

**PUBLIC HEALTH INSTITUTE**

**FINANCIAL STATEMENTS**

December 31, 2016 and 2015

PUBLIC HEALTH INSTITUTE

FINANCIAL STATEMENTS  
December 31, 2016 and 2015

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Public Health Institute  
Oakland, California

**Report on the Financial Statements**

We have audited the accompanying financial statements of Public Health Institute, which comprise the statements of financial position as of December 31, 2016 and 2015, and the related statements of activities and changes in net assets, 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.

***Auditor's 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. 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 Public Health Institute'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 Public Health Institute'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 Public Health Institute as of December 31, 2016 and 2015, 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.

*Crowe Horwath LLP*

Crowe Horwath LLP

San Francisco, California  
June 28, 2017

PUBLIC HEALTH INSTITUTE  
STATEMENTS OF FINANCIAL POSITION  
December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 9,433,522	\$ 14,950,791
Grants and contracts receivable, net of allowance for doubtful accounts of \$75,000 in 2016 and 2015 (Note 2)	13,228,307	11,314,607
Prepaid expenses	1,479,780	1,267,605
Other assets	<u>148,604</u>	<u>73,621</u>
Total current assets	<u>24,290,213</u>	<u>27,606,624</u>
Furniture, equipment and computer software, net of accumulated depreciation and amortization (Note 3)	<u>2,866,627</u>	<u>2,071,483</u>
Total assets	<u>\$ 27,156,840</u>	<u>\$ 29,678,107</u>
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities:		
Accounts payable and other accrued liabilities	\$ 2,840,567	\$ 2,832,451
Accrued salaries and related leave	6,965,684	6,789,785
Contract advances	<u>4,225,713</u>	<u>6,194,784</u>
Total current liabilities	<u>14,031,964</u>	<u>15,817,020</u>
Net assets:		
Unrestricted:		
Undesignated	4,999,853	5,156,734
Designated (Note 4)	<u>827,922</u>	<u>949,732</u>
Total unrestricted	5,827,775	6,106,466
Temporarily restricted (Note 5)	<u>7,297,101</u>	<u>7,754,621</u>
Total net assets	<u>13,124,876</u>	<u>13,861,087</u>
Total liabilities and net assets	<u>\$ 27,156,840</u>	<u>\$ 29,678,107</u>

See accompanying notes to financial statements.

PUBLIC HEALTH INSTITUTE  
STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS  
For The Years Ended December 31, 2016 And 2015

	2016			2015		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Support and revenue						
Grants and contracts (Notes 2 and 9)	\$ 88,124,480	\$ 13,284,611	\$ 101,409,091	\$ 81,503,577	\$ 14,305,604	\$ 95,809,181
Contributions	258,237	-	258,237	225,561	-	225,561
Net assets released from donor restrictions	13,742,131	(13,742,131)	-	14,201,601	(14,201,601)	-
Total support and revenue	102,124,848	(457,520)	101,667,328	95,930,739	104,003	96,034,742
Expenses						
Direct expenses						
Salaries, wages and benefits (Note 8)	57,839,003	-	57,839,003	53,880,684	-	53,880,684
Professional services	5,477,500	-	5,477,500	5,456,552	-	5,456,552
Travel, training and professional development	9,493,952	-	9,493,952	8,759,979	-	8,759,979
Occupancy (Note 7)	3,756,856	-	3,756,856	3,747,469	-	3,747,469
Supplies	1,033,339	-	1,033,339	998,116	-	998,116
Publications and printing	158,784	-	158,784	210,747	-	210,747
Temporary help	248,264	-	248,264	232,300	-	232,300
Communications	1,026,769	-	1,026,769	1,080,856	-	1,080,856
Postage and delivery	487,494	-	487,494	482,434	-	482,434
Subcontracts and grants	7,619,354	-	7,619,354	7,350,089	-	7,350,089
Other	710,303	-	710,303	366,461	-	366,461
Total direct expenses	87,851,618	-	87,851,618	82,565,687	-	82,565,687
Indirect expenses:						
Allocated	14,446,762	-	14,446,762	13,642,914	-	13,642,914
Unallocated	105,159	-	105,159	94,618	-	94,618
Total indirect expenses	14,551,921	-	14,551,921	13,737,532	-	13,737,532
Total expenses	102,403,539	-	102,403,539	96,303,219	-	96,303,219
Change in net assets	(278,691)	(457,520)	(736,211)	(372,480)	104,003	(268,477)
Net assets at beginning of year	6,106,466	7,754,621	13,861,087	6,478,946	7,650,618	14,129,564
Net assets at end of year	\$ 5,827,775	\$ 7,297,101	\$ 13,124,876	\$ 6,106,466	\$ 7,754,621	\$ 13,861,087

See accompanying notes to financial statements.

PUBLIC HEALTH INSTITUTE  
STATEMENT OF FUNCTIONAL EXPENSES  
For The Year Ended December 31, 2016

	Program Services and Fundraising			Management and General			Total Expenses
	Program Services	Fundraising	Subtotal	PHI	ARG	Subtotal	
Salaries, wages and benefits	\$ 57,839,003	\$ -	\$ 57,839,003	\$ 8,806,904	\$ 760,076	\$ 9,566,980	\$ 67,405,983
Professional services	5,474,205	3,295	5,477,500	1,382,132	235,670	1,617,802	7,095,302
Travel, training and professional development	9,493,952	-	9,493,952	236,235	1,202	237,437	9,731,389
Occupancy	3,756,856	-	3,756,856	1,015,998	250,474	1,266,472	5,023,328
Supplies	1,033,339	-	1,033,339	283,958	99,834	383,792	1,417,131
Publications and printing	158,784	-	158,784	109,902	18,203	128,105	286,889
Temporary help	248,264	-	248,264	49,881	-	49,881	298,145
Communications	1,025,949	820	1,026,769	150,812	30,979	181,791	1,208,560
Postage and delivery	487,493	-	487,493	15,970	977	16,947	504,440
Subcontracts and grants	7,619,354	-	7,619,354	-	-	-	7,619,354
Other	709,812	491	710,303	1,092,003	10,711	1,102,714	1,813,017
	<u>\$ 87,847,012</u>	<u>\$ 4,606</u>	<u>\$ 87,851,618</u>	<u>\$ 13,143,795</u>	<u>\$ 1,408,126</u>	<u>\$ 14,551,921</u>	<u>\$ 102,403,539</u>

See accompanying notes to financial statements.

PUBLIC HEALTH INSTITUTE  
STATEMENT OF FUNCTIONAL EXPENSES  
For The Year Ended December 31, 2015

	Program Services and Fundraising			Management and General			Total Expenses
	Program Services	Fundraising	Subtotal	PHI	ARG	Subtotal	
Salaries, wages and benefits	\$ 53,879,484	\$ 1,200	\$ 53,880,684	\$ 8,963,051	\$ 673,707	\$ 9,636,758	\$ 63,517,442
Professional services	5,455,652	900	5,456,552	533,159	113,366	646,525	6,103,077
Travel, training and professional development	8,759,979	-	8,759,979	424,265	4,649	315,745	9,075,724
Occupancy	3,747,469	-	3,747,469	1,156,523	403,867	1,560,390	5,307,859
Supplies	998,116	-	998,116	267,112	50,604	317,716	1,315,832
Publications and printing	210,747	-	210,747	117,517	29,786	147,303	358,050
Temporary help	232,300	-	232,300	132,735	-	132,735	365,035
Communications	1,080,433	423	1,080,856	141,530	65,285	206,815	1,287,671
Postage and delivery	482,434	-	482,434	16,909	769	17,678	500,112
Subcontracts and grants	7,350,089	-	7,350,089	-	-	-	7,350,089
Other	365,168	1,293	366,461	636,555	6,143	642,698	1,009,159
	<u>\$ 82,561,871</u>	<u>\$ 3,816</u>	<u>\$ 82,565,687</u>	<u>\$ 12,389,356</u>	<u>\$ 1,348,176</u>	<u>\$ 13,737,532</u>	<u>\$ 96,303,219</u>

See accompanying notes to financial statements.



PUBLIC HEALTH INSTITUTE  
STATEMENTS OF CASH FLOWS  
For The Years Ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
<b>Cash flows from operating activities</b>		
Change in net assets	\$ (736,210)	\$ (268,477)
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation and amortization	308,558	74,339
(Increase) decrease in:		
Grants and contracts receivable	(1,913,700)	4,348,532
Prepaid expenses	(212,175)	(62,147)
Other assets	(74,983)	173,734
Increase (decrease) in:		
Accounts payable and accrued liabilities	8,116	(698,997)
Accrued salaries and related leave	175,899	(285,999)
Contract advances	<u>(1,969,071)</u>	<u>1,994,510</u>
Net cash (used in) provided by operating activities	<u>(4,413,566)</u>	<u>5,275,495</u>
<b>Cash flows from investing activities</b>		
Proceeds from sale of property, plant and equipment	(1)	230,903
Purchase of furniture, equipment and computer software	<u>(1,103,702)</u>	<u>(1,547,511)</u>
Net cash used in investing activities	<u>(1,103,703)</u>	<u>(1,316,608)</u>
Net (decrease) increase in cash and cash equivalents	(5,517,269)	3,958,887
Cash and cash equivalents at beginning of year	<u>14,950,791</u>	<u>10,991,904</u>
<b>Cash and cash equivalents at end of year</b>	<u><u>\$ 9,433,522</u></u>	<u><u>\$ 14,950,791</u></u>

See accompanying notes to financial statements.

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION**

Organization: The Public Health Institute (the Institute) is an independent, not-for-profit organization dedicated to promoting health, well-being and quality of life for people throughout California, across the nation and around the world. As one of the largest and most comprehensive public health organizations in the nation, the Institute is at the forefront of research and innovation to improve the efficacy of public health statewide, nationally and globally.

The Institute's mission is to generate and promote research, leadership and partnerships to build capacity for strong public health policy, programs, systems and practices. The Institute believes that health is a fundamental human right and just societies ensure equitable health outcomes for everyone. The Institute is guided by the following key principles:

- Accountability
- Leadership and creativity in individuals and institutions
- Cross-sector thinking
- Diverse partnerships throughout the world
- Innovation
- Evidence-based public health

The Institute has adopted a strategic framework consisting of the following six overarching goals:

- Strengthen public health engagement and leadership
- Advance sustainable global health solutions
- Strengthen public health systems, services and research
- Advance policy to improve social determinants of health
- Diversify and strengthen funding base to ensure long-term impact
- Deliver operational excellence to the Institute's programs

The Alcohol Research Group ("ARG"), is a program of the Institute which focuses on better understanding the public health implications of alcohol use patterns and associated problems. Additionally, it disseminates these findings, as well as trains future generations of public health researchers to become independent scientist in the field of alcohol studies.

Basis of Presentation: The accompanying financial statements are presented on the accrual basis of accounting, and in accordance with FASB ASC 958, Not-for-Profit Entities.

Cash and Cash Equivalents: The Institute considers all cash and other highly liquid investments with initial maturities of three months or less when purchased to be cash equivalents.

Bank deposit accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to a limit of \$250,000. At times during the year, the Institute maintains cash balances in excess of the FDIC insurance limits. Management believes the risk in these situations to be minimal.

Furniture, Equipment and Computer Software: Furniture, equipment and computer software in excess of \$5,000 are capitalized and stated at cost if purchased, or at fair value if donated.

Furniture, equipment and computer software are depreciated/amortized on a straight-line basis over the estimated useful lives of the related assets, generally five to seven years. The cost of maintenance and repairs is recorded as expenses are incurred.

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(Continued)

PUBLIC HEALTH INSTITUTE  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2016 and 2015

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION**  
(Continued)

Compensated Absences: The Institute's current policy is to allow employees to accrue up to a maximum of 640 hours of paid time off. As of December 31, 2016 and 2015, the liability for accrued compensated absences aggregated \$6,575,370 and \$6,191,422, respectively, and is included in accrued salaries and related leave in the accompanying Statements of Financial Position.

Net Asset Classification: The net assets are reported in three self-balancing groups as follows:

- Unrestricted net assets include unrestricted revenue and contributions received without donor-imposed restrictions. These net assets are available for the operation of the Institute and include both internally designated (Note 4) and undesignated resources.
- Temporarily restricted net assets include revenue and contributions subject to donor-imposed stipulations that will be met by the actions of the Institute and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statements of Activities and Changes in Net Assets as net assets released from restrictions.
- Permanently restricted net assets represent funds restricted by the donor to be maintained in-perpetuity by the Institute. There were no permanently restricted net assets as of December 31, 2016 and 2015.

Grants and Contracts: Grants are recognized as temporarily restricted when deemed to be a purpose or time restricted contribution. Temporarily restricted grants received in excess of qualifying direct and indirect expenses incurred are shown as temporarily restricted net assets in the accompanying financial statements.

Contracts are recorded as unrestricted revenue as reimbursable costs are incurred or on a percentage of completion method (if a fixed price agreement). Contract funding received in advance of incurring the related expenses is recorded as a contract advance.

The Institute receives funding under grants and contracts from the U.S. Government for direct and indirect program costs. This funding is subject to contractual restrictions, which must be met through incurring qualifying expenses for particular programs. Accordingly, such grants are considered to be exchange transactions and are recorded as unrestricted income to the extent that related direct and indirect expenses are incurred in compliance with the criteria stipulated in the grant agreements.

Grants and contracts receivable represents amounts due from funding organizations for reimbursable expenses incurred in accordance with the related agreements. Grants and contracts receivable approximate fair value.

The allowance for doubtful accounts is determined based upon an annual review of account balances, including the age of the balance and the historical experience with the funder.

Income Taxes: The Institute is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code and from state income and franchise taxes under Section 23701d of the California Revenue and Taxation Code, except to the extent of unrelated business taxable income as defined under Internal Revenue Code Sections 511 through 515. A provision for income taxes has not been recorded in the accompanying financial statements. The Institute is not a private foundation.

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION**  
(Continued)

Uncertain Tax Positions: For the years ended December 31, 2016 and 2015, the Institute has documented its consideration of FASB ASC 740-10, Income Taxes, that provides guidance for reporting uncertainty in income taxes and has determined that no material uncertain tax positions qualify for either recognition or disclosure in the financial statements.

The Federal Form 990, Return of Organization Exempt from Income Tax, is subject to examination by the Internal Revenue Service, generally for three years after it is filed.

Tax positions taken related to the Organization's tax exempt status, unrelated business activities taxable income and deductibility of expenses and other miscellaneous tax positions have been reviewed, and management is of the opinion that material positions taken by the Organization would more likely than not be sustained by examination. Accordingly, the Organization has not recorded an income tax liability for uncertain tax benefits as of December 31, 2016 and 2015 nor does it expect there will be a material change in the twelve months following the year ended December 31, 2016. As of December 31, 2016, the Organization's tax years ended December 31, 2013 through December 31, 2016 remain subject to examination in the United States federal tax jurisdiction and the tax years ended December 31, 2012 through December 31, 2016 remain subject to examination in the California state tax jurisdiction.

Use of Estimates: The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Reclassifications: Some items in the prior year financial statements were reclassified to conform to the current presentation. Reclassifications had no effect on prior year change in net assets or ending net assets.

Functional Allocation of Expenses: The costs of providing the various programs and other activities have been summarized on a functional basis in the Statements of Activities and Changes in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**NOTE 2 – CONCENTRATION OF REVENUE**

Approximately 72% of the Institute's total support and revenue for the years ending December 31, 2016 and 2015 was derived from various agencies of the U.S. government. Approximately 35% and 33% of the Institute's total support and revenue for the years ended December 31, 2016 and 2015 respectively, was received under a single cooperative agreement from the United States Agency for International Development. Approximately 10% and 14% of the Institute's total support and revenue for the years ended December 31, 2016 and 2015 respectively, was received under various awards from the National Institute of Health. Any interruption of these relationships (i.e. failure to renew grant agreements or withholding of funds) would require review of ongoing operations.

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(Continued)

PUBLIC HEALTH INSTITUTE  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2016 and 2015

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**NOTE 3 – FURNITURE, EQUIPMENT AND COMPUTER SOFTWARE**

Furniture, equipment and computer software consisted of the following at December 31, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Furniture and equipment	\$ 240,621	\$ 240,672
Computer software	<u>3,546,978</u>	<u>2,443,225</u>
Total furniture, equipment and computer software	3,787,599	2,683,897
Less: Accumulated depreciation and amortization	<u>(920,972)</u>	<u>(612,414)</u>
Net furniture, equipment and computer software	<u>\$ 2,866,627</u>	<u>\$ 2,071,483</u>

Total depreciation and amortization expense for the years ended December 31, 2016 and 2015 was \$308,558 and \$74,339, respectively.

**NOTE 4 – DESIGNATED NET ASSETS**

Program Designated Funds totaled \$827,922 and \$949,732, as of December 31, 2016 and 2015, respectively and were classified as designated net assets.

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(Continued)



PUBLIC HEALTH INSTITUTE  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2016 and 2015

**NOTE 5 – TEMPORARILY RESTRICTED NET ASSETS**

As of December 31, 2016 and 2015 temporarily restricted net assets consisted of funds set aside for specific programs, as stipulated by the following donors providing the restricted support:

	<u>2016</u>	<u>2015</u>
The California Endowment	\$ 2,070,969	\$ 1,119,545
The Bill and Melinda Gates Foundation	952,735	1,643,894
The Kresge Foundation	946,691	1,162,965
The California Wellness Foundation	821,219	255,973
David and Lucile Packard Foundation	615,623	498,330
California Healthcare Foundation	307,711	337,828
The Health Trust	297,994	117,062
Kaiser Permanente	232,884	123,453
The Summit Foundation	206,852	213,638
The United Nations Foundation	146,971	224,319
East Bay Community Foundation	141,050	377,238
Mary Wohlford Foundation	105,292	93,877
CRGC Core Support	83,387	103,081
Ford Foundation	47,899	81,094
CNET	40,416	208,554
Westwind Foundation	26,295	74,124
Charities Aid Foundation	25,930	283,125
The Flight Attendant Medical Research Institute	19,197	122,778
Regents UCTRDRP	17,669	131,591
Blue Cross and Blue Shield	-	135,557
Other	<u>190,317</u>	<u>446,595</u>
Total temporarily restricted net assets	<u>\$ 7,297,101</u>	<u>\$ 7,754,621</u>

**NOTE 6 – LINE OF CREDIT**

In December 2012, the Institute opened a revolving bank line of credit for \$4,000,000, this was renewed in February 2017 with an expiration date of July 1, 2017. Amounts borrowed under this agreement bear interest equal to LIBOR Daily Floating rate plus 2% (2.688% and 2.367% at December 31, 2016 and 2015, respectively). The line is secured by the cash and accounts receivable of the Institute. As of December 31, 2016 and 2015, there were no outstanding borrowings on the line of credit.

(Continued)

PUBLIC HEALTH INSTITUTE  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2016 and 2015

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**NOTE 7 – LEASE COMMITMENTS**

The Institute leases office space under several agreements, expiring in various years through 2022. The Institute generally attempts to include a clause in its lease agreements which enables the lease to be terminated should support from a funding agency be terminated.

Future minimum lease payments under operating leases with remaining terms in excess of one year as of December 31, 2016 are as follows:

Year Ending December 31,	
2016	\$ 3,071,269
2017	2,154,008
2018	1,481,829
2019	1,482,425
2020	1,506,318
Thereafter	<u>610,741</u>
	<u>\$ 10,306,590</u>

The following is a summary of rent expense under all operating leases during the years ended December 31, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Rental expense	\$ 4,378,819	\$ 4,669,392
Less: sublease rentals	<u>-</u>	<u>(24,232)</u>
Net rental expense	<u>\$ 4,378,819</u>	<u>\$ 4,645,160</u>

Rent expense, included in direct occupancy expense in the accompanying Statements of Activities and Changes in Net Assets for the years ended December 31, 2016 and 2015, totaled \$3,228,822 and \$3,241,724, respectively. During the same periods, \$1,149,291 and \$1,427,667, respectively, were included in allocated indirect expenses. Sublease revenue for the years ended December 31, 2016 and 2015 was \$0 and \$24,232, respectively, and has been presented as a reduction of rent expense in the accompanying Statements of Activities and Changes in Net Assets. As of December 31, 2016, the Institute did not have any active sub-leasing arrangements.

**NOTE 8 – TAX SHELTERED ANNUITY PLAN**

In lieu of a standard retirement plan, the Institute offers participation in a tax sheltered annuity plan. Employees who work a minimum of 20 hours per week, after six full months of employment, are eligible to participate. The Institute contributes 10% of gross wages to the tax sheltered annuity plan. An employee's minimum contribution is \$25 per month. The maximum combined contributions are determined by limits set under Federal law.

During the years ended December 31, 2016 and 2015, the Institute contributed \$4,416,369 and \$4,226,796, respectively, to the tax sheltered annuity plan. The aforementioned contributions are fully vested and are administered by TIAA.

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**NOTE 9 – CONTINGENCIES**

The Institute receives assistance from various agencies of the United States Government; such awards are subject to audit under the provisions of Uniform Guidance. The ultimate determination of amounts received under United States Government awards is based upon the allowance of costs reported to and accepted by the United States Government as a result of the audits. Audits in accordance with the provisions of Uniform Guidance have been completed for all required fiscal years through 2015. Until such audits have been accepted by the United States Government, there exists a contingency to refund any amount received in excess of allowable costs. Management is of the opinion that no material liability will result from such audits.

**NOTE 10 – SUBSEQUENT EVENTS**

In preparing these financial statements, the Institute has evaluated events and transactions for potential recognition or disclosure through June 28, 2017, the date the financial statements were available to be issued.