

SOCIETY FOR PUBLIC HEALTH EDUCATION

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT**

Year Ended December 31, 2020

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
Society for Public Health Education

Report on the Financial Statements

We have audited the accompanying financial statements of Society for Public Health Education, which comprise the statement of financial position as of December 31, 2020, 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audit 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 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.

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



Member, American Institute of Certified Public Accountants

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Society for Public Health Education as of December 31, 2020, the related statements of activities, functional expenses, and cash flows for the year ended December 31, 2020 in conformity with accounting principles generally accepted in the United States.

Report on Summarized Comparative Information

We have previously audited Society for Public Health Education's 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 21, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Report on Supplemental Information

Our audits were made for the purpose of forming an opinion on the financial statements taken as a whole. The supplemental schedules of indirect cost rate and total costs are presented for purposes of additional analysis and are 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 the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

September 10, 2021
Bethesda, Maryland

A handwritten signature in cursive script that reads "Rubins & Company". The signature is written in dark ink and is positioned to the right of the date and location text.

SOCIETY FOR PUBLIC HEALTH EDUCATION
STATEMENTS OF FINANCIAL POSITION
December 31, 2020
(With Comparative Totals for 2019)

	<u>2020</u>	<u>2019</u>
ASSETS		
Cash and cash equivalents	\$ 537,714	\$ 201,445
Accounts and grants receivable	167,680	203,687
Investments	1,888,289	1,610,476
Prepaid expenses	74,509	110,042
Deposits	7,206	7,206
Property and equipment, net	<u>223,780</u>	<u>270,205</u>
Total assets	<u>\$ 2,899,178</u>	<u>\$ 2,403,061</u>
LIABILITIES AND NET ASSETS		
Accounts payable and accrued expenses	\$ 31,315	\$ 23,506
Accrued salaries and benefits	84,823	88,244
Deferred revenue	245,818	300,661
Deferred rent and lease incentive	298,185	323,068
Paycheck Protection Program Loan	<u>211,900</u>	<u>-</u>
Total liabilities	<u>872,041</u>	<u>735,479</u>
Net assets		
Without donor restrictions	1,642,774	1,328,423
With donor restrictions	<u>384,363</u>	<u>339,159</u>
Total net assets	<u>2,027,137</u>	<u>1,667,582</u>
Total liabilities and net assets	<u>\$ 2,899,178</u>	<u>\$ 2,403,061</u>

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

SOCIETY FOR PUBLIC HEALTH EDUCATION
STATEMENT OF ACTIVITIES
Year Ended December 31, 2020
(With Comparative Totals for 2019)

	Without Donor Restrictions	With Donor Restrictions	2020 Total	2019
Support and revenue				
Contributions and support	\$ 372,432	\$ -	\$ 372,432	\$ 393,564
Federal grants	569,340	-	569,340	889,870
Membership dues	191,592	-	191,592	215,923
Exhibits and meeting registration	406,318	-	406,318	469,330
Publications	216,445	-	216,445	133,654
Royalty income	463,175	-	463,175	475,750
Other income	32,790	-	32,790	33,328
Net assets released from restrictions	6,873	(6,873)	-	-
Total support and revenue	<u>2,258,965</u>	<u>(6,873)</u>	<u>2,252,092</u>	<u>2,611,419</u>
Expenses				
Program				
Health promotion	453,739	-	453,739	767,517
Health education	101,332	-	101,332	111,147
Journal publications	247,042	-	247,042	241,341
Meetings	399,181	-	399,181	395,876
Total program	<u>1,201,294</u>	<u>-</u>	<u>1,201,294</u>	<u>1,515,881</u>
Supporting services				
Management and general	830,553	-	830,553	865,052
Fundraising and membership development	130,170	-	130,170	128,832
Total supporting services	<u>960,723</u>	<u>-</u>	<u>960,723</u>	<u>993,884</u>
Total expenses	<u>2,162,017</u>	<u>-</u>	<u>2,162,017</u>	<u>2,509,765</u>
Change in operating net assets	96,948	(6,873)	90,075	101,654
Investment income	<u>217,403</u>	<u>52,077</u>	<u>269,480</u>	<u>230,533</u>
Change in net assets	314,351	45,204	359,555	332,187
Net assets, beginning of year	<u>1,328,423</u>	<u>339,159</u>	<u>1,667,582</u>	<u>1,335,395</u>
Net assets, end of year	<u>\$ 1,642,774</u>	<u>\$ 384,363</u>	<u>\$ 2,027,137</u>	<u>\$ 1,667,582</u>

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

SOCIETY FOR PUBLIC HEALTH EDUCATION
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2020

	Program Services					Supporting Services			
	Health Promotion	Health Education	Journal Publications	Meetings	Total Program Services	Management and General	Fundraising and Membership Development	Total Supporting Services	Total
Salaries and benefits	\$ 237,917	\$ 50,182	\$ 91,204	\$ 223,062	\$ 602,365	\$ 492,055	\$ 103,854	\$ 595,909	\$ 1,198,274
Professional fees	122,662	26,745	70,805	101,464	321,676	165,182	853	166,035	487,711
Office supplies and expenses	3,175	4,689	62	4,155	12,081	37,888	446	38,334	50,415
Space and equipment rental	30,497	6,302	12,199	27,447	76,445	71,849	13,724	85,573	162,018
Printing	849	8,565	62,313	7,226	78,953	8,011	1,485	9,496	88,449
Postage and delivery	-	-	-	3,043	3,043	1,857	307	2,164	5,207
Telecommunications	4,846	969	1,938	4,361	12,114	9,934	2,181	12,115	24,229
Depreciation/Amortization	10,235	2,047	4,094	9,211	25,587	20,982	4,606	25,588	51,175
Interest expense	-	-	-	-	-	5	-	5	5
Travel	27,575	276	502	4,788	33,141	2,226	19	2,245	35,386
Scholarships, Fellowships	4,000	1,500	3,000	750	9,250	16,625	-	16,625	25,875
Production costs	11,983	57	925	6,259	19,224	3,168	2,689	5,857	25,081
Miscellaneous	-	-	-	7,415	7,415	771	6	777	8,192
Total expenses	<u>\$ 453,739</u>	<u>\$ 101,332</u>	<u>\$ 247,042</u>	<u>\$ 399,181</u>	<u>\$ 1,201,294</u>	<u>\$ 830,553</u>	<u>\$ 130,170</u>	<u>\$ 960,723</u>	<u>\$ 2,162,017</u>

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

SOCIETY FOR PUBLIC HEALTH EDUCATION
STATEMENT OF CASH FLOWS
Year Ended December 31, 2020

Cash flows from operating activities	
Change in net assets	\$ 359,555
Reconciling adjustments:	
Depreciation and amortization	51,175
Unrealized and realized investment gains	(223,277)
Changes in operating assets and liabilities	
Accounts receivable	36,007
Deposits and other	35,533
Accounts payable and accrued expenses	7,809
Accrued salaries and benefits	(3,421)
Deferred revenue	(54,843)
Deferred rent	(24,883)
	<u>183,655</u>
Net cash provided by operating activities	<u>183,655</u>
Cash flows from investing activities	
Purchases of fixed assets	(4,750)
Proceeds from sale of investments	107,800
Purchases of investments	(162,336)
	<u>(59,286)</u>
Net cash used by investing activities	<u>(59,286)</u>
Cash flows from financing activities	
Proceeds from Paycheck Protection Program Loan	211,900
	<u>211,900</u>
Net cash provided by financing activities	<u>211,900</u>
Net increase in cash and cash equivalents	336,269
Cash and cash equivalents, beginning of year	201,445
	<u>201,445</u>
Cash and cash equivalents, end of year	<u><u>\$ 537,714</u></u>
Supplemental Disclosure:	
Interest paid	<u><u>\$ 5</u></u>

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

SOCIETY FOR PUBLIC HEALTH EDUCATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

1. Organization

The Society for Public Health Education (the Society) is a 501(c)(3) educational, charitable membership organization founded in 1950 to promote the health of all people by stimulating research on the theory and practice of health education; supporting high-quality performance standards for the practice of health education and health promotion; advocating policy and legislation affecting health education and health promotion; and developing and promoting standards for professional preparation of health education professionals.

2. Summary of Significant Accounting Policies

Basis of Presentation

The financial statements of the Society have been prepared in accordance with U.S. generally accepted accounting principles, which require the Society to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Society. These net assets may be used at the discretion of the Society's management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Society or by the passage of time. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates those resources be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

Measure of Operations

The statement of activities reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to the Society's ongoing services. Nonoperating activities are limited to resources that generate return from investments and other activities considered to be of a more unusual or nonrecurring nature.

SOCIETY FOR PUBLIC HEALTH EDUCATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

2. Summary of Significant Accounting Policies (continued)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Society considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Concentrations of Risk

Cash deposits regularly exceed federally insured limits. Management, however, does not consider this a significant concentration of credit risk. The Society has not experienced any losses in such accounts.

Income Taxes

The Society is recognized as exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code, except for taxes on unrelated business income, if any. However, tax years ended December 31, 2017 through 2019, remain open to examination by the taxing jurisdictions to which the Society is subject, and they have not been extended beyond the applicable statute of limitations.

Uncertainty in Income Taxes

The Society has a process in place to ensure the maintenance of its exempt-status; to identify and report unrelated business income; to determine its filing and tax obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions. The Society has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

SOCIETY FOR PUBLIC HEALTH EDUCATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

2. Summary of Significant Accounting Policies (continued)

Investments

Investments are recorded at estimated fair value based on quoted market prices provided by the investment custodians. Purchases and sales of securities are recorded on a trade-date basis. Investment income, including unrealized gains or losses, is reported in the statement of activities as increases or decreases in unrestricted net assets, unless otherwise restricted by the donor or by law.

Property and Equipment

The Society capitalizes all property and equipment purchased with non-Federal funds with a cost of \$1,500 or more. Property and equipment are carried at original cost or estimated fair value at date of donation, if donated. Property and equipment purchased under federal government contracts and grants, subject to reversion to the federal government, are expensed as contract costs. Maintenance and repairs are expensed as incurred. Significant renewals and betterments are capitalized.

Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets or lease term, as follows:

Equipment and furniture	3-5 years
Website	3-5 years
Leasehold improvements	10 years

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services directly benefited, or based upon management's estimates of the proportion of these costs applicable to each function.

Revenue Recognition

A portion of the Society's revenue is derived from cost-reimbursable federal grants, which are conditioned upon certain performance requirements and/ or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Society has incurred expenditures in compliance with specific contract or grant provisions. Receivables related to grants awards are recorded to the extent unreimbursed expenses have been incurred for the purposes specified by an approved grant. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position.

SOCIETY FOR PUBLIC HEALTH EDUCATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

2. Summary of Significant Accounting Policies (continued)

Revenue Recognition (continued)

Contributions received and unconditional promises to give are measured at their fair values and are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. The Society reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support.

Membership dues are used to cover the costs of member services and recognized ratably over the membership period, which is generally one year. Unearned membership dues are recorded as deferred revenue. Meeting registration fees received in advance are deferred and recognized when the related meeting is held. Royalties are recognized as earned in accordance with the terms of Society's contracts with its publisher.

Comparative Information

The statement of activities includes certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Society's financial statements for the year ended December 31, 2019, from which the summarized information was derived.

SOCIETY FOR PUBLIC HEALTH EDUCATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

2. Summary of Significant Accounting Policies (continued)

Endowment Funds

Endowment gifts are recognized as support when received. The principal amount of the gift is maintained intact. Investment income on endowments is recognized as an increase in net assets without restrictions, unless the income is restricted by donor or law and such restrictions have not been met in the same fiscal year. The Society follows the enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA) reporting. The required expanded disclosures are included in Note 10.

New Accounting Pronouncements – Future Periods

In February 2016, the FASB issued ASU 2016-02, Leases, which requires a lessee to recognize a right-of-use (“ROU”) assets and lease liability on the balance sheet for most lease contracts (which include those leases that are currently classified as operating leases under the current accounting standard). Additional disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from lease contracts. The standard will be effective for the Society beginning January 1, 2022.

The Society is currently evaluating the impact of the new standards on the financial statements.

Subsequent Events

Management has evaluated subsequent events through September 10, 2021, the date which the financial statements were available to be issued.

In March 2021, the Society obtained a second Payroll Protection Program loan of \$209,099. The loan is forgivable if used for the purposes specified in the loan agreement. The Society intends to use the entire loan amount for qualifying expenses. There were no other material subsequent events that require additional recognition or disclosure in these financial statements.

SOCIETY FOR PUBLIC HEALTH EDUCATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

3. Availability and Liquidity

The following reflects the Society's financial assets at December 31, 2020 and 2019, reduced by amounts not available for general use within one year of the statement of financial position date because of donor imposed restrictions or internal designations. Amount not available include amounts set aside for long-term investing in operating and capital reserves that could be drawn upon if the governing board approves that action.

	<u>2020</u>	<u>2019</u>
Financial assets at year end		
Cash and cash equivalents	\$ 537,714	\$ 201,445
Accounts and grants receivable	167,680	203,687
Investments	<u>1,888,289</u>	<u>1,610,476</u>
Total financial assets	2,593,683	2,015,608
Less amounts not available to be used within one year:		
Net assets with donor restrictions	384,363	339,159
Board designated	<u>1,092,080</u>	<u>1,169,481</u>
	<u>1,476,443</u>	<u>1,508,640</u>
Financial assets available to meet cash needs for		
general expenditures within one year	<u>\$1,117,240</u>	<u>\$ 506,968</u>

The Society's goal is generally to maintain financial assets to meet four months of operating expenses. As part of the Society's liquidity plan, excess cash is invested in short-term investments. The Society has a liquidity access line of credit available to meet cash flow needs (Note 8).

SOCIETY FOR PUBLIC HEALTH EDUCATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

4. Accounts and Grants Receivable

Accounts receivable at December 31, 2020 and 2019, consist of the following:

	<u>2020</u>	<u>2019</u>
Publication royalties receivable	\$ 106,575	\$ 138,418
Grants receivable	55,455	36,359
Other receivables	<u>5,650</u>	<u>28,910</u>
Total receivables	<u>\$ 167,680</u>	<u>\$ 203,687</u>

All account receivables are expected to be received within one year. Management periodically evaluates accounts receivable for collectability. Allowances for doubtful accounts are recorded as needed based on these evaluations. There was no allowance recorded as of December 31, 2020 and 2019.

5. Deferred Revenue

The following table provides information about significant changes in deferred revenue for the year ended December 31, 2020 and 2019:

	<u>Membership</u>	<u>Meetings</u>	<u>Publication Supplements</u>	<u>Total</u>
Deferred revenue, December 31, 2018	\$ 94,499	\$ 190,874	\$ 44,176	\$ 329,549
Revenue recognized included in deferred revenue at the beginning of year	(82,491)	(190,874)	(47,993)	(321,358)
Increase in deferred revenue from cash received during the period	<u>82,491</u>	<u>172,355</u>	<u>37,624</u>	<u>292,470</u>
Deferred revenue, December 31, 2019	94,499	172,355	33,807	300,661
Revenue recognized included in deferred revenue at the beginning of year	(77,697)	(172,355)	(33,807)	(283,859)
Increase in deferred revenue from cash received during the period	<u>87,830</u>	<u>81,186</u>	<u>60,000</u>	<u>229,016</u>
Deferred revenue, December 31, 2020	<u>\$ 104,632</u>	<u>\$ 81,186</u>	<u>\$ 60,000</u>	<u>\$ 245,818</u>

SOCIETY FOR PUBLIC HEALTH EDUCATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

6. Investments

Investments are reported at fair values as of December 31, 2020 and 2019, and consist of the following:

	<u>2020</u>	<u>2019</u>
Mutual funds - bonds	\$ 866,694	\$ 727,719
Mutual funds - equity	980,603	836,853
Money market funds	31,266	37,629
Exchange trade funds	<u>9,726</u>	<u>8,275</u>
Total investments	<u>\$ 1,888,289</u>	<u>\$ 1,610,476</u>

See Note 15 for a discussion of fair value measurements.

The Society's investments are exposed to various risks, such as interest rate and market fluctuations. Due to the level of risk associated with investment securities, changes in the values of investment securities will occur in the near term, and such changes could materially affect the Society's financial position.

7. Property and Equipment

Property and equipment as of December 31, 2020 and 2019, are comprised of the following:

	<u>2020</u>	<u>2019</u>
Furniture and equipment	\$ 31,040	\$ 31,040
Website	102,550	97,800
Leasehold improvements	<u>297,705</u>	<u>297,705</u>
	431,295	426,545
Accumulated depreciation and amortization	<u>(207,515)</u>	<u>(156,340)</u>
Property and equipment, net	<u>\$ 223,780</u>	<u>\$ 270,205</u>

Depreciation and amortization expense for the year ended December 31, 2020, was \$51,175.

SOCIETY FOR PUBLIC HEALTH EDUCATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

7. Property and Equipment (continued)

The leasehold improvements of \$297,705 were paid by the Society's landlord in connection with the Society obtaining a new lease, which is recorded as leasehold improvements and deferred lease incentive. The deferred lease incentive account is amortized through a credit to rent expense over the lease term using a straight-line method. During the years ended December 31, 2020 and 2019, the asset and corresponding liability were reduced by \$27,800 per year.

8. Line of Credit

In May of 2016, the Society opened a liquidity access line of credit, which allows borrowings of up certain percentage of the Society's available investment balance. Borrowing limits as of December 31, 2020 and 2019 were approximately \$1,436,000 and \$1,217,000, respectively. Borrowings on the line bear interest at a variable rate index, as determined by Morgan Stanley bank, plus an applicable interest spread. The line of credit is collateralized by the Society's investments with Morgan Stanley. As of December 31, 2020 and 2019, there was no borrowing outstanding.

9. COVID-19 and Paycheck Protection Program Loan

On May 22, 2020, the Society received a loan in the amount of \$211,900 under the Payroll Protection Program (PPP Loan). The loan accrues interest at a rate of 1% and has an original maturity date of two years which can be extended to five years by mutual agreement of the Society and the lender. Payments are deferred during the Deferral Period. The Deferral Period is the period beginning on the date of this Note, May 22, 2020, and ending 10 months after the last day of the covered period (Deferral Expiration Date). Any amounts not forgiven under the Program will be payable in equal installments of principal plus any interest owed on the payment date from the Deferral Expiration Date through the Maturity Date. Additionally, any accrued interest that is not forgiven under the Program will be due on the First Payment Date, which is the 15th of the month following the month in which the Deferral Expiration Date occurs.

SOCIETY FOR PUBLIC HEALTH EDUCATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

9. COVID-19 and Paycheck Protection Program Loan (continued)

Under the requirements of the CARES Act, proceeds may only be used for the Society's eligible payroll costs (with salary capped at \$100,000 on an annualized basis for each employee), or other eligible costs related to rent, mortgage interest utilities, covered operations expenditures, covered property damage, covered supplier costs, and covered worker protection expenditures, in each case paid during the 24-week period following disbursement. The PPP Loan may be fully forgiven if (i) proceeds are used to pay eligible payroll costs or other eligible costs and (ii) full-time employee headcount and salaries are either maintained during the 24-week period following disbursement or restored by December 31, 2020. If not maintained or restored, any forgiveness of the PPP Loan would be reduced in accordance with the regulations that were issued by the SBA. All the proceeds of the PPP Loan were used by the Society to pay eligible payroll costs and the Society maintained its headcount and otherwise complied with the terms of the PPP Loan. The balance on this PPP loan was \$211,900 as of December 31, 2020 and has been classified as a liability.

In July, 2021, The Society was notified by the Small Business Administration (SBA) that the loan, together with accrued interest, has been fully forgiven under the provisions of the PPP program.

10. Endowment Funds

As of December 31, 2020 and 2019, the Society's endowment consists of funds established to be maintained in perpetuity. As such, the corpus of the endowment and investment income earned on the endowment are classified as net assets with donor restrictions.

The Board of the Society has interpreted the State Prudent Management of Institutional Funds Act (the Act) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Society classifies the original value of gifts donated as net assets with donor restriction and retain as a fund of perpetual duration. The remaining portion of the donor-restricted endowment classified net assets with donor restriction until those amounts are appropriated for expenditure by the Society in a manner consistent with the standard of prudence described by the Act.

SOCIETY FOR PUBLIC HEALTH EDUCATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

10. Endowment Funds (continued)

Interpretation of Relevant Law

In accordance with the Act, the Society considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund;
- (2) The purposes of the Society's and the donor-restricted endowment fund;
- (3) General economic conditions;
- (4) The possible effect of inflation and deflation;
- (5) The expected total return from income and the appreciation of the investments;
- (6) Other resources of the Society; and
- (7) The investment policies of the Society.

Spending Policy

The Society currently appropriates funds for the distribution of program support activities based upon the demand for these activities and on the availability of funds during the given year. The Society appropriated \$5,198 of the fund during 2020.

Risk Parameter

The endowment is administered by an outside professional investment firm and invested in a well-diversified asset mix to maximize return. The Society's treasurer meets at least annually with representatives of that investment firm to discuss performance, current allocations, and suggestions for future allocations, always with the objective of selecting investment vehicles that are at an appropriate level of risk for a non-profit institution.

The following table represents the changes in endowment net assets with donor restrictions for the year ended December 31, 2020:

Endowment assets, December 31, 2019	\$ 311,654
Investment gain	48,869
Appropriated expenditure	<u>(5,198)</u>
Endowment assets, December 31, 2020	<u><u>\$ 355,325</u></u>

SOCIETY FOR PUBLIC HEALTH EDUCATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

11. Net Assets

Net Assets with donor restrictions at December 31, 2020 and 2019, are comprised of the following:

	<u>2020</u>	<u>2019</u>
Endowment:		
Program restricted	\$ 255,325	\$ 211,654
Restricted in perpetuity	100,000	100,000
Other:		
Program restricted	<u>29,038</u>	<u>27,505</u>
Total	<u>\$ 384,363</u>	<u>\$ 339,159</u>

Net assets with donor restrictions released from restrictions due to the satisfaction of purpose and time stipulations totaled \$6,873 during 2020.

Endowment assets at December 31, 2020 and 2019, included an endowment fund established in 1999 to support scholarships for graduate or undergraduate study in the field of public health education. The fund was established with a contribution of \$100,000 received from the estate of Vivian Drenckhahn.

Net Assets without donor restrictions at December 31, 2020 and 2019, are comprised of the following:

	<u>2020</u>	<u>2019</u>
Board designated	\$ 1,092,080	\$ 1,169,481
Undesignated	<u>550,694</u>	<u>158,942</u>
Total	<u>\$ 1,642,774</u>	<u>\$ 1,328,423</u>

12. Pension Plan

The Society sponsors a 401(k) plan (the Plan) for all employees who meet the eligibility requirements. Under the provisions of the Plan, full-time employees are eligible to participate at the date of hire, subject to age limitations. The Plan provides for employee voluntary contributions and employer matching contributions. The employer match is currently 100% of employee contributions up to 3% of compensation, plus 50% of elective deferrals that exceeds 3% of compensation but does not exceed 5% of compensation for the Plan year. Pension expense for the year ended December 31, 2020, was \$30,811.

SOCIETY FOR PUBLIC HEALTH EDUCATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

13. Related Parties

The Society has no economic interest and control nor has controlling financial interest on its chapters. Therefore, the chapters' activities are not consolidated with the Society's financial statements.

14. Commitments and Contingencies

Government Audits

The Society receives funding through contracts and grants with departments and agencies of the Federal government that are subject to compliance audits by the grantors or their representatives. The disallowance of costs could adversely affect the Society's financial condition. Management believes that adjustments, if any, by government auditors for prior years will not be material to the financial statements.

Operating Leases

The Society leases office space under a non-cancelable lease that expires on April 30, 2027. The aggregate cost of rental payments have been expensed ratably over the related lease term resulting in deferred rent liability at December 31, 2020 and 2019. Rent expense for the year ended December 31, 2020, under the operating lease was \$152,485.

The Society also leases equipment under operating leases agreement expired in January 2026. Future minimum lease commitments as of December 31, 2020, are as follows:

	Operating Leases	
	Office	Equipment
Year ending December 31, 2021	\$ 180,000	\$ 7,000
2022	185,000	6,000
2023	189,000	4,000
2024	194,000	2,000
2025 and thereafter	593,000	2,000
Total minimum payments required	<u>\$ 1,341,000</u>	<u>\$ 21,000</u>

SOCIETY FOR PUBLIC HEALTH EDUCATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

15. Fair Value Measurements

The Society records its investments based on fair value on a recurring basis. Financial accounting and reporting standards define fair value as the price that would be received to sell an asset or paid to transfer a liability (i.e., the exit price) in an orderly transaction between market participants at the measurement date. The standards emphasize that fair value is a market-based measurement, not an entity specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability.

As a basis for considering market participant assumptions in fair value measurements, the standards establish a fair value hierarchy that distinguishes between market participant assumptions based on market data obtained from sources independent from the reporting entity (observable inputs that are classified within Level 1 and 2 of the hierarchy) and the reporting entity's own assumptions about market participant assumptions (unobservable inputs classified within Level 3 of the hierarchy).

The fair value levels are as follows:

- *Level 1:* Inputs that utilize unadjusted quoted prices in active markets for identical assets or liabilities that the Society has the ability to access at the measurement date.
- *Level 2:* Inputs other than quoted prices included in Level 1 that are observable for the assets or liabilities, either directly or indirectly. Level 2 inputs may include quoted prices for similar assets or liabilities in active markets, as well as inputs that are observable for the assets or liabilities (other than quoted prices), such as interest rates, foreign exchange rates and yield curves that are observable at commonly quoted intervals.
- *Level 3:* Inputs that are unobservable for the assets or liabilities, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

The determination of the fair value level within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety. The Society's assessment of the significance of the particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the assets or liabilities.

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported as of the end of the reporting period. For the years ended December 31, 2020 and 2019, there were no significant transfers in or out of levels 1, 2, or 3.

SOCIETY FOR PUBLIC HEALTH EDUCATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

15. Fair Value Measurements (continued)

The following summarizes investments, measured at fair value on a recurring basis as of December 31, 2020 and 2019:

		<u>2020</u>	<u>2019</u>
Mutual funds - bonds	Level 1	\$ 866,694	\$ 727,719
Mutual funds - equities	Level 1	980,603	836,853
Money market funds	Level 1	31,266	37,629
Exchange trade funds	Level 1	<u>9,726</u>	<u>8,275</u>
Total investments		<u>\$ 1,888,289</u>	<u>\$ 1,610,476</u>

The following is a description of the valuation methodologies used for investments measured at fair value:

- *Money market and mutual funds:* Valued at net asset value of shares held by the Society at year-end.
- *Exchange traded funds:* Valued using quoted prices on active markets.

SOCIETY FOR PUBLIC HEALTH EDUCATION
SUPPLEMENTAL SCHEDULE OF INDIRECT COST RATE
Year Ended December 31, 2020

	<u>Direct Costs</u>	<u>Adjustment</u>	<u>Adjusted Balance</u>
Direct Costs:			
Health promotion	\$ 453,739	\$ (4,000) (A)	\$ 449,739
Health education	101,332	(1,500) (A)	99,832
Journal publications	247,042	(3,000) (A)	244,042
Meetings	399,181	(750) (A)	398,431
Fundraising and membership development	<u>130,170</u>	<u>-</u>	<u>130,170</u>
 Total direct costs	 <u>\$ 1,331,464</u>	 <u>\$ (9,250)</u>	 <u>\$ 1,322,214</u>

Rate:

Total indirect costs	\$ 830,553
Adjustment	(25,875) (A)
Interest expense	<u>(5) (B)</u>
 Indirect costs, Adjusted	 <u>\$ 804,673</u>
 Total direct costs, adjusted	 <u>\$ 1,322,214</u>
 Rate	 60.9%

(A) Removal of scholarships/ awards/ fellowships costs

(B) Removal of interest expense

SOCIETY FOR PUBLIC HEALTH EDUCATION
SUPPLEMENTAL SCHEDULE OF TOTAL COSTS
Year Ended December 31, 2020

	Total	Adjustments	Program Services				Total Program Services	Supporting Services		Total
			Health Promotion	Health Education	Journal Publications	Meetings		Management and General	Fundraising and Membership Development	
Salaries and Benefits	\$ 1,198,274		\$ 237,917	\$ 50,182	\$ 91,204	\$ 223,062	\$ 602,365	\$ 492,055	\$ 103,854	\$ 1,198,274
Professional Fees	487,711		122,662	26,745	70,805	101,464	321,676	165,182	853	487,711
Office Supplies and Expenses	50,415		3,175	4,689	62	4,155	12,081	37,888	446	50,415
Space and Equipment Rental	162,018		30,497	6,302	12,199	27,447	76,445	71,849	13,724	162,018
Printing	88,449		849	8,565	62,313	7,226	78,953	8,011	1,485	88,449
Postage and Delivery	5,207		-	-	-	3,043	3,043	1,857	307	5,207
Telecommunications	24,229		4,846	969	1,938	4,361	12,114	9,934	2,181	24,229
Depreciation/Amortization	51,175		10,235	2,047	4,094	9,211	25,587	20,982	4,606	51,175
Interest expense	5	(5)	-	-	-	-	-	-	-	-
Travel	35,386		27,575	276	502	4,788	33,141	2,226	19	35,386
Scholarships, Fellowships	25,875	(25,875)	-	-	-	-	-	-	-	-
Production Costs	25,081		11,983	57	925	6,259	19,224	3,168	2,689	25,081
Miscellaneous	8,192		-	-	-	7,415	7,415	771	6	8,192
Total expenses	<u>\$ 2,162,017</u>	<u>\$ (25,880)</u>	<u>\$ 449,739</u>	<u>\$ 99,832</u>	<u>\$ 244,042</u>	<u>\$ 398,431</u>	<u>\$ 1,192,044</u>	<u>\$ 813,923</u>	<u>\$ 130,170</u>	<u>\$ 2,136,137</u>