have audited the accompanying financial statements of California Center for Public Health Advocacy, d.b.a. Public Health Advocates (a nonprofit organization) which comprise the statements of financial position as of December 31, 2016, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of California Center for Public Health Advocacy, d.b.a. Public Health Advocates as of December 31, 2016, and the changes in its net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Fritzsche Associates, Inc.

Certified Public Accountants

Sacramento, CA

July 12, 2017

**CALIFORNIA CENTER FOR PUBLIC HEALTH ADVOCACY
D.B.A. PUBLIC HEALTH ADVOCATES
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2016 AND 2015**

Assets	2016	2015
Current assets:		
Cash and equivalents	\$ 1,038,293	\$ 987,415
Grants and contributions receivable	968,664	1,398,165
Other receivables	-	1,917
Prepaid expenses and deposits	53,100	60,618
Total current assets	2,060,057	2,448,115
Fixed assets, net	27,848	9,757
 Total assets	 \$ 2,087,905	 \$ 2,457,872
 Liabilities and Net Assets		
Current liabilities:		
Accounts payable	\$ 39,544	\$ 97,661
Accrued expenses	112,922	114,439
Total current liabilities	152,466	212,100
Unrestricted net assets:		
Designated for reserves	56,424	56,198
Undesignated	160,383	117,582
Temporarily restricted net assets	1,718,632	2,071,992
Total net assets	1,935,439	2,245,772
 Total liabilities and net assets	 \$ 2,087,905	 \$ 2,457,872

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

**CALIFORNIA CENTER FOR PUBLIC HEALTH ADVOCACY
D.B.A. PUBLIC HEALTH ADVOCATES
STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2016 AND 2015**

	2016	2015
<u>Unrestricted net assets</u>		
Revenues, gains, and other support:		
Federal grants	\$ 497,581	\$ 2,095,256
State and local government grants	49,748	88,135
Corporate grants	7,800	45,500
Conference revenue, net	100,353	-
Contributions	53,162	27,460
In-kind contributions	47,093	-
Interest income	784	585
Other income	12,611	17,451
	769,132	2,274,387
Total unrestricted revenues, gains and other support		
Net assets released from restrictions	1,822,880	1,577,394
	2,592,012	3,851,781
Expenses:		
Program services:		
Education	2,131,858	3,248,932
Lobbying	74,716	118,478
Total program services	2,206,574	3,367,410
Supporting services:		
General and administrative	319,589	491,256
Fundraising	22,822	158,718
Total supporting services	342,411	649,974
Total expenses	2,548,985	4,017,384
Change in unrestricted net assets	43,027	(165,603)
<u>Temporarily restricted net assets</u>		
Foundation grants	1,422,520	2,112,225
Contributions	47,000	163,680
Net assets released from restrictions	(1,822,880)	(1,577,394)
Change in temporarily restricted net assets	(353,360)	698,511
Change in net assets	(310,333)	532,908
Net assets, beginning of year	2,245,772	1,712,864
Net assets, end of year	\$ 1,935,439	\$ 2,245,772

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

**CALIFORNIA CENTER FOR PUBLIC HEALTH ADVOCACY
D.B.A. PUBLIC HEALTH ADVOCATES
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2016**

	Program Services			Supporting Services			2016 Total
	Education	Lobbying	Total	General and Administrative	Fundraising	Total	
Salaries & wages	\$ 937,295	\$ 9,195	\$ 946,490	\$ 163,785	\$ 9,349	\$ 173,134	\$ 1,119,624
Payroll taxes	74,984	736	75,720	11,419	748	12,167	87,887
Employee benefits	254,569	2,389	256,958	33,115	2,244	35,359	292,317
Subtotal personnel	1,266,848	12,320	1,279,168	208,319	12,341	220,660	1,499,828
Bank & payroll fees	-	-	-	2,751	1,564	4,315	4,315
Depreciation	7,192	86	7,278	1,198	86	1,284	8,562
Dues & subscriptions	427	201	628	28,022	361	28,383	29,011
Incentives & stipends	17,026	-	17,026	-	50	50	17,076
Insurance	356	10	366	7,996	9	8,005	8,371
In-kind expenses	46,718	-	46,718	375	-	375	47,093
Miscellaneous	582	1,012	1,594	1,658	1	1,659	3,253
Occupancy	143,065	2,762	145,827	28,285	2,763	31,048	176,875
Printing & postage	16,833	214	17,047	2,186	872	3,058	20,105
Professional fees	429,632	53,236	482,868	28,234	608	28,842	511,710
Program expenses	7,341	-	7,341	52	-	52	7,393
Public relations	61,140	-	61,140	-	-	-	61,140
Supplies	20,474	266	20,740	2,240	246	2,486	23,226
Telephone	18,961	405	19,366	4,052	406	4,458	23,824
Travel	76,299	752	77,051	2,264	240	2,504	79,555
Training & conferences	13,907	358	14,265	854	131	985	15,250
Website & internet	5,057	3,094	8,151	1,103	3,144	4,247	12,398
Total expenses	<u>\$ 2,131,858</u>	<u>\$ 74,716</u>	<u>\$ 2,206,574</u>	<u>\$ 319,589</u>	<u>\$ 22,822</u>	<u>\$ 342,411</u>	<u>\$ 2,548,985</u>

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

**CALIFORNIA CENTER FOR PUBLIC HEALTH ADVOCACY
D.B.A. PUBLIC HEALTH ADVOCATES
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2015**

	Program Services			Supporting Services			2015 Total
	Education	Lobbying	Total	General and Administrative	Fundraising	Total	
Salaries & wages	\$ 1,469,001	\$ 27,916	\$ 1,496,917	\$ 144,120	\$ 74,587	\$ 218,707	\$ 1,715,624
Payroll taxes	119,035	2,373	121,408	12,250	6,340	18,590	139,998
Employee benefits	<u>364,059</u>	<u>6,867</u>	<u>370,926</u>	<u>24,005</u>	<u>17,428</u>	<u>41,433</u>	<u>412,359</u>
Subtotal personnel	1,952,095	37,156	1,989,251	180,375	98,355	278,730	2,267,981
Bank & payroll fees	4,514	-	4,514	135	1,859	1,994	6,508
Depreciation	15,824	295	16,119	1,658	645	2,303	18,422
Dues & subscriptions	743	-	743	29,663	350	30,013	30,756
Incentives & stipends	8,812	-	8,812	-	2,619	2,619	11,431
Insurance	34	-	34	9,361	-	9,361	9,395
Legislative advocacy	-	4,423	4,423	-	-	-	4,423
Miscellaneous	560	624	1,184	3,297	-	3,297	4,481
Occupancy	141,922	3,054	144,976	74,971	2,202	77,173	222,149
Printing & postage	25,013	278	25,291	1,941	2,301	4,242	29,533
Professional fees	182,012	68,929	250,941	142,897	41,301	184,198	435,139
Program expenses	649,735	-	649,735	-	-	-	649,735
Public relations	56,578	952	57,530	14,965	699	15,664	73,194
Supplies	28,935	529	29,464	9,438	1,187	10,625	40,089
Telephone	44,000	630	44,630	9,965	-	9,965	54,595
Travel	90,053	1,311	91,364	2,421	463	2,884	94,248
Training & conferences	40,802	152	40,954	5,741	2,053	7,794	48,748
Website & internet	<u>7,300</u>	<u>145</u>	<u>7,445</u>	<u>4,428</u>	<u>4,684</u>	<u>9,112</u>	<u>16,557</u>
Total expenses	<u>\$ 3,248,932</u>	<u>\$ 118,478</u>	<u>\$ 3,367,410</u>	<u>\$ 491,256</u>	<u>\$ 158,718</u>	<u>\$ 649,974</u>	<u>\$ 4,017,384</u>

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

**CALIFORNIA CENTER FOR PUBLIC HEALTH ADVOCACY
D.B.A. PUBLIC HEALTH ADVOCATES
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2016 AND 2015**

	2016	2015
Cash flows from operating activities:		
Change in net assets	\$ (310,333)	\$ 532,908
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Depreciation	8,562	18,423
Loss on disposition of fixed assets	2,214	-
Decrease (increase) in grants receivables	429,501	218,152
Decrease (increase) in other receivables	1,917	602
Decrease (increase) in prepaid expenses and deposits	7,518	(3,747)
Increase (decrease) in accounts payable	(58,117)	(190,124)
Increase (decrease) in accrued expenses	(1,517)	(54,314)
Net cash provided by operating activities	79,745	521,900
Cash flows from investing activities		
Purchase of fixed assets	(28,867)	-
Net cash used in investing activities	(28,867)	-
Net increase (decrease) in cash	50,878	521,900
Cash and equivalents, beginning of year	987,415	465,515
Cash and equivalents, end of year	\$ 1,038,293	\$ 987,415

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

**CALIFORNIA CENTER FOR PUBLIC HEALTH ADVOCACY
D.B.A. PUBLIC HEALTH ADVOCATES
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016**

NOTE A – NATURE OF THE ORGANIZATION

The California Center for Public Health Advocacy, d.b.a. Public Health Advocates (PHAdvocates) located in Davis, California was established in 1999 by California’s two public health associations—Southern California Public Health Association (SCPHA) and California Public Health Association—North (CPHA-N). Dedicated to the development of healthier California communities, PHAdvocates raises public awareness about critical public health issues and mobilizes communities to promote the establishment of effective state and local health policies. Brief descriptions of PHAdvocates programs are as follows:

Education: Through its Education program, PHAdvocates informs state and local policymakers, community leaders, and local residents about the importance of healthy eating and physical activity as strategies to curb the epidemics of obesity and diabetes.

Research: Through its Research program, PHAdvocates conducts studies and publishes and disseminates findings as a way to inform Californians about issues related to healthy eating, physical activity, obesity, and diabetes.

Lobbying: Through its Lobbying program, PHAdvocates uses unrestricted resources to influence state and local legislation related to its exempt purpose through grassroots organizing and direct contact with elected officials or their staff.

PHAdvocates is funded by an array of foundations, individual and organizational donors, and government grants. PHAdvocates uses only unrestricted, non-government funds to support its state and local lobbying activities.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements of PHAdvocates have been prepared on the accrual basis of accounting. Net assets are classified based on the existence or absence of donor-imposed restrictions. Accordingly, PHAdvocates classifies their net assets and changes in net assets as follows:

Unrestricted net assets – Net assets that are not subject to donor-imposed restrictions or the donor imposed restrictions have expired.

Temporarily restricted net assets – Net assets subject to donor-imposed restrictions that may or will be met either by actions of PHAdvocates and/or the passage of time.

**CALIFORNIA CENTER FOR PUBLIC HEALTH ADVOCACY
D.B.A. PUBLIC HEALTH ADVOCATES
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016**

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation (continued)

Permanently restricted net assets – Net assets to be held in perpetuity as directed by donors. The income from the contributions is available to support activities as designated by donors. PHAdvocates had no permanently restricted net assets at December 31, 2016.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on assets and liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor restriction or by law.

Grants and Contributions

Grants and contributions, including unconditional promises to give, are reported as revenues in the period received except those grants that are deemed to be exchange transactions, which are reported as revenue as expenses are incurred. Grants receivable are considered fully collectible within one year. Accordingly, no allowance for uncollectible grants has been established. Amounts received in excess of amounts recognized are included in deferred revenue.

Cash and Equivalents

Cash and equivalents consist of cash on hand and highly liquid investments with original or remaining maturities of three months or less at the time of purchase.

Use of Estimates

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates under different assumptions or conditions.

Fixed Assets

Acquisitions of fixed assets in excess of \$2,500 are capitalized and stated at cost. Donated fixed assets are reported at fair value at the date of the gift. Depreciation is calculated on the straight-line method over the estimated useful lives of the assets.

**CALIFORNIA CENTER FOR PUBLIC HEALTH ADVOCACY
D.B.A. PUBLIC HEALTH ADVOCATES
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016**

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Functional Expenses

The costs of providing program services and supporting services have been summarized on a functional basis in the Statements of Activities and in the Statements of Functional Expenses. Indirect costs are allocated among programs and supporting services based on personnel, space, and other factors.

Income Tax Status

PHAdvocates is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code. In addition, PHAdvocates qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(vi) and has been classified as an organization that is not a private foundation under Section 509(a)(1).

Management of PHAdvocates has evaluated the tax positions and related income tax contingencies. Management does not believe that any material uncertain tax positions exist.

Reclassifications

Certain prior year amounts have been reclassified to conform to the current year presentation.

NOTE C – GRANTS AND CONTRIBUTIONS RECEIVABLE

Grants receivable, all of which management considers fully collectible, consist of the following at December 31, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Less than one year	\$ <u>968,664</u>	\$ <u>1,398,165</u>
Total grants and contributions receivable	\$ <u>968,664</u>	\$ <u>1,398,165</u>

**CALIFORNIA CENTER FOR PUBLIC HEALTH ADVOCACY
D.B.A. PUBLIC HEALTH ADVOCATES
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016**

NOTE D – FIXED ASSETS

Fixed assets consisted of the following as of December 31:

	<u>2016</u>	<u>2015</u>
Office furniture & equipment	\$ 98,195	\$ 152,940
Improvements	--	5,115
Less: accumulated depreciation	<u>(70,347)</u>	<u>(148,298)</u>
Total fixed assets	<u>\$ 27,848</u>	<u>\$ 9,757</u>

Depreciation expense was \$8,562 and \$18,422 for the years ended December 31, 2016 and 2015, respectively.

NOTE E – COMMITMENTS

PHAdvocates leases office space and equipment in Stockton and Oakland, California under operating leases that expire on various dates through 2020. Future minimum lease payments under these agreements are as follows for the years ended December 31:

2017	\$ 34,334
2018	35,222
2019	1,778
2020	<u>445</u>
Total future minimum rental payments, net	<u>\$ 71,779</u>

Rental expense for the years ended December 31, 2016 and 2015 was \$167,845 and \$215,266, respectively.

**CALIFORNIA CENTER FOR PUBLIC HEALTH ADVOCACY
D.B.A. PUBLIC HEALTH ADVOCATES
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016**

NOTE F – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets representing unexpended contributions restricted for the following purposes or for the passage of time consisted of the following at December 31:

	<u>2016</u>	<u>2015</u>
Kaiser HEAL	\$ 993,062	\$ 663,698
AHA Voices	258,544	202,960
The California Wellness Foundation	197,637	356,518
TCE Diabetes Prevention	100,000	--
TCE Boyle Heights	80,601	228,159
TCE Core	51,668	--
TCE Soda	21,183	380,491
Crossfit	--	90,000
Kaiser Soda	--	70,516
California Healthcare Foundation	--	59,806
Other	<u>15,937</u>	<u>19,844</u>
Total temporarily restricted net assets	<u>\$ 1,718,632</u>	<u>\$ 2,071,992</u>

NOTE G – FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of substantially all reported assets and liabilities which represent financial instruments (none of which are held for trading purposes) approximate the carrying value of such amounts.

NOTE H – CONCENTRATIONS

Financial instruments that potentially subject PHAdvocates to concentrations of credit risk consist of cash deposits. Cash balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per banking institution. As of December 31, 2016 and 2015 there was \$277,907 and \$435,625, respectively, in cash deposits in excess of FDIC limits.

During 2016, 84% of grants and contribution revenues were from four funding sources, and during 2015, 91% were from six funding sources. At December 31, 2016 and 2015, three of those funding sources accounted for 62% and 89% of grants and contributions receivable, respectively.

**CALIFORNIA CENTER FOR PUBLIC HEALTH ADVOCACY
D.B.A. PUBLIC HEALTH ADVOCATES
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016**

NOTE I – RETIREMENT PLAN

PHAdvocates has established a salary deferral plan under Internal Revenue Code 403(b) to help employees, who work at least half-time, accumulate money for their long-term financial needs. PHAdvocates makes an annual contribution to the plan equal to 5% of each eligible participant's compensation. Contributions to the plan were \$54,884 and \$86,384 for the years ended December 31, 2016 and 2015, respectively.

NOTE J – CONTINGENCIES

PHAdvocates is primarily funded by government and foundation grants and is subject to financial and compliance audits by the grantors or their representatives. The amount, if any, of expenditures which may be disallowed by the granting agencies, if any, cannot be determined at this time.

NOTE K – SUBSEQUENT EVENTS

Management of PHAdvocates has reviewed the results of operations for the period of time from its year end December 31, 2016 through July 12, 2017, the date the financial statements were available to be issued, and has determined that no adjustments are necessary to the amounts reported in the accompanying financial statements nor have any subsequent events occurred, the nature of which would require disclosure.

Our name was legally changed to Public Health Advocates on July 14, 2017.