

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

Independent Auditor's Reports,
Financial Statements and
Supplementary Information

Year Ended December 31, 2015

**CALIFORNIA CENTER FOR PUBLIC HEALTH ADVOCACY
D.B.A. PUBLIC HEALTH ADVOCATES
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2015**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the
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 the 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, 2015, 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 the California Center for Public Health Advocacy, d.b.a. Public Health Advocates as of December 31, 2015, 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.

Adjustments to Prior Period Financial Statements

The financial statements of PHAdvocates as of and for the year ended December 31, 2014, were audited by other auditors whose opinion dated May 27, 2015, expressed an unmodified opinion on those statements. As discussed in Note K to the financial statements, PHAdvocates has restated its 2014 financial statements to correct misstatements identified in the previously issued financial statements. The other auditors reported on the 2014 financial statements before the restatement.

As part of our audit of the 2015 financial statements, we also audited the adjustments described in Note K that were applied to restate the 2014 financial statements. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the 2014 financial statements of PHAdvocates other than with respect to the adjustments, and, accordingly, we do not express an opinion or any other form of assurance on the 2014 financial statements as a whole.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with 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 August 16, 2016, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to 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 the California Center for Public Health Advocacy, d.b.a. Public Health Advocates internal control over financial reporting and compliance.

Fritzsche Associates, Inc.

Certified Public Accountants
Sacramento, California
August 16, 2016

**CALIFORNIA CENTER FOR PUBLIC HEALTH ADVOCACY
D.B.A. PUBLIC HEALTH ADVOCATES
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2015 AND 2014**

Assets	2015	2014 (Restated)
Current assets:		
Cash and equivalents	\$ 987,415	\$ 465,515
Grants and contributions receivable	1,398,165	1,616,317
Other receivables	1,917	2,519
Prepaid expenses and deposits	60,618	56,871
Total current assets	2,448,115	2,141,222
Fixed assets, net	9,757	28,180
 Total assets	 \$ 2,457,872	 \$ 2,169,402
 Liabilities and Net Assets		
Current liabilities:		
Accounts payable	\$ 97,661	\$ 287,785
Accrued expenses	114,439	168,753
Total current liabilities	212,100	456,538
Unrestricted net assets:		
Designated for reserves	56,198	115,840
Undesignated	117,582	223,543
Temporarily restricted net assets	2,071,992	1,373,481
Total net assets	2,245,772	1,712,864
Total liabilities and net assets	\$ 2,457,872	\$ 2,169,402

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, 2015 AND 2014

	2015	2014 (Restated)
<u>Unrestricted net assets</u>		
Revenues, gains, and other support:		
Federal grants	\$ 2,095,256	\$ 1,363,488
Foundation grants	-	322,375
State and local government grants	88,135	240,265
Contributions	72,960	79,335
Interest income	585	850
Other income	17,451	11,802
	2,274,387	2,018,115
Total unrestricted revenues, gains and other support		
Net assets released from restrictions	1,577,394	1,675,222
	3,851,781	3,693,337
Expenses:		
Program services:		
Education	3,248,932	3,018,898
Lobbying	118,478	180,576
Total program services	3,367,410	3,199,474
Supporting services:		
General and administrative	491,256	433,627
Fundraising	158,718	64,077
Total supporting services	649,974	497,704
Total expenses	4,017,384	3,697,178
Change in unrestricted net assets	(165,603)	(3,841)
<u>Temporarily restricted net assets</u>		
Temporarily restricted grants	2,112,225	1,927,833
Contributions	163,680	6,260
Net assets released from restrictions	(1,577,394)	(1,675,222)
Change in temporarily restricted net assets	698,511	258,871
Change in net assets	532,908	255,030
Net assets, beginning of year as restated	1,712,864	1,457,834
Net assets, end of year	\$ 2,245,772	\$ 1,712,864

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
Consulting	-	-	-	-	-	-	-
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
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2014**

	Program Services			Supporting Services			2014 Total
	Education	Lobbying	Total	General and Administrative	Fundraising	Total	
Salaries & wages	\$ 1,405,877	\$ 53,397	\$ 1,459,274	\$ 143,407	\$ 23,505	\$ 166,912	\$ 1,626,186
Payroll taxes	128,830	1,195	130,025	5,350	1,874	7,224	137,249
Employee benefits	<u>281,462</u>	<u>3,523</u>	<u>284,985</u>	<u>59,364</u>	<u>5,647</u>	<u>65,011</u>	<u>349,996</u>
Subtotal personnel	1,816,169	58,115	1,874,284	208,121	31,026	239,147	2,113,431
Consulting	118,594	4,806	123,400	-	-	-	123,400
Depreciation	25,275	1,112	26,387	4,082	262	4,344	30,731
Dues & subscriptions	914	13	927	68	12	80	1,007
Incentives & stipends	10,262	2	10,264	787	4,307	5,094	15,358
Insurance	13,103	1	13,104	805	276	1,081	14,185
Legislative advocacy	5,953	8,016	13,969	-	-	-	13,969
Miscellaneous	1,040	-	1,040	5,149	2,077	7,226	8,266
Occupancy	158,446	2,216	160,662	16,815	2,257	19,072	179,734
Printing & postage	19,303	319	19,622	1,328	1,379	2,707	22,329
Professional fees	34,892	98,052	132,944	133,604	51	133,655	266,599
Program expenses	480,608	-	480,608	535	-	535	481,143
Public relations	60,569	1,827	62,396	1,012	5,859	6,871	69,267
Supplies	80,682	1,145	81,827	25,261	9,377	34,638	116,465
Telephone	34,763	409	35,172	2,027	409	2,436	37,608
Travel	99,570	3,790	103,360	4,047	4,277	8,324	111,684
Training & conferences	30,954	32	30,986	6,281	-	6,281	37,267
Website & internet	<u>27,801</u>	<u>721</u>	<u>28,522</u>	<u>23,705</u>	<u>2,508</u>	<u>26,213</u>	<u>54,735</u>
Total expenses	<u>\$ 3,018,898</u>	<u>\$ 180,576</u>	<u>\$ 3,199,474</u>	<u>\$ 433,627</u>	<u>\$ 64,077</u>	<u>\$ 497,704</u>	<u>\$ 3,697,178</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, 2015 AND 2014**

	2015	2014 (Restated)
Change in net assets	\$ 532,908	\$ (244,970)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities:		
Depreciation	18,423	30,731
Loss on disposition of fixed assets	-	1,526
Decrease (increase) in grants receivables	218,152	(305,061)
Decrease (increase) in other receivables	602	20,769
Decrease (increase) in prepaid expenses and deposits	(3,747)	(9,494)
Increase (decrease) in accounts payable	(190,124)	261,131
Increase (decrease) in accrued expenses	(54,314)	24,961
Net cash provided by (used in) operating activities	521,900	(220,407)
Net increase (decrease) in cash	521,900	(220,407)
Cash and equivalents, beginning of year	465,515	685,922
Cash and equivalents, end of year	\$ 987,415	\$ 465,515

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, 2015**

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.

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, 2015.

**CALIFORNIA CENTER FOR PUBLIC HEALTH ADVOCACY
D.B.A. PUBLIC HEALTH ADVOCATES
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015**

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (continued)

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.

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.

**CALIFORNIA CENTER FOR PUBLIC HEALTH ADVOCACY
D.B.A. PUBLIC HEALTH ADVOCATES
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015**

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 and contributions receivable are scheduled to be collected as follows at December 31:

	<u>2015</u>	<u>2014</u>
Less than one year	\$ <u>1,398,165</u>	\$ <u>1,616,317</u>
Total grants and contributions receivable	\$ <u>1,398,165</u>	\$ <u>1,616,317</u>

NOTE D – FIXED ASSETS

Fixed assets consisted of the following as of December 31:

	<u>2015</u>	<u>2014</u>
Office furniture & equipment	\$ 152,940	\$ 162,095
Improvements	5,115	5,115
Less: accumulated depreciation	<u>(148,298)</u>	<u>(139,030)</u>
Total fixed assets	\$ <u>9,757</u>	\$ <u>28,180</u>

Depreciation expense was \$18,422 and \$30,731 for the years ended December 31, 2015 and 2014, respectively.

**CALIFORNIA CENTER FOR PUBLIC HEALTH ADVOCACY
D.B.A. PUBLIC HEALTH ADVOCATES
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015**

NOTE E – COMMITMENTS

PHAdvocates leases office space in Davis, California; City of Industry, California; Stockton, California; and Oakland, California; under operating leases that expire on various dates through 2018. Future minimum lease payments under these agreements are as follows for the years ended December 31:

2016	\$ 81,246
2017	70,826
2018	35,222
2019	1,778
2020	<u>445</u>
Total future minimum rental payments, net	<u>\$ 189,517</u>

Rental expense for the years ended December 31, 2015 and 2014 was \$215,266 and \$177,971, respectively.

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>2015</u>	<u>2014</u>
Kaiser HEAL	\$ 663,698	\$ 714,379
TCE Soda	380,491	--
The California Wellness Foundation	356,518	--
TCE Boyle Heights	228,159	98,224
AHA Voices	202,960	--
Crossfit	90,000	--
Kaiser Soda	70,516	362,942
California Healthcare Foundation	59,806	--
TCE Core	--	181,956
Other	<u>19,844</u>	<u>15,980</u>
Total temporarily restricted net assets	<u>\$ 2,071,992</u>	<u>\$ 1,373,481</u>

**CALIFORNIA CENTER FOR PUBLIC HEALTH ADVOCACY
D.B.A. PUBLIC HEALTH ADVOCATES
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015**

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

PHAdvocates maintains its cash in bank accounts which, at times, may exceed the FDIC insured limits. The organization has not experienced losses in any of these accounts and management believes PHAdvocates is not exposed to any significant credit risk related to these accounts.

During 2015, 91% of grants and contribution revenues were from six funding sources, and during 2014, 83% were from five funding sources. At December 31, 2015 and 2014, three of those funding sources accounted for 89% and 90% of grants and contributions receivable, respectively.

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 \$86,384 and \$75,316 for the years ended December 31, 2015 and 2014, 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 – PRIOR PERIOD ADJUSTMENT

At fiscal year end December 31, 2014, PHAdvocates inadvertently failed to accrue \$500,000 in grants receivable from Kaiser Health Foundation. Accordingly, the balance of grants receivable and temporarily restricted net assets has been increased by \$500,000 at December 31, 2014. This adjustment has no effect on total net assets as of December 31, 2015.

**CALIFORNIA CENTER FOR PUBLIC HEALTH ADVOCACY
D.B.A. PUBLIC HEALTH ADVOCATES
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015**

NOTE L – SUBSEQUENT EVENTS

Management of PHAdvocates has reviewed the results of operations for the period of time from its year end December 31, 2015 through August 16, 2016, 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.

However, management would like to disclose that as of June 1st, 2016, the California Center for Public Health Advocacy (CCPHA) began doing business as Public Health Advocates (PHAdvocates). The name change was implemented for three reasons:

“California” in our original name was geographically limiting and doesn’t reflect our work elsewhere and our influence outside the state.

“Advocacy” is something we do. “Advocates” is who we are. As an organization, we honor and value the humanness of our staff and our relationships with partners and the residents we serve. It is important that our new name focus on people not practice.

Brevity: The old name was very long. The new name is more memorable and easier to digest.

Management is especially pleased with the new tagline “Everyone has the right to be healthy.” This is PHAdvocates defining value. It describes why the organization is here and what the organization works to achieve.

SUPPLEMENTARY INFORMATION

**CALIFORNIA CENTER FOR PUBLIC HEALTH ADVOCACY
D.B.A. PUBLIC HEALTH ADVOCATES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2015**

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. Department of Agriculture				
Passed through California Department of Public Health Nutrition Education and Obesity Prevention	10.561	13-20935	\$ 639,653	\$ 1,613,299
Total U.S. Department of Agriculture			<u>639,653</u>	<u>1,613,299</u>
U.S. Department of Health and Human Services				
Racial and Ethnic Approaches to Community Health	93.304	1-U58DP005628	-	481,885
Total U.S. Department of Health and Human Services			<u>-</u>	<u>481,885</u>
Total Expenditures of Federal Awards			<u>\$ 639,653</u>	<u>\$ 2,095,184</u>

The accompanying notes are an integral part of this schedule.

**CALIFORNIA CENTER FOR PUBLIC HEALTH ADVOCACY
D.B.A. PUBLIC HEALTH ADVOCATES
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2015**

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal award activity of the California Center for Public Health Advocacy, d.b.a. Public Health Advocates (PHAdvocates) under programs of the federal government for the year ended December 31, 2015. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of PHAdvocates, it is not intended to and does not present the financial position, changes in net assets, or cash flows of PHAdvocates.

Note 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 the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3. Indirect Cost Rate

PHAdvocates has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.



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 of
California Center for Public Health Advocacy, d.b.a. Public Health Advocates

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 the California Center for Public Health Advocacy, d.b.a. Public Health Advocates (a nonprofit organization), which comprise the statement of financial position as of December 31, 2015, and the related statement 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 August 16, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered California Center for Public Health Advocacy's, d.b.a. Public Health Advocates 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 do not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the California Center for Public Health Advocacy's, d.b.a. Public Health Advocates financial statements are free of 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.

Fritzsche Associates, Inc.

Certified Public Accountants
Sacramento, California
August 16, 2016



INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

Report on Compliance for Each Major Federal Program

We have audited the California Center for Public Health Advocacy’s d.b.a. Public Health Advocates compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Organization’s major federal programs for the year ended December 31, 2015. The Organization’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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for each of the Organization’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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 the Organization’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 the Organization’s compliance.

Opinion on Each Major Federal Program

In our opinion, the California Center for Public Health Advocacy, d.b.a. Public Health Advocates 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 December 31, 2015.

Report on Internal Control Over Compliance

Management of the Organization 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 the Organization'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 the Uniform Guidance, 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 the Organization'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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Fritzsche Associates, Inc.

Certified Public Accountants
Sacramento, California
August 16, 2016

**CALIFORNIA CENTER FOR PUBLIC HEALTH ADVOCACY
D.B.A. PUBLIC HEALTH ADVOCATES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2015**

Section I – Summary of Auditor’s Results

Financial Statements

Type of report the auditor issued on whether the financial statements were prepared in accordance with GAAP: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? _____ yes X no
none reported
- Significant deficiency(ies) identified? _____ yes X reported

Noncompliance material to financial statements noted?
_____ yes X no

Federal Awards

Internal Control over major programs:

- Material weakness(es) identified? _____ yes X no
none reported
- Significant deficiency(ies) identified? _____ yes X reported

Type of auditor’s report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ yes X none reported

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
10.561	Nutrition Education and Obesity Prevention

Dollar threshold used to distinguish between type A and type B programs: \$ 750,000

Auditee qualified as low-risk auditee? _____ yes X no

**CALIFORNIA CENTER FOR PUBLIC HEALTH ADVOCACY
D.B.A. PUBLIC HEALTH ADVOCATES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2015**

Section II – Financial Statement Findings

Nothing to report

Section III – Federal Award Findings and Questioned Costs

Nothing to report

**CALIFORNIA CENTER FOR PUBLIC HEALTH ADVOCACY
D.B.A. PUBLIC HEALTH ADVOCATES
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED DECEMBER 31, 2015**

Nothing to report