Open Door Family Medical Center, Inc. and Affiliates

Consolidated Financial Statements, Schedule of Expenditures of Federal Awards, Internal Control and Compliance (With Supplementary Information) and Independent Auditor's Reports

December 31, 2019

CohnReznick

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Open Door Family Medical Center, Inc. and Affiliates

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Independent Auditor's Report

To the Board of Directors
Open Door Family Medical Center, Inc. and Affiliates

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Open Door Family Medical Center, Inc. and Affiliates (the "Organization"), which comprise the consolidated statement of financial position as of December 31, 2019, and the related consolidated statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement. The financial statements of the affiliates were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Open Door Family Medical Center, Inc. and Affiliates as of December 31, 2019, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information included in the accompanying statements on pages 30 to 32 is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position and the changes in net assets of the individual organizations, and is not a required part of the consolidated financial statements. 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 consolidated 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 basic consolidated financial statements. The consolidating information and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated 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 May 26, 2020, on our consideration of Open Door Family Medical Center, Inc. and Affiliates' 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 solely 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 the effectiveness of Open Door Family Medical Center, Inc. and Affiliates' 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 Open Door Family Medical Center, Inc. and Affiliates' internal control over financial reporting and compliance.

CohnReznick LLP

New York, New York
May 26, 2020

Open Door Family Medical Center, Inc. and Affiliates

Consolidated Statement of Financial Position
December 31, 2019

Assets

Current assets	
Cash and cash equivalents	$ 6,191,066
Patient services receivable, net	5,352,196
Contracts receivable	1,304,933
Prepaid expenses and other current assets	1,375,007
Promises to give and contributions receivable, net	116,367
Total current assets	14,339,569
Investments	89,535,070
Property and equipment, net	32,257,572
Debt service reserve fund	250,000
Security deposits	49,606
Total assets	$ 136,431,817

Liabilities and Net Assets

Current liabilities	
Accounts payable and accrued expenses	$ 1,546,158
Accrued compensation and benefits	3,524,309
Due to related party	192,006
Deferred revenue	204,020
Current maturities of capital lease obligation	397,987
Current portion of long-term debt	991,104
Total current liabilities	6,855,584
Capital lease obligations, less current maturities	541,448
Long-term debt, less current portion	4,045,194
Total liabilities	11,442,226
Commitments and contingencies	
Net assets	
Without donor restrictions	124,774,683
With donor restrictions	214,908
Total net assets	124,989,591
Total liabilities and net assets	$ 136,431,817

See Notes to Consolidated Financial Statements.

Open Door Family Medical Center, Inc. and Affiliates

Consolidated Statement of Activities and Changes in Net Assets
Year Ended December 31, 2019

Revenue without donor restrictions	
Patient services revenue (net of contractual allowances and discounts)	$ 40,505,221
DHHS Grants	6,936,027
Contract services	5,381,163
340B pharmacy revenue	1,569,067
Contributions	1,176,648
Donated goods and services	144,500
Other	443,194
Investment return, net	6,167,246
Net assets released from restrictions	208,486
Total revenue without donor restrictions	62,531,552
Expenses	
Salaries and benefits	41,638,664
Other than personnel services	16,016,163
Interest	239,063
Depreciation and amortization	2,638,988
Total expenses	60,532,878
Operating income	1,998,674
Nonoperating activity	
Unrealized gain on investments	8,575,355
Total nonoperating activity	8,575,355
Change in net assets without donor restrictions	10,574,029
Change in net assets with donor restrictions	
Contributions for a specific purpose	85,986
Contributions for others	233,750
Net assets released from restrictions	(208,486)
Change in net assets with donor restrictions	111,250
Change in net assets	10,685,279
Net assets, beginning	114,304,312
Net assets, end	$ 124,989,591

See Notes to Consolidated Financial Statements.

Open Door Family Medical Center, Inc. and Affiliates

Consolidated Statement of Functional Expenses
Year Ended December 31, 2019

	Program services	General and administrative	Fundraising	Total
Salaries and wages	$ 31,609,204	$ 2,842,430	$ -	$ 34,451,634
Fringe benefits	6,608,868	578,162	-	7,187,030
Supplies	1,845,983	175,906	-	2,021,889
Consultants and contractual services	69,672	1,546,910	-	1,616,582
Depreciation and amortization	2,119,931	519,057	-	2,638,988
Occupancy	1,066,646	463,954	-	1,530,600
Healthcare consultants	3,924,802	-	-	3,924,802
Pharmaceuticals	1,736,918	-	-	1,736,918
Other	435,074	162,663	-	597,737
Telephone	316,702	77,543	-	394,245
Laboratory and radiology fees	333,913	-	-	333,913
Repairs and maintenance	924,397	237,331	-	1,161,728
Professional fees	22,481	283,768	-	306,249
Travel, conferences and meetings	231,689	153,400	-	385,089
Data processing	265,476	195,360	-	460,836
Insurance	296,399	93,902	-	390,301
Interest	227,626	11,437	-	239,063
Dues and subscriptions	294,754	1,360	-	296,114
Equipment rental	287,659	72,027	-	359,686
Printing, publications and postage	76,689	45,816	-	122,505
Personnel recruitment	198,945	9,935	-	208,880
Fundraising	-	-	168,089	168,089
Total functional expenses	$ 52,893,828	$ 7,470,961	$ 168,089	$ 60,532,878

See Notes to Consolidated Financial Statements.

Open Door Family Medical Center, Inc. and Affiliates

Consolidated Statement of Cash Flows
Year Ended December 31, 2019

Cash flows from operating activities	
Cash received from patient services	$ 42,420,998
Cash received from grants and contract services	16,388,583
Cash received from other	2,903,446
Cash received from contributions	1,605,322
Cash paid to employees	(41,446,378)
Cash paid for operations	(16,112,891)
Cash paid for interest	(239,063)
Net cash provided by operating activities	5,520,017
Cash flows from investing activities	
Purchases of property and equipment	(7,055,703)
Proceeds from sale of investments, net	724,896
Net cash used in investing activities	(6,330,807)
Cash flows from financing activities	
Payment on line of credit	(2,500,000)
Proceeds from long-term debt	4,774,676
Net cash provided by financing activities	2,274,676
Net increase in cash and cash equivalents	1,463,886
Cash and cash equivalents, beginning	4,727,180
Cash and cash equivalents, end	$ 6,191,066

Open Door Family Medical Center, Inc. and Affiliates

Consolidated Statement of Cash Flows
Year Ended December 31, 2019

Reconciliation of change in net assets to net cash provided by (used in) operating activities	
Change in net assets	$ 10,685,279
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Unrealized gain on investments	(8,575,355)
Realized gain on investments	(6,167,246)
Depreciation and amortization	2,638,988
Changes in operating assets and liabilities	
Patient services receivable	1,915,777
Contracts receivable	4,122,671
Prepaid expenses and other current assets	857,740
Pledges and contributions receivable	108,938
Security deposits	16,450
Accounts payable and accrued expenses	(241,228)
Accrued compensation and benefits	192,286
Due to related party	16,995
Deferred revenue	(51,278)
Net cash provided by operating activities	$ 5,520,017

See Notes to Consolidated Financial Statements.

Note 1 - Organization and summary of significant accounting policies

Organization

Open Door Family Medical Center, Inc. (the "Center") is the parent organization and the sole corporate member of Open Door Foundation, Inc. (the "Foundation") and Open Door Leasing Corp. ("Leasing"). Eugene P. Heslin, M.D., P.C. d/b/a Bridge Street Family Medicine ("Bridge Street") is a captive professional corporation ("P.C."). The Center, the Foundation, Leasing and Bridge Street are collectively referred to as the Organization. The Organization consists of not-for-profit entities, a for-profit leasing company and a for-profit medical practice designed to provide and support services to a largely medically underserved population.

The Center operates freestanding diagnostic and treatment centers as a Federally Qualified Health Center ("FQHC") and is licensed under Article 28 of the New York State health law; the Centers are located in Ossining, Sleepy Hollow, Port Chester, Mount Kisco, Mamaroneck, Brewster and Saugerties, New York. The Center provides a broad range of health services to a largely medically underserved population.

The mission of the Foundation is to promote community health through philanthropic support of the Center and other initiatives designed to enhance the health and wellness of people in the communities the Center serves. The Foundation also provides support to the Center's financial operations and investments.

Leasing is a for-profit corporation that leases property and then subleases it to the Center and the Foundation. Leasing has the authority to issue 200 shares of common stock, no par value per share. The Center owns the only 10 shares issued and outstanding.

Bridge Street is a for-profit P.C. located in Saugerties, New York. Bridge Street was purchased through the medical director of the Center during 2017 as a captive P.C.

The U.S. Department of Health and Human Services (the "DHHS") provides substantial support to the Center. The Center is obligated under the terms of the DHHS grants to comply with specified conditions and program requirements set forth by the grantor.

Principles of consolidation

The consolidated financial statements include the accounts of the Center, Foundation, Leasing and Bridge Street. All significant intercompany transactions and account balances have been eliminated in consolidation.

Basis of presentation

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. The Organization's net assets and revenue, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

Net assets without donor restrictions

Net assets without donor restrictions represent available resources other than donor-restricted contributions. Included in net assets without donor restrictions are funds that may be earmarked for specific purposes.

Net assets with donor restrictions
Net assets subject to donor- (or certain grantor-) imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Adoption of new accounting pronouncements
For the year ended December 31, 2019, the Organization adopted Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") 2018-08, *Not-for-Profit Entities, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This ASU clarifies and improves current accounting guidance to determine when a transaction should be accounted for as a contribution and/or as an exchange transaction and provides additional guidance about how to determine whether a contribution is conditional. The Organization adopted ASU 2018-08 on January 1, 2019 using the modified retrospective method of transition. Due to the adoption of ASU 2018-08, certain transactions previously accounted for as exchange transactions are now accounted for as conditional contributions.

The Organization adopted FASB ASU 2014-09, *Revenue from Contracts with Customers*. This ASU provides new revenue recognition guidance that superseded existing revenue recognition guidance. The update, as amended, requires the recognition of revenue related to the transfer of goods or services to customers which reflects the consideration to which the entity expects to be entitled in exchange for those goods or services, as well as additional qualitative and quantitative disclosures about revenue. The Organization adopted ASU 2014-09 on January 1, 2019 using the modified retrospective method of transition. The Organization performed an analysis of revenue streams and transactions under ASU 2014-09. In particular, for patient service revenue net of contractual allowances and discounts and for pharmacy revenue, the Organization performed an analysis into the application of the portfolio approach as a practical expedient to group patient contracts and group pharmacy contracts with similar characteristics, such that revenue for a given portfolio would not be materially different than if it were evaluated on a contract-by-contract basis. Upon adoption, the majority of what was previously classified as provision for bad debts and presented as reduction to patient revenue net of contractual allowances and discounts on the consolidated statement of activities and changes in net assets is now treated as a price concession that reduces the transaction price, which is reported as net patient services revenue. The new standard also requires enhanced disclosures related to the disaggregation of revenue and significant judgments made in measurement and recognition. The impact of adopting ASU 2014-09 was not material to total revenue without donor restrictions, increase in net assets without donor restrictions, or total net assets.

The Organization adopted FASB ASU 2016-18, *Statement of Cash Flows: Restricted Cash*. This ASU requires that a statement of cash flows explain the change during the period in the total cash, cash equivalents, and amounts generally described as restricted cash or restricted cash and cash equivalents. Due to this change, amounts described as restricted cash are now included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the consolidated statement of cash flows.

The Organization adopted FASB ASU 2016-15, Statement of Cash Flows: Classification of Certain Cash Receipts and Cash Payments. This ASU provides guidance on the classification of eight specific cash flow issues. This ASU did not have a significant effect on the Organization's consolidated statement of cash flows.

Performance indicator
The consolidated statements of activities and changes in net assets include operating income as the performance indicator. Changes in net assets without donor restrictions, which are excluded from operating income, consistent with industry practice, are reflected as nonoperating activity.

Use of estimates
The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Concentrations of credit risk
The Organization's financial instruments that are exposed to concentrations of credit risk consist primarily of cash and cash equivalents, patient services receivables and revenue and grant revenue.

The Organization maintains cash and cash equivalents in bank accounts which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts. The Organization monitors its financial institutions and concentration of credit risk on a regular basis and does not anticipates nonperformance by the financial institutions.

Cash and cash equivalents
For purposes of the consolidated statements of cash flows, the Organization considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

Contracts receivable
Contracts receivable reflect amounts earned but not yet collected for which the Organization expects to realize payments. Contracts receivable credit risk is limited due to the nature of the contracts. The Organization regularly monitors its contracts receivable by investigating delayed payments and differences when payments received do not conform to the amount billed. The Organization considers all contracts as collectible.

Promise to give and contributions receivable
Promise to give and contributions receivable include multi-year payment contributions received from foundations and individuals, consist of unconditional promises to give and are measured at their fair values.

Fair value of financial instruments
The Organization's material financial instruments at December 31, 2019 for which disclosure of estimated fair value is required by certain accounting standards consisted of cash and cash equivalents, patient services receivable, contracts receivable, accounts payable and accrued expenses and accrued compensation and benefits. The fair values of these accounts are equal to their carrying value because of their liquidity and short-term maturity.

Investments
Investments are reported in the consolidated statements of financial position at fair value with any realized and unrealized gains and losses reported as increases or decreases in net assets in the accounting period in which they occur.

The Organization invests in a portfolio that contains common shares and bonds of publicly traded companies, U.S. government obligations, corporate bonds and equity securities. Such investments are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with such investments and the uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near term would materially affect investment balances and the amounts reported in the consolidated financial statements.

Property and equipment
Property and equipment are recorded at cost or, if donated, at the fair value at the date of donation. Depreciation and amortization is recorded on a straight-line basis over the estimated useful lives of the assets, which range from three to 40 years. Leasehold improvements are amortized on a straight-line basis over the estimated useful life of the improvement or the term of the lease, whichever is less. The Organization capitalizes all purchases of property and equipment in excess of $5,000.

Maintenance, repairs and minor renewals are expensed as incurred. When assets are retired or otherwise disposed of, their costs and related accumulated depreciation and amortization are removed from the accounts and any resulting gains or losses are included in change in net assets.

Construction in progress is recorded at cost. The Organization capitalizes construction and other costs during the period of construction. Depreciation and amortization are recorded when construction is substantially complete and the assets are placed in service.

Property and equipment under capital lease is recorded in property and equipment with corresponding obligations carried in current and long-term liabilities. The amount capitalized is the lower of the present value of the of minimum lease payments or the fair value of the leased assets. Amortization of assets leased under capital leases is recorded on a straight-line basis over the estimated useful life of the asset or the term of the lease, whichever is shorter.

Certain property and equipment have been purchased with grant funds received from DHHS. Such items or a portion thereof may be reclaimed by the federal government if not used to further the grant's objectives.

Impairment of long-lived assets
The Organization reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. In performing a review for impairment, the Organization compares the carrying value of the assets with their estimated future undiscounted cash flows. If it is determined that impairment has occurred, the loss would be recognized during that period. The impairment loss is calculated as the difference between the asset carrying values and the present value of estimated net cash flows or comparable market values, giving consideration to recent operating performance and pricing trends. The Organization does not believe that any material impairment currently exists related to its long-lived assets.

Net patient services revenue and receivable
Patient care service revenue is reported at the amount that reflects the consideration to which the Center expects to be entitled in exchange for providing patient care. These amounts are due from patients, third-party payors (including health insurers and government programs), and others and includes variable consideration for retroactive revenue adjustments due to settlement of audits, reviews, and investigations. Generally, the Organization bills the patients and third-party payors

several days after the services are performed. Revenue is recognized as performance obligations are satisfied.

Performance obligations are determined based on the nature of the services provided by the Center. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected (or actual) charges. The Center believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Generally, performance obligations satisfied over time relate to patients receiving services in our outpatient centers. The Center measures the performance obligation from the commencement of an outpatient service, to the point when it is no longer required to provide services to that patient, which is generally at the time of completion of the outpatient services. Revenue for performance obligations satisfied at a point in time is generally recognized when goods are provided to our pharmacy revenue patients and customers and the Center does not believe it is required to provide additional goods or services related to that sale.

Because all of its performance obligations relate to contracts with a duration of less than one year, the Center has elected to apply the optional exemption provided in FASB ASC 606-10-50-14a and, therefore, is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period. The Center's performance obligations consist primarily of outpatient services that occur within one day of a patient's visit, thus, there were no unsatisfied or partially unsatisfied performance obligations at the end of the reporting period.

The Center determines the transaction price based on standard charges for goods and services provided, reduced by contractual adjustments provided to third-party payors, discounts provided to uninsured patients in accordance with the Center's policy, and implicit price concessions provided to uninsured patients. The Center determines its estimates of contractual adjustments and discounts based on contractual agreements, its discount policies, and historical experience. The Center determines its estimate of implicit price concessions based on its historical collection experience with this class of patients.

Agreements with third-party payors typically provide for payments at amounts less than established charges. A summary of the payment arrangements with major third-party payors follows:

Medicare - Outpatient services are paid using prospectively determined rates.

Medicaid - Reimbursements for Medicaid services are generally paid at prospectively determined rates per visit or per covered member.

Other - Payment agreements with certain commercial insurance carriers, health maintenance Centers, and preferred provider Centers provide for payment using prospectively determined rates per visit, discounts from established charges, and prospectively determined daily rates.

Laws and regulations concerning government programs, including Medicare and Medicaid, are complex and subject to varying interpretation. As a result of investigations by governmental agencies, various health care centers have received requests for information and notices regarding alleged noncompliance with those laws and regulations, which, in some instances, have resulted in Centers entering into significant settlement agreements. Compliance with such laws and regulations may also be subject to future government review and interpretation, as well as significant regulatory action, including fines, penalties, and potential exclusion from the related programs. There can be

no assurance that regulatory authorities will not challenge the Center's compliance with these laws and regulations, and it is not possible to determine the impact (if any) such claims or penalties would have upon the Center. In addition, the contracts the Center has with commercial payors also provide for retroactive audit and review of claims.

Settlements with third-party payors for retroactive adjustments due to audits, reviews, or investigations are considered variable consideration and are included in the determination of the estimated transaction price for providing patient care. These settlements are estimated based on the terms of the payment agreement with the payor, correspondence from the payor, and the Center's historical settlement activity, including an assessment to ensure that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the retroactive adjustment is subsequently resolved. Estimated settlements are adjusted in future periods as adjustments become known (that is, new information becomes available), or as years are settled or are no longer subject to such audits, reviews, and investigations. Adjustments arising from a change in the transaction price were not significant in 2019.

Generally, patients who are covered by third-party payors are responsible for related deductibles and coinsurance, which vary in amount. The Center also provides services to uninsured patients, and offers those uninsured patients a discount, either by policy or law, from standard charges. The Center estimates the transaction price for patients with deductibles and coinsurance and from those who are uninsured based on historical experience and current market conditions. The initial estimate of the transaction price is determined by reducing the standard charge by any contractual adjustments, discounts, and implicit price concessions. Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to patient service revenue in the period of the change. For the year ended December 31, 2019, there was no additional revenue recognized due to changes in its estimates of implicit price concessions, discounts, and contractual adjustments for performance obligations satisfied in prior years.

Subsequent changes that are determined to be the result of an adverse change in the patient's ability to pay are recorded as bad debt expense.

Consistent with the Center's mission, care is provided to patients regardless of their ability to pay. Therefore, the Center has determined it has provided implicit price concessions to uninsured patients and patients with other uninsured balances (for example, copays and deductibles). The implicit price concessions included in estimating the transaction price represent the difference between amounts billed to patients and the amounts the Center expects to collect based on its collection history with those patients.

The Center is open to all patients, regardless of their ability to pay. In the ordinary course of business, the Center renders services to patients who are financially unable to pay for healthcare. The Center provides care to these patients who meet certain criteria under its sliding fee discount policy without charge or at amounts less than the established rates. Charity care services are computed using a sliding fee scale based on patient income and family size.

The Center maintains records to identify and monitor the level of sliding fee discount it provides. For uninsured self-pay patients that do not qualify for charity care, the Center recognizes revenue on the basis of its standard rates for services provided or on the basis of discounted rates, if negotiated or provided by policy. On the basis of historical experience, a significant portion of the Center's uninsured patients will be unable or unwilling to pay for the services provided. Thus, the Center

records an explicit concession to uninsured patients in the period the services are provided based on historical experience.

Community benefit represents the cost of services for Medicaid, Medicare, and other public patients for which the Center is not reimbursed.

Based on the cost of patient services, charity care and community benefit is approximately $9.9 million and $1.5 million, respectively, for the year ended December 31, 2019.

Such amounts determined to qualify as charity care are not reported as revenue.

The Center has determined that the nature, amount, timing, and uncertainty of revenue and cash flows are affected by the following factors: payors, geography, service lines, method of reimbursement, and timing of when revenue is recognized.

The Center has elected the practical expedient allowed under FASB ASC 606-10-32-18 and does not adjust the promised amount of consideration from patients and third-party payors for the effects of a significant financing component due to the Center's expectation that the period between the time the service is provided to a patient and the time that the patient or a third-party payor pays for that service will be one year or less. However, the Center does, in certain instances, enter into payment agreements with patients that allow payments in excess of one year. For those cases, the financing component is not deemed to be significant to the contract.

The Center has applied the practical expedient provided by FASB ASC 340-40-25-4 and all incremental customer contract acquisition costs are expensed as they are incurred, as the amortization period of the asset that the Center otherwise would have recognized is one year or less in duration.

Grants and contracts revenue and receivable

Revenue from grants and contracts with resource providers such as the government and its agencies, other organizations and private foundations are accounted for either as exchange transactions or as contributions. When the resource provider receives commensurate value in return for the resources transferred to the Organization, the revenue from the grant or contract is accounted for as an exchange transaction in accordance with ASU 2014-09. For purposes of determining whether a transfer of asset is a contribution or an exchange, the Organization deems that the resource provider is not synonymous with the general public, i.e., indirect benefit received by the public as a result of the assets transferred is not deemed equivalent to commensurate value received by the resource provider. Moreover, the execution of a resource provider's mission or the positive sentiment from acting as a donor is not deemed to constitute commensurate value received by a resource provider. Revenue from grants and contracts that are accounted for as exchange transactions is recognized when performance obligations have been satisfied. Grants and contracts awarded for the acquisition of long-lived assets are reported as nonoperating revenue, in the absence of donor stipulations to the contrary, during the fiscal year in which the assets are acquired. Cash received in excess of revenue recognized is recorded as refundable advances.

At December 31, 2019, the Organization has received grants and contracts from governmental entities, accounted for as conditional contributions, in the aggregate amount of approximately $1.6 million that have not been recorded in the accompanying financial statements. These grants and contracts require the Organization to complete certain performance obligations during specified periods. If such performance obligations are not provided during the specified periods, the governmental entities are not obligated to expend the funds allotted under the contracts.

Grants and contract transactions where the resource provider does not receive commensurate value, the transaction is accounted for as a contribution.

Contributions
Transactions where the resource provider often receive value indirectly by providing a societal benefit, although the societal benefit is not considered to be of commensurate value, are deemed to be contributions. Contributions are classified as either conditional or unconditional. A conditional contribution is a transaction where the Organization has to overcome a barrier or hurdle to be entitled to the resource and the resource provider is released from the obligation to fund or has the right of return of any advanced funding if the Organization fails to overcome the barrier. The Organization recognizes the contribution revenue upon overcoming the barrier or hurdle. Any funding received prior to overcoming the barrier is recognized as refundable advance.

Unconditional contributions are recognized as revenue and receivable when the commitment to contribute is received.

Conditional and unconditional contributions are recorded as either with donor restriction or without donor restriction. Contributions are recognized as contributions with donor restrictions if they are received with donor stipulations that limit the use of the donated asset. Contributions received with no donor stipulations are recorded as contributions without donor restrictions. 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 as net assets without donor restrictions and are reported in the statements of activities and changes in net assets as net assets released from restriction. Donor-restricted contributions whose restrictions expire during the same fiscal year are recognized as contribution without donor restrictions.

340B pharmacy revenue
The Center participates in Section 340B of the Public Health Service Act ("PHS Act"), Limitation on Prices of Drugs Purchased by Covered Entities. Participation in this program allows the Organization to purchase pharmaceuticals at discounted rates for prescriptions to eligible patients. Pharmacy revenue is generated through the pharmacy and 340B program that the Center operates through its agreement with a third party for the year ended December 31, 2019. Under this program, the Center uses the third party as its agent for the purpose of operating and managing the pharmacy and providing pharmacy services.

Revenue for performance obligations satisfied at a point in time is generally recognized when goods are provided to the Center's pharmacy patients and customers and the Center does not believe it is required to provide additional goods or services related to that sale. The Center recognized 340B pharmacy revenue of $1,569,067 for the year ended December 31, 2019.

Because all of its performance obligations relate to pharmacy sales contracts with a duration of less than one year, the Organization has elected to apply the optional exemption provided in FASB ASC 606-10-50-14a and, therefore, is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period. The Center's performance obligations in relation to pharmacy revenue consist primarily of pharmacy sales that occur as the patient purchases the goods, thus, there were no unsatisfied or partially unsatisfied performance obligations at the end of the reporting period.

The Center determines the transaction price based on standard charges for goods provided, reduced by contractual adjustments provided to third-party payors, discounts provided to uninsured patients in accordance with the Center's policy, and implicit price concessions provided to

uninsured patients. The Center determines its estimates of contractual adjustments and discounts based on contractual agreements, its discount policies, and historical experience. The Center determines its estimate of implicit price concessions based on its historical collection experience with this class of patients.

Donated goods, services and rent
The Organization receives various types of donated revenue including professional services, contributed tangible assets and rent. Contributed professional services are recognized if the services received create or enhance long-lived assets or require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided through donation. Contributed tangible assets are recognized at fair value when received. Rent is recognized based on the estimated value assigned to it by the donating organization or by management.

Gifts of long-lived assets
When applicable, the Center reports gifts of property and equipment as contribution without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long these long-lived assets must be maintained, the Center reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Meaningful use incentives
The American Recovery and Reinvestment Act of 2009 ("ARRA") amended the Social Security Act to establish one-time incentive payments under the Medicare and Medicaid programs for certain professionals that (1) meaningfully use certified Electronic Health Records ("EHR") technology, (2) use the certified EHR technology for electronic exchange of health information to improve quality of health care and (3) use the certified EHR technology to submit clinical and quality measures. These provisions of ARRA, together with certain of its other provisions, are referred to as the Health Information Technology for Clinical and Economic Health Act. The criteria for meaningful use incentives will be staged in three steps over six years and be paid out based on a transitional schedule.

For the year ended December 31, 2019, the Center has recognized $85,000 from the Medicaid incentive program, which are included in other revenue.

Interest earned on federal funds
Interest earned on federal funds is recorded as a payable to the United States Public Health Service ("PHS") in compliance with the regulations of the United States Office of Management and Budget.

Functional expenses
The consolidated financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy, equipment rental, insurance, repairs and maintenance, telephone and deprecation which are allocated on a square footage basis. The Organization allocates salaries and wages, travel, conferences and meetings, supplies, consultants and contractual services, healthcare consultants, professional fees, pharmaceuticals, laboratory and radiology fees, dues and subscriptions, and

personnel recruitment based on actual expenses incurred. Weighted average methodology is used for employee benefits, printing, publications and postage, interest and other expenses.

Tax status
The Center and the Foundation were incorporated as not-for-profit corporations under the laws of the State of New York and are exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (the "Code"). Therefore, there is no provision for income taxes on these entities. In addition, neither the Center nor the Foundation are classified as a private foundation. Leasing and Bridge Street are for-profit entities with minimal operations for the year; therefore, no material tax liability existed for 2019.

The Organization has no unrecognized tax benefits at December 31, 2019. The Organization's federal and state information returns prior to calendar year 2016 are closed, and management continually evaluates expiring statutes of limitations, audits, proposed settlements, changes in tax law and new authoritative rulings.

If the Organization has unrelated business income taxes, it would recognize interest and penalties associated with uncertain tax positions as part of the income tax provision and include accrued interest and penalties with the related tax liability in the consolidated statements of financial position.

Subsequent events
The Organization has evaluated subsequent events through May 26, 2020, which is the date the consolidated financial statements were available to be issued.

Note 2 - Liquidity

The Organization regularly monitors liquidity required to meet its annual operating needs and other contractual commitments while also striving to maximize the return on investment of its funds not required for annual operations. As of December 31, 2019, the Organization has approximately $13 million of financial assets available to meet annual operating needs for the 2020 calendar year as follows:

Cash and cash equivalents	$ 6,191,066
Patient service receivable	5,352,196
Contracts receivable	1,304,933
Promises to give and contributions receivable	116,367
Total	$ 12,964,562

These financial assets are not subject to any donor or contractual restrictions.

The Organization's goal is generally to maintain financial assets to meet 40 days of operating expenses. As part of the Organization's liquidity plan, excess cash is invested in short-term investments including deposit accounts and equity securities. The Organization has a line of credit amounting to $5 million that is available to meet cash flow needs.

Note 3 - Patient services revenue and receivable, net

The composition of patient services revenue by primary payors for the year ended December 31, 2019 is as follows:

Medicaid	$	6,757,908
Medicare		2,581,128
Other third-party payors		2,860,125
Self-pay		3,517,661
Medicaid managed care plans		11,549,756
New York State Safety net funds		4,856,627
New York State Managed care wrap-around		8,382,016
Total	$	40,505,221

Revenue from patient's deductibles and coinsurance are included in the preceding categories based on the primary payor. Patient receivables consist of amounts due from government programs, commercial insurance companies, other group insurance programs, and private pay patients.

Net patient services receivable, consist of the following at December 31, 2019:

Medicaid	$	1,092,803
Medicare		415,600
Other third-party payors		493,586
Self-pay		282,792
Medicaid managed care plans		556,051
New York State Safety net funds		1,191,868
New York State Managed care wrap-around		1,319,496
Total	$	5,352,196

In evaluating the collectability of patient services receivable, the Organization analyzes its past history and identify trends for each of its major payor sources or revenue to estimate the appropriate allowance for doubtful accounts. Management regularly reviews data about these major payor sources of revenue in evaluating the sufficiency of allowance for doubtful accounts. For receivables associated services provided to patients who have third-party coverage, the Organization analyzes contractually due amounts and provides an allowance for doubtful accounts and a provision for bad debts, if necessary. For receivables associated with self-pay patients, the Center records a provision for bade debts in the period of service on the basis of its past experience, which indicated that many patients are unable or unwilling to pay the portion of their bill for which they are financial responsible. The difference between the standard rates or the discounted rates provided by the Organization's policy and the amounts actually collected after all reasonable collection efforts have been exhausted is charged against allowance for doubtful accounts. The Organization does not have any allowance for doubtful accounts as of December 31, 2019. The Organization did not have any direct write-offs for the years ended December 31, 2019. The Organization has not changed its charity care or uninsured discount policies during fiscal year 2019.

Note 4 - Contracts receivable

Contracts receivable consist of the following as of December 31, 2019:

New York State Department of Health	
Maternal and Child Health Services Block Grant to the States	$ 73,145
Special Supplemental Nutrition Program for Women, Infants, and Children	421,495
Cancer Screening Program	202,330
Pre-exposure Prophylaxis Svc in General & HIV Primary Care	28,396
New York Medical College	
Training in General, Pediatric and Public Health Dentistry	118,460
Westchester County Department of Health	
Ryan White Part A HIV Emergency Relief Project	50,002
Community Health Care Association of NYS - AmeriCorps	14,541
Westchester Medical Center	
Delivery System Reform Incentive Payment Program (DSRIP)	377,814
Pediatric Residency	18,750
	$ 1,304,933

Note 5 - Investments and fair value disclosures

The fair value of investments as of December 31, 2019 is as follows:

	Net unrealized gains (losses)	Fair value
U.S. Treasury notes	$ 373,943	$ 12,117,613
Deposit accounts	-	343,489
Corporate bonds	1,272,920	20,996,807
Equity securities	6,928,492	56,077,161
Total	$ 8,575,355	$ 89,535,070

The Organization values its financial assets on a recurring basis based on the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. In order to increase consistency and comparability in fair value measurements, a fair value hierarchy that prioritizes observable and unobservable inputs is used to measure fair value into three broad levels, which are described below:

Level 1: Quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical assets. The fair value hierarchy gives the highest priority to Level 1 inputs.

Level 2: Observable inputs other than Level 1 prices such as quoted prices for similar assets; quoted prices in inactive markets; or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with observable market data.

Level 3: Unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs.

In determining fair value, the Organization utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible as well as considers counterparty credit risk in its assessment of fair value. The following is a description of the valuation methodology used for investments at fair value. There have been no changes in the methodologies used during the year ended December 31, 2019.

U.S. Treasury notes: Valued using pricing models maximizing the use of observable inputs for similar securities.

Corporate bonds: Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings. When quoted prices are not available for identical or similar bonds, those corporate bonds are valued under a discounted cash flow approach that maximizes observable inputs, such as current yields or similar instruments, but includes adjustments for certain risks that may not be observable, such as credit and liquidity risks.

Equity securities: The fair value of equity securities is the market value based on quoted market prices, when available, or market prices provided by recognized broker dealers.

The preceding methods may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Organization's investments as of December 31, 2019:

	Level 1	Level 2	Level 3	Total
U.S. Treasury notes	$ -	$ 12,117,613	$ -	$ 12,117,613
Deposit accounts	343,489	-	-	343,489
Corporate bonds	-	20,996,807	-	20,996,807
Equity securities	56,077,161	-	-	56,077,161
Total	$ 56,420,650	$ 33,114,420	$ -	$ 89,535,070

The Organization's policy is to recognize transfers into and transfers out of a level as of the actual date of the event or change in circumstance that caused the transfer. There were no transfers among the three levels in 2019.

Investments are restricted for nonoperating purposes and are classified as noncurrent in the consolidated statement of financial position.

Note 6 - Property and equipment, net

Property and equipment, net, consist of the following as of December 31, 2019:

Land	$ 4,315,016
Building and improvements	30,631,110
Leasehold improvements	6,650,433
Furniture, fixtures and equipment	14,703,353
Automobiles	706,123
	57,006,035
Less accumulated depreciation and amortization	24,865,038
	32,140,997
Construction in progress	116,575
Total	$ 32,257,572

Depreciation and amortization expense was $2,638,988 for the year ended December 31, 2019. No depreciation has been provided on assets classified as construction in progress as these assets have not yet been placed in service.

In the event the DHHS grants are terminated, the DHHS reserves the right to transfer all property and equipment purchased with grant funds to PHS or third parties.

Note 7 - Line of credit

The Organization has a revolving line of credit of $5,000,000 from a commercial bank. Interest is payable at a variable interest rate equal to the LIBOR plus 3.00% and all amounts outstanding are due in full on May 31, 2020. The line of credit is secured by the assets of the Organization. The Organization must also meet certain financial covenants. There was no outstanding balance as of December 31, 2019. On March 26, 2020, the Organization's line of credit was increased to $10,000,000 with the payment period extended to April 1, 2021.

Note 8 - Long-term debt

Long-term debt consists of the following at December 31, 2019:

Loan payable - the Center entered into a mortgage loan with Primary Care Development Corporation ("PCDC") on April 29, 2006 for $5,000,000, with a maturity date of April 30, 2021. The loan bears interest at 7.39%. The loan is secured by the property located in Port Chester, New York, the carrying value of which was approximately $3,500,000 at December 31, 2019. At December 31, 2018, the debt service reserve fund amounted to $250,000, which is held by PCDC to ensure mortgage obligations. The Center must also meet certain financial covenants. The loan includes a prepayment penalty and, as such, the Center has opted not to pay off the loan early.	$ 703,640
Note payable - the Center entered into a note with Ally Financial on November 30, 2015 for $33,300, with a maturity date of December 30, 2020. The note bears interest at 2.39%. The note is secured by the vehicle it was used to purchase.	6,406
Loan payable - the Center entered into a term loan with JP Morgan Chase Bank on April 22, 2019 for $4,635,000, maturing on April 22, 2029. The loan bears interest at 3.37% per annum.	4,326,252
Subtotal	5,036,298
Less current portion	991,104
Total	$ 4,045,194

The aggregate amount of principal payments on long-term debt during the years following December 31, 2019 is as follows:

2020	$ 991,104
2021	645,942
2022	463,500
2023	463,500
2024	463,500
Thereafter	2,008,752
Total	$ 5,036,298

Note 9 - Capital lease obligation

In 2019, the Organization acquired computer software and equipment under multiple capital lease arrangements with leases maturing though 2022 and interest rates ranging from 0% to 4.93% per annum.

The following is a summary of computer software and equipment under capital lease:

Computer software and equipment	$ 1,048,131
Less accumulated depreciation	108,696
Net carrying value of assets held under capital leases	$ 939,435

Depreciation expense related to these assets amounted to $108,696 for the year ended December 31, 2019.

The Organization is liable under terms of capital lease obligation for the following minimum lease payments:

2020	$ 409,576
2021	427,527
2022	65,959
2023	65,959
Total minimum lease payments	969,021
Less amount representing interest	29,586
Present value of net minimum lease payments	939,435
Less current maturities of capital lease obligations	397,987
Capital lease obligations, less current maturities	$ 541,448

Note 10 - Net assets with donor restrictions

The Organization receives grants and contributions that are designated by donors for specific purposes or specific time periods. The following consists of the unspent funds with donor restrictions as of December 31, 2019:

	Net assets with donor restriction beginning	Contract services or contributions	Net assets released for programs	Net assets with donor restriction ending
Site restricted	$ 10,325	$ -	$ -	$ 10,325
Time restricted	78,333	233,750	146,250	165,833
Program specific purpose	15,000	85,986	62,236	38,750
Total	$ 103,658	$ 319,736	$ 208,486	$ 214,908

Note 11 - Grant income

For the years ended December 31, 2019, grant income consists of the following:

U.S. Department of Health and Human Services		
Health Center Program	$	6,650,355
Substance Abuse and Mental Health Services		74,926
Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease		210,746
Total	$	6,936,027

Note 12 - Contract services revenue

Contract services revenue consists of the following for the years ended December 31, 2019:

New York State Department of Health		
Maternal and Child Health Services Block Grant to the States	$	310,228
Special Supplemental Nutrition Program for Women, Infants, and Children		1,085,317
Cancer Screening Program		670,697
Pre-exposure Prophylaxis Svc in General & HIV Primary Care		144,569
New York State Office of Mental Health - Health Steps		77,586
Health Research, Inc. - Breast and Prostate Cancer Peer Education Project		185,866
MVP Health Plans - Value Based Care Funds		762,714
New York State HCRA - School Based Health Center Program		191,396
New York Medical College		
Training in General, Pediatric and Public Health Dentistry		157,471
Public Health Solutions - Medical Case Management		175,924
Community Health Care Association of NYS - AmeriCorps		57,622
Phelps Memorial Hospital Center		
Service Contract		300,000
Residency Program		576,579
Primary Care Medicine and Dentistry Clinician Educator Career Development		125,431
Westchester Medical Center		
Delivery System Reform Incentive Payment Program (DSRIP)		528,488
Pediatric Residency		15,000
American Cancer Society		
Putnam County Department of Health STD		16,275
Total	$	5,381,163

Note 13 - Pension plan

Effective October 17, 2007, the Board of Directors approved the implementation of a 401(k) plan, retroactive to January 1, 2007. Prior to 2010, the Organization made discretionary matching contributions. Effective January 1, 2010, the plan was amended to have a safe-harbor provision. For the year ended December 31, 2019, the Organization matched up to 3.5% of wages for eligible employees that approximated $859,000.

Note 14 - Related parties

The Center is a member of Hudson Information Technology for Community Health, Inc. (d/b/a HITCH), and provides funding and management and other services to HITCH. During the year ended December 31, 2019, funding paid to HITCH amounted to approximately $467,000. Management and other services provided by the Center and paid for by HITCH amounted to approximately $576,000 for the year ended December 31, 2019. At December 31, 2019, the net amounts due to HITCH for funding, management and other services amounted to approximately $17,000.

The Center is a member of the Hudson Valley Care Coalition ("HVCC"), a New York State Health Home. During the year ended December 31, 2019, the Center leased employees and office space to HVCC. During the year ended December 31, 2019, leased employees and office space invoiced to HVCC amounted to approximately $501,000. At December 31, 2019, there is no outstanding balance due from HVCC for leased employees and office space. Reimbursement for the Health Home services are paid to HVCC. The Center then receives a contractually agreed upon portion of the revenue from HVCC. During the year ended December 31, 2019, the contractually agreed upon portion of the Health Home revenue which the Center is entitled to amounted to approximately $398,000. As of December 31, 2019, approximately $22,000 was due from HVCC for the Health Home revenue.

The Center is a member of the Hudson Center for Health Equity and Quality ("HCHEQ"). During the year ended December 31, 2019, the Center leased employees to HCHEQ. During the year ended December 31, 2019, leased employees invoiced to HCHEQ amounted to approximately $1,562,000. At December 31, 2019, there is no outstanding receivable due from HCHEQ for leased employees.

The Center is a member of the Family Health ACO ("ACO"). During the year ended December 31, 2019, the Center leased employees to ACO. During the year ended December 31, 2019, leased employees invoiced to ACO amounted to approximately $13,000. At December 31, 2019, amounts due from ACO for leased employees amounted to approximately $125,000. The Center provides patient care services for members of the ACO. Reimbursement for these services amounted to approximately $246,000 during the year ended December 31, 2019.

Note 15 - Commitments and contingencies

Contract services

The Organization has contracted with various funding agencies to perform certain healthcare services, and receives Medicaid and Medicare revenue from the state and federal governments. Reimbursements received under these contracts and payments from Medicaid and Medicare are subject to audit by federal and state governments and other agencies. Upon audit, if discrepancies are discovered, the Center could be held responsible for refunding the amounts in question.

Operating leases
The Organization leases various sites under noncancelable operating leases expiring at various times through February 28, 2026. Monthly rental payments range from $1,000 to $14,000. Rent expense for the year ended December 31, 2019 amounted to approximately $742,000.

Future minimum rentals under noncancelable operating leases over the next five years and thereafter are as follows:

2020	$	484,878
2021		396,429
2022		399,539
2023		400,526
2024		293,589
Thereafter		1,051,979
Total	$	3,026,940

The Center maintains its medical malpractice coverage under the Federal Tort Claims Act ("FTCA"). The FTCA provides malpractice coverage to eligible PHS-supported programs and applies to the Center and their employees while providing services within the scope of employment included under grant-related activities. The Attorney General, through the U.S. Department of Justice, has the responsibility for the defense of the individual and/or grantee for malpractice cases approved for FTCA coverage. The Center maintains claims-made gap insurance for claims that are not covered by FTCA.

The healthcare industry is subject to voluminous and complex laws and regulations of federal, state and local governments. Compliance with such laws and regulations can be subject to future government review and interpretation as well as regulatory actions unknown or unasserted at this time. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government healthcare program participation requirements, reimbursement laws and regulations, anti-kickback and anti-referral laws and false claims prohibitions. In recent years, government activity has increased with respect to investigations and allegations concerning possible violations of reimbursement, false claims, anti-kickback and anti-referral statutes and regulation by healthcare providers. The Organization believes that it is in material compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing. Upon audit, if discrepancies are discovered, the Organization could be held responsible for refunding the amount in question.

The Organization is involved in claims and legal actions in the ordinary course of business. Management is of the opinion that the ultimate outcome of these matters will not have a material adverse impact on the financial position, results of operations or cash flows of the Organization.

In December 2019 and early 2020, the coronavirus that causes COVID-19 was reported to have surfaced in China. The spread of this virus globally in early 2020 has caused business disruption domestically in the United States, the area in which the Organization primarily operates. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of this uncertainty. Therefore, while the Organization expects this matter to negatively impact the Organization's financial condition, results of operations, or cash flows, the extent of the financial impact and duration cannot be reasonably estimated at this time.

Note 16 - Subsequent event

On April 9, 2020, the Organization entered into a loan agreement with J. P. Morgan Chase for an amount of $6,831,525 related to the Small Business Administration's ("SBA") Paycheck Protection Program ("PPP"), of the CARES Act. The proceeds were received on May 1, 2020; the loan bears interest at 0.98% per annum and matures on April 8, 2022. Based on the agreement, payment of principal and interest will commence one month from the expiration of the deferral period which is defined as the six month period beginning on the date of the agreement. Forgiveness of the loan is only available for principal that is used for the limited purposes that qualify for forgiveness under the SBA requirements, and that to obtain forgiveness, the Organization must request it and must provide documentation in accordance with the SBA requirements, and certify that the amount the Organization is requesting to be forgiven qualifies under those requirements.

Supplementary Information

Open Door Family Medical Center, Inc. and Affiliates

Consolidating Statement of Financial Position
December 31, 2019

Assets	Open Door Family Medical Center, Inc.	Open Door Foundation, Inc.	Open Door Leasing Corp.	Bridge Street	Total	Eliminations	Consolidated
Current assets							
Cash and cash equivalents	$ 5,734,952	$ 455,836	$ 220	$ 58	$ 6,191,066	$ -	$ 6,191,066
Patient services receivable, net	4,668,492	-	-	683,704	5,352,196	-	5,352,196
Contracts receivable	1,304,933	-	-	-	1,304,933	-	1,304,933
Prepaid expenses and other current assets	1,335,418	7,959	-	31,630	1,375,007	-	1,375,007
Due from affiliates	87,707	-	-	-	87,707	(87,707)	-
Promises to give and contributions receivable, net	62,637	53,730	-	-	116,367	-	116,367
Total current assets	13,194,139	517,525	220	715,392	14,427,276	(87,707)	14,339,569
Investments	79,495,979	10,039,091	-	-	89,535,070	-	89,535,070
Property and equipment, net	32,248,021	9,551	-	-	32,257,572	-	32,257,572
Debt service reserve fund	250,000	-	-	-	250,000	-	250,000
Security deposits	20,885	600	28,121	-	49,606	-	49,606
Total assets	$ 125,209,024	$ 10,566,767	$ 28,341	$ 715,392	$ 136,519,524	$ (87,707)	$ 136,431,817
Liabilities and Net Assets							
Current liabilities							
Accounts payable and accrued expenses	$ 1,466,004	$ 47,355	$ 2,130	$ 30,669	$ 1,546,158	$ -	$ 1,546,158
Accrued compensation and benefits	3,524,309	-	-	-	3,524,309	-	3,524,309
Due to affiliates	-	59,831	27,876	-	87,707	(87,707)	-
Due to related party	192,006	-	-	-	192,006	-	192,006
Deferred revenue	184,020	20,000	-	-	204,020	-	204,020
Current maturities of capital lease obligation	397,987	-	-	-	397,987	-	397,987
Current portion of long-term debt	991,104	-	-	-	991,104	-	991,104
Total current liabilities	6,755,430	127,186	30,006	30,669	6,943,291	(87,707)	6,855,584
Capital lease obligations, less current maturities	541,448	-	-	-	541,448	-	541,448
Long-term debt, less current portion	4,045,194	-	-	-	4,045,194	-	4,045,194
Total liabilities	11,342,072	127,186	30,006	30,669	11,529,933	(87,707)	11,442,226
Commitments and contingencies							
Net assets							
Without donor restrictions	113,828,202	10,263,423	(1,665)	684,723	124,774,683	-	124,774,683
With donor restrictions	38,750	176,158	-	-	214,908	-	214,908
Total net assets	113,866,952	10,439,581	(1,665)	684,723	124,989,591	-	124,989,591
Total liabilities and net assets	$ 125,209,024	$ 10,566,767	$ 28,341	$ 715,392	$ 136,519,524	$ (87,707)	$ 136,431,817

See Independent Auditor's Report.

Open Door Family Medical Center, Inc. and Affiliates

Consolidating Statement of Activities and Changes in Net Assets
Year Ended December 31, 2019

	Open Door Family Medical Center, Inc.	Open Door Foundation, Inc.	Open Door Leasing Corp.	Bridge Street	Total	Eliminations	Consolidated
Revenue without donor restrictions							
Patient services revenue (net of contractual allowances and discounts)	$ 38,478,456	$ -	$ -	$ 2,026,765	$ 40,505,221	$ -	$ 40,505,221
DHHS Grants	6,936,027	-	-	-	6,936,027	-	6,936,027
Contract services	5,781,163	-	-	-	5,781,163	(400,000)	5,381,163
340B pharmacy revenue	1,569,067	-	-	-	1,569,067	-	1,569,067
Contributions	76,518	1,123,880	-	-	1,200,398	(23,750)	1,176,648
Donated goods and services	144,500	-	-	-	144,500	-	144,500
Other	430,670	-	840,757	-	1,271,427	(828,233)	443,194
Investment return, net	6,540,144	(372,898)	-	-	6,167,246	-	6,167,246
Net assets released from restrictions	62,236	146,250	-	-	208,486	-	208,486
Total revenue without donor restrictions	60,018,781	897,232	840,757	2,026,765	63,783,535	(1,251,983)	62,531,552
Expenses							
Salaries and benefits	39,983,472	-	-	1,288,898	41,272,370	366,294	41,638,664
Other than personnel services	14,929,486	1,244,755	846,584	613,615	17,634,440	(1,618,277)	16,016,163
Interest	239,063	-	-	-	239,063	-	239,063
Depreciation and amortization	2,636,837	2,151	-	-	2,638,988	-	2,638,988
Total expenses	57,788,858	1,246,906	846,584	1,902,513	61,784,861	(1,251,983)	60,532,878
Operating income (loss)	2,229,923	(349,674)	(5,827)	124,252	1,998,674	-	1,998,674
Nonoperating activity							
Unrealized gain on investments	6,573,236	2,002,119	-	-	8,575,355	-	8,575,355
Total nonoperating activity	6,573,236	2,002,119	-	-	8,575,355	-	8,575,355
Change in net assets without donor restrictions	8,803,159	1,652,445	(5,827)	124,252	10,574,029	-	10,574,029
Change in net assets with donor restrictions							
Contributions for a specific purpose	85,986	-	-	-	85,986	-	85,986
Contributions for others	-	233,750	-	-	233,750	-	233,750
Net assets released from restrictions	(62,236)	(146,250)	-	-	(208,486)	-	(208,486)
Change in net assets with donor restrictions	23,750	87,500	-	-	111,250	-	111,250
Change in net assets	8,826,909	1,739,945	(5,827)	124,252	10,685,279	-	10,685,279
Net assets, beginning	105,040,043	8,699,636	4,162	560,471	114,304,312	-	114,304,312
Net assets, end	$ 113,866,952	$ 10,439,581	$ (1,665)	$ 684,723	$ 124,989,591	$ -	$ 124,989,591

See Independent Auditor's Report.

Open Door Family Medical Center, Inc. and Affiliates

Schedule of Expenditures of Federal Awards
Year Ended December 31, 2019

Federal grantor/pass-through grantor/program or cluster title	Federal CFDA number	Pass-through entity identifying number	Passed through to subrecipients	Total federal expenditures
U.S. Department of Health and Human Services				
Health Center Program Cluster				
Health Center Program	93.224	N/A	$ -	$ 1,861,859
Grants for New and Expanded Services under the Health Center Program	93.527	N/A	-	4,788,496
Total Health Center Program Cluster			-	6,650,355
Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease	93.918	N/A	-	210,746
Substance Abuse and Mental Health Services - Projects of Regional and National Significance	93.243	N/A	-	74,926
Passed through New York State Department of Health				
Maternal and Child Health Services Block Grant to the States	93.994	C32410GG	-	263,418
Maternal and Child Health Services Block Grant to the States	93.994	C32357GG	-	46,810
Subtotal Maternal and Child Health Services Block Grant to the States	93.994		-	310,228
Passed through New York City Department of Health and Mental Hygiene				
HIV Emergency Relief Project Grants	93.914	15-MCT-964	-	175,924
Passed through New York Medical College				
Training in General, Pediatric and Public Health Dentistry	93.059	D88HP28503	-	157,471
Passed through Phelps Memorial Hospital Association				
Primary Care Medicine and Dentistry Clinician Educator Career Development	93.976	K02HP30818	-	125,431
Total U.S. Department of Health and Human Services			-	7,705,081
U.S. Department of Agriculture				
Passed through New York State Department of Health				
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	C-30425GG	-	2,464,089
Total U.S. Department of Agriculture			-	2,464,089
Corporation for National and Community Service				
Passed through Community Healthcare Association of NYS				
AmeriCorps	94.006	N/A	-	57,622
Total Corporation for National and Community Service			-	57,622
Total expenditures of federal awards			$ -	$ 10,226,792

See Notes to Schedule of Expenditures of Federal Awards.

Notes to Schedule of Expenditures of Federal Awards
December 31, 2019

Note 1 - Basis of presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of the Center under programs of the federal government for the year ended December 31, 2019. 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* (the "Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of the Center, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Center.

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

Note 3 - Nonmonetary assistance

Nonmonetary assistance is reported in the Schedule at the fair value of the Women, Infant and Children ("WIC") checks received. The total federal share of the food instruments distributed by the Center amounted to $1,380,942 and is included on the Schedule.

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
Open Door Family Medical Center, Inc. and Affiliates

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 consolidated financial statements of Open Door Family Medical Center, Inc. and Affiliates (the "Organization"), which comprise the consolidated statement of financial position as of December 31, 2019, and the related consolidated statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated May 26, 2020.

The financial statements of certain affiliates were not audited in accordance with *Government Auditing Standards* and, accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with these affiliates.

Internal Control over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but 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 Organization's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of consolidated 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

This 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CohnReznick LLP

New York, New York
May 26, 2020

Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance Required by the Uniform Guidance

To the Board of Directors
Open Door Family Medical Center, Inc. and Affiliates

Report on Compliance for Each Major Federal Program

We have audited Open Door Family Medical Center, Inc. and Affiliates' (the "Organization") 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, 2019. 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* (the "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 Organization 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, 2019.

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.

CohnReznick LLP

New York, New York
May 26, 2020

Open Door Family Medical Center, Inc. and Affiliates

Schedule of Findings and Questioned Costs
Year Ended December 31, 2019

Section I - Summary of Auditor's Results

Consolidated Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP — Unmodified opinion

Internal control over financial reporting

- Material weakness(es) identified? ____ yes ✓ no
- Significant deficiency(ies) identified? ____ yes ✓ none reported

Noncompliance material to financial statements noted? ____ yes ✓ no

Federal Awards

Internal control over major federal programs

- Material weakness(es) identified? ____ yes ✓ no
- Significant deficiency(ies) identified? ____ yes ✓ none reported

Type of auditor's report issued on compliance for major federal programs — Unmodified opinion

Any audit findings disclosed that are required to be reported in accordance with the 2 CFR 200.516(a)? ____ yes ✓ no

Identification of major federal programs

CFDA Number(s)	Name of Federal Program or Cluster
	U.S. Department of Health and Human Services
	Health Center Program Cluster
93.224	Health Center Program
93.527	Grants for New and Expanded Services under the Health Center Program

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

Auditee qualified as low-risk auditee? ✓ yes ____ no

Open Door Family Medical Center, Inc. and Affiliates

Schedule of Findings and Questioned Costs
Year Ended December 31, 2019

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None

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