

**THE JOSEPH P. ADDABBO FAMILY
HEALTH CENTER, INC.**

Arverne, New York

FINANCIAL STATEMENTS

Including Independent Auditors' Report

As of and For the Years Ended December 31, 2014 and 2013

THE JOSEPH P. ADDABBO FAMILY
HEALTH CENTER, INC.

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As of and for the Years Ended December 31, 2014 and 2013

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Financial Statements

INDEPENDENT AUDITORS' REPORT

Board of Directors
The Joseph P. Addabbo Family
Health Center, Inc.
Arverne, New York

We have audited the accompanying financial statements of The Joseph P. Addabbo Family Health Center, Inc. (the "Center") which comprise the balance sheets as of December 31, 2014 and 2013, and the related statements of operations and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Joseph P. Addabbo Family Health Center, Inc. as of December 31, 2014 and 2013, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



Melville, New York
July 31, 2015

**THE JOSEPH P. ADDABBO FAMILY
HEALTH CENTER, INC.**

Balance Sheets

<u>As of December 31,</u>	<u>2014</u>	<u>2013</u>
Assets		
Current Assets:		
Cash	\$ 2,169,557	\$ 5,229,821
Patient services receivable, net (Note 2)	5,396,292	3,523,800
Contracts and grants receivable (Note 3)	802,619	1,003,239
Insurance proceeds receivable	-	148,441
Prepaid expenses and other assets	184,095	118,272
Current maturities of notes receivable (Note 5)	13,573	44,123
Total Current Assets	<u>8,566,136</u>	<u>10,067,696</u>
Debt Service Reserve Fund (Note 7)	968,111	968,111
Notes Receivable, less current maturities (Note 5)	-	13,573
Security Deposits	40,566	40,566
Property and Equipment, net (Note 4 and Note 7)	23,041,458	23,369,092
Total Assets	<u>\$ 32,616,271</u>	<u>\$ 34,459,038</u>
Liabilities and Net Assets		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 1,269,966	\$ 1,647,616
Accrued compensation	1,360,505	1,153,607
Current maturities of due to third-party (Note 5)	-	441,020
Refundable advances	28,972	248,972
Current maturities of long-term debt (Note 7)	1,019,241	2,266,474
Total Current Liabilities	<u>3,678,684</u>	<u>5,757,689</u>
Deferred Rent	117,515	71,127
Long-Term Debt, less current maturities (Note 7)	7,711,065	8,731,073
Total Liabilities	<u>11,507,264</u>	<u>14,559,889</u>
Commitments and Contingencies		
Net Assets - Unrestricted	21,109,007	19,899,149
Total Liabilities and Net Assets	<u>\$ 32,616,271</u>	<u>\$ 34,459,038</u>

**THE JOSEPH P. ADDABBO FAMILY
HEALTH CENTER, INC.**

Statements of Operations and Changes in Net Assets

<i>For the Years Ended December 31,</i>	2014	2013
Patient Services Revenue:		
Patient services, net of contractual allowance (Note 9)	\$ 32,543,002	\$ 31,154,612
Provision for bad debts	(1,111,857)	(2,619,404)
Net Patient Services Revenue Less Provision for Bad Debts	<u>31,431,145</u>	<u>28,535,208</u>
Other Revenue:		
DHHS grants (Note 8)	3,093,178	2,864,103
Contract services (Note 10)	2,969,832	2,745,181
Other	671,354	741,292
Total Other Revenue	<u>6,734,364</u>	<u>6,350,576</u>
Total Revenue	<u>38,165,509</u>	<u>34,885,784</u>
Expenses:		
Salaries and benefits	27,916,750	26,886,568
Other than personnel services	7,660,028	6,643,172
Interest	452,141	477,545
Total Expenses	<u>36,028,919</u>	<u>34,007,285</u>
Operating Income Prior to Other Income	<u>2,136,590</u>	<u>878,499</u>
Other (Expense) Income:		
Gain on insurance proceeds	-	613,272
Depreciation and Amortization	(926,732)	(890,422)
Total Other Expense, net	<u>(926,732)</u>	<u>(277,150)</u>
Increase in Net Assets	1,209,858	601,349
Net Assets, beginning of year	19,899,149	19,297,800
Net Assets, end of year	<u>\$ 21,109,007</u>	<u>\$ 19,899,149</u>

THE JOSEPH P. ADDABBO FAMILY HEALTH CENTER, INC.

Statements of Functional Expenses

For the Year Ended December 31, 2014 (with comparative totals for 2013)

	Program Services	General and Administrative	2014 Total	2013 Total
Salaries and Wages	\$ 18,363,912	\$ 2,980,092	\$ 21,344,004	\$ 20,325,971
Fringe Benefits	5,655,046	917,700	6,572,746	6,560,597
Consultants and Contractual Services	524,884	202,968	727,852	681,737
Professional Fees	1,246	206,485	207,731	190,291
Consumable Supplies	976,849	364,924	1,341,773	1,143,818
Telephone	156,829	25,450	182,279	201,963
Travel, Conferences and Meetings	42,562	65,890	108,452	95,261
Occupancy	576,718	93,852	670,570	566,562
Equipment Rental and Maintenance	41,881	237,331	279,212	273,153
Pharmaceuticals	3,376,160	-	3,376,160	2,764,014
Insurance	165,068	26,787	191,855	233,180
Printing, Publications and Postage	10,021	65,820	75,841	60,448
Dues and Subscriptions	11,192	101,279	112,471	121,174
Data Processing	-	45,580	45,580	49,404
Personnel Recruitment	-	60,836	60,836	55,409
Patient Transportation	114,500	-	114,500	68,219
Interest	389,012	63,129	452,141	477,545
Other	81,287	83,629	164,916	138,539
	<u>30,487,167</u>	<u>5,541,752</u>	<u>36,028,919</u>	<u>34,007,285</u>
Depreciation and Amortization	797,340	129,392	926,732	890,422
Total Functional Expenses	<u>\$ 31,284,507</u>	<u>\$ 5,671,144</u>	<u>\$ 36,955,651</u>	<u>\$ 34,897,707</u>

**THE JOSEPH P. ADDABBO FAMILY
HEALTH CENTER, INC.**

Statements of Functional Expenses

For the Year Ended December 31, 2013

	Program Services	General and Administrative	Total
Salaries and Wages	\$ 17,571,557	\$ 2,754,414	\$ 20,325,971
Fringe Benefits	5,671,557	889,040	6,560,597
Consultants and Contractual Services	373,235	308,502	681,737
Professional Fees	-	190,291	190,291
Consumable Supplies	890,808	253,010	1,143,818
Telephone	174,595	27,368	201,963
Travel, Conferences and Meetings	29,801	65,460	95,261
Occupancy	489,786	76,776	566,562
Equipment Rental and Maintenance	93,525	179,628	273,153
Pharmaceuticals	2,764,014	-	2,764,014
Insurance	201,581	31,599	233,180
Printing, Publications and Postage	6,683	53,765	60,448
Dues and Subscriptions	12,082	109,092	121,174
Data Processing	-	49,404	49,404
Personnel Recruitment	15,000	40,409	55,409
Patient Transportation	68,219	-	68,219
Interest	412,832	64,713	477,545
Other	73,750	64,789	138,539
	<u>28,849,025</u>	<u>5,158,260</u>	<u>34,007,285</u>
Depreciation and Amortization	769,756	120,666	890,422
Total Functional Expenses	<u><u>\$ 29,618,781</u></u>	<u><u>\$ 5,278,926</u></u>	<u><u>\$ 34,897,707</u></u>

THE JOSEPH P. ADDABBO FAMILY HEALTH CENTER, INC.

Statements of Cash Flows

<i>For the Years Ended December 31,</i>	2014	2013
Cash Flows from Operating Activities:		
Cash received from DHHS grants	\$ 2,873,178	\$ 2,864,103
Cash received from patient services	29,584,504	29,221,044
Cash received from contract services	3,170,452	2,484,974
Cash received from other	819,795	2,358,977
Cash paid for interest	(455,952)	(437,520)
Cash paid for operations	(35,789,005)	(33,559,272)
Net Cash Provided by Operating Activities	202,972	2,932,306
Cash Flows from Investing Activities:		
Purchase of property and equipment	(599,098)	(1,599,686)
Payments received on notes receivable	44,123	16,970
Cash Used in Investing Activities	(554,975)	(1,582,716)
Cash Flows from Financing Activities:		
Proceeds from long-term debt	-	3,737,500
Principal payments of long-term debt	(2,267,241)	(658,523)
Principal payments of due to third parties	(441,020)	(1,346,156)
Cash (Used in) Provided by Financing Activities	(2,708,261)	1,732,821
Net (Decrease) Increase in Cash	(3,060,264)	3,082,411
Cash, beginning of year	5,229,821	2,147,410
Cash, end of year	\$ 2,169,557	\$ 5,229,821
Reconciliation of Increase in Net Assets to		
Net Cash Provided by Operating Activities:		
Increase in net assets	\$ 1,209,858	\$ 601,349
Adjustments to reconcile increase in net assets to		
net cash provided by operating activities:		
Depreciation and amortization	926,732	890,422
Provision for bad debts	1,111,857	2,619,404
Deferred rent	46,388	(5,449)
Changes in operating assets and liabilities:		
Increase in patient services receivable	(2,984,349)	(1,911,368)
Decrease (increase) in contracts and grants receivable	200,620	(260,207)
Decrease in insurance proceeds receivable	148,441	825,797
Decrease (increase) in prepaid expenses and other assets	(65,823)	(85,992)
(Decrease) increase in accounts payable and accrued expenses	(377,650)	180,428
Increase in accrued compensation	206,898	127,921
Decrease in refundable advances	(220,000)	(49,999)
Total Adjustments	(1,006,886)	2,330,957
Net Cash Provided by Operating Activities	\$ 202,972	\$ 2,932,306

THE JOSEPH P. ADDABBO FAMILY HEALTH CENTER, INC.

Notes to Financial Statements

As of and for the Years Ended December 31, 2014 and 2013

1. Description of the Organization and Summary of Significant Accounting Policies

Nature of operations - The Joseph P. Addabbo Family Health Center, Inc. (the "Center") operates freestanding diagnostic and treatment centers, licensed under Article 28 of the New York State health law, located in the boroughs of Queens and Brooklyn, New York. The Center provides a broad range of health services to a largely medically underserved population.

The United States 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.

Basis of accounting - The financial statements of the Center have been prepared on the accrual basis of accounting.

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

Allowance for doubtful accounts - Patient services receivable is reported at its outstanding unpaid balance reduced by an allowance for doubtful accounts. In evaluating the collectability of the patient services receivable, the Center analyzes its past history and identifies trends for each of its major payor sources to estimate the appropriate allowance for doubtful accounts and provision for bad debt. For receivables associated with services provided to patients with third-party coverage, Medicaid, and Medicare, the Center analyzes contractually due amounts to determine the adequate allowance for doubtful accounts and provision for bad debts. For receivables associated with self-pay patients, the Center records a provision for bad debts in the period of service based on its past experience, which indicates that many patients are unable or unwilling to pay a portion of their bill for which they are financially responsible. The difference between the contractual rates and the amounts actually collected after all reasonable efforts are exhausted are charged off against the allowance for doubtful accounts.

Property and equipment, net - Property and equipment is recorded at cost. Depreciation and amortization of equipment is recorded on a straight-line basis over the estimated useful lives of the assets, ranging from two years for furniture and equipment to 40 years for building and building improvements. 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 Center capitalizes assets with a useful life of more than two years and value greater than \$5,000.

Donor-imposed restrictions - The Center records contributions as either temporarily or permanently restricted revenue if they are received with donor stipulations that limit the use of the donated asset. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted assets are reclassified to unrestricted net assets and reported in the statements of operations and changes in net assets as net assets released from restrictions. Donor restricted contributions whose restrictions expire during the same fiscal year are recognized as unrestricted revenue.

The Center reports gifts of land, buildings and equipment as unrestricted support. 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 those 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.

THE JOSEPH P. ADDABBO FAMILY HEALTH CENTER, INC.

Notes to Financial Statements

As of and for the Years Ended December 31, 2014 and 2013

Donated services - No amounts have been included in the accompanying financial statements for donated services since no objective basis is available to measure the value of such services and these services would not otherwise be purchased.

Revenue recognition - Revenue from government grants and contracts designated for use in specific activities is recognized in the period when expenditures have been incurred in compliance with the grantors restrictions. Grants and contracts awarded for the acquisition of long-lived assets are reported as unrestricted nonoperation revenue during the fiscal year in which the assets are acquired, in the absence of donor stipulations to the contrary. Cash received in excess of revenue recognized is recorded as refundable advances. At December 31, 2014 and 2013, the Center has received conditional grants and contracts from governmental entities in the aggregate amount of approximately \$2,442,000 and \$1,674,000, respectively, that have not been recorded in these financial statements. These grants and contracts require the Center to provide certain healthcare services during specified periods. If such services are not provided during the periods, the governmental entities are not obligated to expend the funds allotted under the grants and contracts.

Patient services revenue is reported at the estimated net realizable amounts from patients, third-party payors and others for services rendered. Self-pay revenue is recorded at published charges with charitable allowances deducted to arrive at net self-pay revenue. All other patient services revenue is recorded at published charges with contractual allowances deducted to arrive at patient services, net.

Charity care - The Center provides care to patients who lack financial resources and are deemed to be medically indigent based on criteria established under the Center's charity care policy. This care is provided at amounts based on the Center's sliding fee scale. Because the Company does not pursue collection of amounts in excess of the sliding fee scale, such amounts are not reported as revenue. The Company maintains records to identify and monitor the level of charity care provided. These records include the amount of direct and indirect costs for services and supplies furnished under its charity care policy. The direct and indirect costs related to this care totaled approximately \$2,345,000 and \$2,834,000 in 2014 and 2013, respectively. Direct and indirect costs for providing charity care are estimated by calculating a ratio of cost to visits and then multiplying that ratio by the visits associated with providing care to charity patients. In addition, the Company provides services to other medically indigent patients under various state Medicaid programs. Such programs pay amounts that are less than the cost of the services provided to the recipients.

Interest income - Interest earned on federal funds is recorded as a payable to the Public Health Service (the "PHS") in compliance with OMB Circular A-110.

Insurance - The Company is self-insured for employee medical claims for non-union employees. Determining reserves for healthcare losses and costs that the Center has incurred as of December 31, 2014 involves significant judgments based upon its experience and expectations of future events, including projected settlements for pending claims, known incidents which the Center expects may result in claims, estimates of incurred but not yet reported claims, estimated litigation costs and other factors. Since these reserves are based on estimates, the actual expenses the Center incurs may differ from the amount reserved. The Center regularly adjusts these estimates to reflect changes in the foregoing factors, the actual claims experience, changes in market conditions and other factors.

Income taxes - The Center was incorporated as a not-for-profit corporation under the laws of the State of New York and is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Therefore, there is no provision for income taxes.

Uncertain tax positions - Management has evaluated the Center's tax positions and concluded that the Center has not taken any uncertain tax positions that require adjustment or disclosure to the financial statements. Generally, the Center is no longer subject to income tax examination by U.S. federal, state or local tax authorities for years before 2011, which is the standard statute of limitations look-back period.

Subsequent events - Management has evaluated subsequent events through July 31, 2015, the date the financial statements were available for issuance, for inclusion or disclosure in the financial statements.

**THE JOSEPH P. ADDABBO FAMILY
HEALTH CENTER, INC.**

Notes to Financial Statements

As of and for the Years Ended December 31, 2014 and 2013

2. Patient Services Receivable, Net

Patient services receivable, net, consist of the following:

<i>As of December 31,</i>	2014	2013
Medicaid and Medicaid Managed Care Wraparound	\$ 2,005,692	\$ 1,545,604
Medicare	168,152	291,997
Other Third-Party Payors	132,406	206,650
Managed Care Plans	283,145	326,747
New York State Uncompensated Care	1,764,208	189,559
340B Pharmacy	931,989	916,293
Meaningful Use	374,000	310,250
	<u>5,659,592</u>	<u>3,787,100</u>
Less Allowance for Doubtful Accounts	263,300	263,300
	<u>\$ 5,396,292</u>	<u>\$ 3,523,800</u>

3. Contracts and Grants Receivable

Contracts and grants receivable consist of the following:

<i>As of December 31,</i>	2014	2013
New York State Department of Health:		
HEAL 14 NY	\$ -	\$ 376,946
Women, Infants and Children Program	241,909	187,690
Consumer Assistance for the NY Health Benefit Exchange	136,405	174,408
Health Center Cluster	172,275	125,528
Other	252,030	138,667
	<u>\$ 802,619</u>	<u>\$ 1,003,239</u>

4. Property and Equipment, Net

Property and equipment, net, at cost, consist of the following:

<i>As of December 31,</i>	2014	2013
Land	\$ 1,023,465	\$ 1,023,465
Building	24,072,098	23,723,753
Equipment	4,583,479	3,969,155
Leasehold Improvements	1,083,813	213,608
Construction-in-Progress	75,625	1,309,402
	<u>30,838,480</u>	<u>30,239,383</u>
Less Accumulated Depreciation and Amortization	7,797,022	6,870,291
	<u>\$ 23,041,458</u>	<u>\$ 23,369,092</u>

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

THE JOSEPH P. ADDABBO FAMILY HEALTH CENTER, INC.

Notes to Financial Statements

As of and for the Years Ended December 31, 2014 and 2013

5. Due to Third-Party

In 2004, the Center converted to Comprehensive Outpatient Program Services ("C.O.P.S.") billing for the mental health program. However, they continued to bill the New York City Office of Mental Health ("NYCOMH") under the old vouchering method and New York City paid them. Therefore, there was a balance payable to NYCOMH. As of December 31, 2013, there was approximately \$406,000 due to NYCOMH. This amount was paid in full as of December 31, 2014.

At December 31, 2013, the Center had a liability outstanding to Health Plus in the amount of \$34,608. This liability was related to an overpayment to the OBGYN doctors from 2002 to 2008. The employees have notes receivables outstanding to reimburse the Center for their portion of the liability. Monthly payments are required to be paid to Health Plus for terms from 36 to 60 months in the total amount of \$6,242. This liability has been paid in full as of December 31, 2014. Payments are required to be paid to the Center from the doctors for terms from 36 to 60 months in the total amount of \$3,394. There is no interest due on these payables or receivables.

6. Line of Credit

The Center has available a revolving line of credit of \$1,000,000, which is due on June 30, 2015. This line bears interest at the greater of prime (3.25% as of December 31, 2014 and 2013) plus 1% or 200 basis points above LIBOR (.17% as of December 31, 2014 and 2013). As of December 31, 2014 and 2013, there was no balance outstanding on this line of credit and no interest expense associated with this line of credit.

7. Long-Term Debt

Long-term debt consists of the following:

<i>December 31,</i>	2014	2013
<p>The Center entered into a mortgage agreement with Primary Care Development Corporation ("PCDC") dated November 12, 2002, for the acquisition and development of 1288 Central Avenue, Far Rockaway, New York. The loan, in the amount of \$2,756,150, matures in November 2017 with an interest rate of 6.60%. The principal and interest are payable in monthly installments beginning November 12, 2002. In addition, the Center is required to fund a Debt Service Reserve Fund equal to one year's debt service to be paid in equal monthly installments over the first three years of the loan term. The purpose of the note is to finance the acquisition and equipping of a primary care facility. The note is secured by the purchased facility and the Debt Service Reserve Fund.</p>	\$ 774,577	\$ 1,005,062
<p>The Center entered into a loan agreement with PCDC dated May 12, 2006 for the acquisition and development of 6200 Beach Channel Drive, Arverne, New York for 15 years at 7.12% in the amount of \$3,900,000. The note is secured by all assets of the Center and all gross receipts derived by the Center's operations, to the extent permitted by law. The loan matures on May 1, 2021. The principal and interest are payable in monthly installments beginning May 12, 2006. In addition, the Center is required to fund a Debt Service Reserve account equal to one year's debt service.</p>	2,177,795	2,436,450

**THE JOSEPH P. ADDABBO FAMILY
HEALTH CENTER, INC.**

Notes to Financial Statements

As of and for the Years Ended December 31, 2014 and 2013

On March 23, 2009, the Center entered into a purchase agreement to acquire a health care facility located at 114-49 Sutphin Boulevard, Jamaica, New York. Under this agreement, the Center assumed the obligations and liabilities of the seller, which included a mortgage on the property, a ground lease and an operating lease. Under the mortgage assumption agreement, the Center assumed responsibility for the original financing of the facility with PCDC, which originally closed on October 1, 1996. On the date of the agreement, the mortgage had a remaining balance of \$5,331,667. The mortgage bears interest at 5.45% per annum and is due on May 1, 2024. The note is secured by the purchased facility. In addition, the Center is required to fund a Debt Service Reserve account equal to one year's debt service. On September 1, 2010, the Center renegotiated the terms of the mortgage. At this date, the interest rate was decreased from 5.45% to 3.27%. All other terms remained consistent.

\$ 3,503,962 \$ 3,855,025

On May 24, 2013, the Center entered into a loan agreement with the City of New York to fund repairs at the health care facility located at 120 Richards Street, Brooklyn, New York. The loan is in the amount of \$600,000 and bore no interest. This loan has been paid in full as of December 31, 2014.

- 600,000

On May 24, 2013, the Center entered into a loan agreement with the City of New York to fund repairs at the health care facility located at 6200 Beach Channel Drive, Arverne, New York. The loan is in the amount of \$700,000 and bore no interest. This loan has been paid in full as of December 31, 2014.

- 700,000

On July 11, 2013, the Center entered into a loan agreement to refinance the previous mortgage and to develop the health care facility located at 120 Richards Street, Brooklyn, New York. The loan, in the amount of \$2,437,500, matures in August 2028 with an interest rate of 3.53%. The principal and interest are payable in monthly installments beginning September 1, 2013. The note is secured by the facility and the related equipment.

	2,273,972	2,401,010
	8,730,306	10,997,547
	1,019,241	2,266,474
	\$ 7,711,065	\$ 8,731,073

Less Current Maturities

Long-term debt matures approximately as follows:

For the Years Ending December 31,

2015	\$ 1,019,000
2016	1,075,000
2017	1,123,000
2018	903,000
2019	951,000
Thereafter	3,659,000
	\$ 8,730,000

**THE JOSEPH P. ADDABBO FAMILY
HEALTH CENTER, INC.**

Notes to Financial Statements

As of and for the Years Ended December 31, 2014 and 2013

8. DHHS Grants

The Center recognized the following grants from the DHHS:

For the Year Ended December 31, 2014

Grant Number	Grant Name	Grant Period	Total Grant	Revenue Recognized
2H80CS00430-12	Health Center Cluster	4/01/13 to 3/31/14	\$ 2,247,036	\$ 561,759
6H80CS00430-13	Health Center Cluster	4/01/14 to 3/31/15	2,585,568	1,853,375
5H76HA00056-21	Early Intervention Services with Respect to HIV Disease	7/01/13 to 4/30/14	581,180	290,590
2H76HA00056-22	Early Intervention Services with Respect to HIV Disease	5/01/14 to 4/30/15	581,180	387,454
				\$ 3,093,178

The Center recognized the following grants from the DHHS:

For the Year Ended December 31, 2013

Grant Number	Grant Name	Grant Period	Total Grant	Revenue Recognized
2H80CS00430-11	Health Center Cluster	4/01/12 to 3/31/13	\$ 2,084,694	\$ 521,176
2H80CS00430-12	Health Center Cluster	4/01/13 to 3/31/14	2,247,036	1,685,277
5H76HA00056-20	Early Intervention Services with Respect to HIV Disease	7/01/12 to 6/30/13	734,122	367,060
5H76HA00056-21	Early Intervention Services with Respect to HIV Disease	7/01/13 to 6/30/14	581,180	290,590
				\$ 2,864,103

9. Patient Services Revenue, Net of Contractual Allowance

Patient services, net of contractual allowance, consist of the following:

<i>For the Year Ended December 31, 2014</i>	Gross Charges	Contractual and Charitable	Net Patient Services Revenue
Medicaid and Medicaid Managed Care Plans and Managed Care Wraparound	\$ 28,623,463	\$ 5,449,521	\$ 23,173,942
Medicare	3,978,030	1,421,899	2,556,131
Other Third-Party Payors	6,563,202	2,991,169	3,572,033
Self-Pay	4,007,417	2,344,839	1,662,578
	\$ 43,172,112	\$ 12,207,428	30,964,684
New York State Uncompensated Care			1,578,318
			\$ 32,543,002

THE JOSEPH P. ADDABBO FAMILY HEALTH CENTER, INC.

Notes to Financial Statements

As of and for the Years Ended December 31, 2014 and 2013

Patient services, net, consist of the following:

<i>For the Year Ended December 31, 2013</i>	Gross Charges	Contractual and Charitable	Net Patient Services Revenue
Medicaid and Medicaid Managed Care Plans and Managed Care Wraparound	\$ 25,649,153	\$ 3,485,463	\$ 22,163,690
Medicare	2,182,922	815,065	1,367,857
Other Third-Party Payors	7,245,132	3,013,467	4,231,665
Self-Pay	4,852,287	2,834,380	2,017,907
	<u>\$ 39,929,494</u>	<u>\$ 10,148,375</u>	<u>29,781,119</u>
New York State Uncompensated Care			1,373,493
			<u>\$ 31,154,612</u>

Medicaid and Medicare revenue is reimbursed to the Center at the net reimbursement rates determined by each program. Reimbursement rates are subject to revisions under the provisions of reimbursement regulations. Adjustments for such revisions are recognized in the fiscal year incurred.

10. Contract Services

Contract services revenue consists of the following:

<i>For the Years Ended December 31,</i>	2014	2013
New York State Department of Health:		
Women, Infants and Children Program	\$ 1,099,610	\$ 1,084,502
Consumer Assistance for the NY Health Benefit Exchange	493,467	174,408
HEAL NY Award - Queens Access Grant	-	376,947
The City of New York Department of Health and Mental Hygiene:		
Immunization Grant	1,376,755	1,109,324
	<u>\$ 2,969,832</u>	<u>\$ 2,745,181</u>

11. Pension Plan

The Center has a contributory defined contribution pension plan covering substantially all nonunion full-time employees meeting certain eligibility requirements. The Center's contributions to the plan are based on a percentage of employee salaries and are charged to pension expense as incurred. Benefits, which are limited to plan assets invested in individual annuity contracts, immediately vest to each eligible participant. Pension expense for this plan approximated \$788,000 and \$720,000 for the years ended December 31, 2014 and 2013, respectively.

Also, the Center is a participant in a pension plan with District 1199, National Union of Hospital and Health Care Employees, RWDSU, AFL-CIO, that has been characterized for financial accounting purposes as a multiemployer pension plan (the "1199 Plan"), a noncontributory defined benefit plan sponsored by the League of Voluntary Hospitals. The risks of participating in a multiemployer plan are different from single-employer plans in the following aspects:

- Assets contributed to the multiemployer plan by one employer may be used to provide benefits to employees of other participating employers.
- If a participating entity stops contributing to the multiemployer plan, the unfunded obligations of the plan may be borne by the remaining participating entities.
- If an entity petitions to stop participating in the multiemployer plan, the entity may be required to pay the plan a withdrawal liability based on the funded status of the plan.

THE JOSEPH P. ADDABBO FAMILY HEALTH CENTER, INC.

Notes to Financial Statements

As of and for the Years Ended December 31, 2014 and 2013

The following table discloses the name and funded status of the 1199 Plan as of January 1, 2014 (the date of the latest actuarial valuation), inclusive of the fair value of plan assets as of December 31, 2013:

Legal Name	1199 SEIU Health Care Employees Pension Plan
EIN/Pension Plan Number	13-3604862-001
Pension Protection Act Zone Status 2011	Green
FIP/RP Status Pending/Implemented	No
Employer's Contributions Paid to the Plan for the year ended December 31, 2014	\$ 606,110
Employer's Contributions Paid to the Plan for the year ended December 31, 2013	\$ 685,385
Employer's Contributions that Represent More than 5% of Total Contributions	None
Surcharge Imposed	None
Expiration Date of Collective-Bargaining Agreement	4/30/2015

12. Commitments and Contingencies

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

There are various lawsuits and claims pending against the Center which arose in the ordinary course of business. In the opinion of the Center's management, these lawsuits are either without merit, or are covered by insurance, and will not result in any material adverse effect on the Center's financial position or changes in net assets.

The Center operates seven health care facilities, of which four facilities are owned by the Center. In August 2009, the Center entered into a noncancelable lease agreement for a new health care facility that was opened in January 2010. On April 15, 2010, the Center entered into an agreement to lease a new health care facility located in Ozone Park, New York. Both lease terms are for 15 years and call for escalation charges throughout the lease.

The Center subleases a portion of their Beach Channel Drive, Sutphin Boulevard and Central Avenue facilities to various pharmacies. The sublease agreements require payments of approximately \$20,000 per year for each location.

For the years ended December 31, 2014 and 2013, rent expense under these operating leases approximated \$232,000 and \$192,000, respectively.

The Center had noncancelable equipment operating leases expiring during the year ended December 31, 2013 which have been continued on a month-to-month basis. For the years ended December 31, 2014 and 2013, rent expense under these operating leases approximated \$12,000 and \$26,000, respectively.

THE JOSEPH P. ADDABBO FAMILY HEALTH CENTER, INC.

Notes to Financial Statements

As of and for the Years Ended December 31, 2014 and 2013

The approximate future minimum lease payments under these operating leases are as follows:

For the Years Ending December 31,

2015	\$	248,000
2016		255,000
2017		229,000
2018		210,000
2019		220,000
Thereafter		587,000
	\$	<u>1,749,000</u>

The Center maintains its medical malpractice coverage under the Federal Tort Claims Act ("FTCA"). FTCA provides malpractice coverage to eligible PHS-supported programs and applies to the Center and its employees while providing services within the scope of employment included under grant-related activities. The Attorney General, through the United States Department of Justice, has the responsibility for the defense of the individual and/or grantee for malpractice cases approved for FTCA coverage.

Certain employees of the Center are covered under the 1199 SEIU United Healthcare Workers East ("1199") Union collective-bargaining agreement. On April 30, 2015, the collective-bargaining agreement between the Center and 1199 expired. The collective-bargaining agreement negotiations are ongoing and to date no collective-bargaining agreement has been finalized. The Center anticipates the collective-bargaining agreement negotiations to conclude in August 2015.

13. Concentration of Credit Risk

Financial instruments which potentially subject the Center to concentrations of credit risk consist principally of temporary cash investments and receivables from government agencies. The Center places its temporary cash investments with high credit quality financial institutions. From time to time during the years ended December 31, 2014 and 2013, the balances in such accounts exceeded the FDIC limits. However, the Center has not experienced, nor does it anticipate, any losses with respect to these bank accounts. Receivables from government agencies are primarily from New York State.

**THE JOSEPH P. ADDABBO FAMILY
HEALTH CENTER, INC.**

Arverne, New York

FEDERAL AWARDS

Including Independent Auditors' Report

For the Year Ended December 31, 2014

THE JOSEPH P. ADDABBO FAMILY
HEALTH CENTER, INC.

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INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS

Board of Directors
The Joseph P. Addabbo Family
Health Center, Inc.
Arverne, New York

Report on the Financial Statements

We have audited the accompanying financial statements of The Joseph P. Addabbo Family Health Center, Inc. (the "Center"), which comprise the balance sheets as of December 31, 2014 and 2013, and the related statements of operations and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America 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 audits to obtain reasonable assurance about whether the financial statements are free of 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.

Board of Directors
The Joseph P. Addabbo Family
Health Center, Inc.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Joseph P. Addabbo Family Health Center, Inc. as of December 31, 2014 and 2013, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 31, 2015, on our consideration of The Joseph P. Addabbo Family Health Center, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering The Joseph P. Addabbo Family Health Center, Inc.'s internal control over financial reporting and compliance.

Baker Tilly Veitchon Keane, LLP

Melville, New York
July 31, 2015

INDEPENDENT AUDITORS' 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

Board of Directors
The Joseph P. Addabbo Family
Health Center, Inc.
Arverne, New York

We have audited, 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, the financial statements of The Joseph P. Addabbo Family Health Center, Inc. (the "Center") which comprise of the balance sheet as of December 31, 2014 and the related statements of operations and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated July 31, 2015.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Center'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 financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Center's internal control. Accordingly, we do not express an opinion on the effectiveness of the Center'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 Center'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 weakness may exist that have not yet been identified.

Board of Directors
The Joseph P. Addabbo Family
Health Center, Inc.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Center's 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 financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Center'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 Center's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Melville, New York
July 31, 2015

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Board of Directors
The Joseph P. Addabbo Family
Health Center, Inc.
Arverne, New York

Report on Compliance for Each Major Federal Program

We have audited The Joseph P. Addabbo Family Health Center, Inc.'s (the "Center") compliance with the types of compliance requirements described in the OMB Circular A-133, "*Compliance Supplement*" that could have a direct and material effect on each of the Center's major federal programs for the year ended December 31, 2014. The Center'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 the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Center'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 OMB Circular A-133, "*Audits of States, Local Governments and Non-Profit Organizations*". Those standards and OMB Circular A-133 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 Center'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 Center's compliance.

Opinion on Each Major Federal Programs

In our opinion, the Center complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each major federal programs for the year ended December 31, 2014.

Board of Directors
The Joseph P. Addabbo Family
Health Center, Inc.

Report on Internal Control over Compliance

Management of the Center 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 Center'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 OMB Circular A-133, 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 Center'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 a material weakness. However, material weakness 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of the Center as of and for the year ended December 31, 2014, and have issued our report thereon dated July 31, 2015, which contained an unmodified opinion on the financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by OMB Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations", is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.



Melville, New York
September 29, 2015

**THE JOSEPH P. ADDABBO FAMILY
HEALTH CENTER, INC.**

Schedule of Expenditures of Federal Awards

For the Year Ended December 31, 2014

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's No.	Federal Expenditures
United States Department of Health and Human Services:			
- Direct Program:			
Health Centers Cluster:			
Consolidated Health Centers	93.224	N/A	\$ 2,415,134
Outpatient Early Intervention Services with Respect to HIV Disease	93.918	N/A	678,044
Total Direct United States Department of Health and Human Services			<u>3,093,178</u>
- Passed-Through the City of New York Department of Health and Human Services:			
Immunization Grant	93.268	N/A	1,376,755
- Passed-Through the New York State Department of Health State Planning and Establishment Grants for the Affordable Care:			
Act's (ACA) Exchanges	93.525	C028925	345,427
Medical Assistance Program	93.778	C028925	70,319
Children's Health Insurance Program	93.767	C028925	4,811
Total Indirect United States Department of Health and Human Services			<u>1,797,312</u>
Total United States Department of Health and Human Services			<u>4,890,490</u>
United States Department of Agriculture:			
- Passed-Through the New York State Department of Health:			
Special Supplemental Nutrition Program for Women, Infants and Children ("WIC")	10.557	C025755	6,412,360
Total United States Department of Agriculture			<u>6,412,360</u>
Total Expenditures of Federal Awards			<u>\$ 11,302,850</u>

THE JOSEPH P. ADDABBO FAMILY HEALTH CENTER, INC.

Notes to Schedule of Expenditures of Federal Awards

For the Year Ended December 31, 2014

1. Basis of Presentation and Summary of Significant Accounting Policies

The accompanying schedule of expenditures of federal awards (the "schedule") includes the federal grant activity of The Joseph P. Addabbo Family Health Center, Inc. (the "Center") for the year ended December 31, 2014.

The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget ("OMB") Circular A-133, *"Audits of States, Local Governments and Non-Profit Organizations"*. 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.

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-122, *"Cost Principles for Non-Profit Organizations"*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where applicable. The Center did not provide any funding to subrecipients during the year ended December 31, 2014.

2. Nonmonetary Assistance

Nonmonetary assistance is reported on the schedule at the fair market value of the WIC checks received. The total federal share of food instruments distributed by the Center amounted to \$5,502,543 and is included in the schedule of expenditures of federal awards.

3. Noncash Items

Of the federal expenditures presented in the schedule of federal awards, the Center received \$1,376,755 in immunization vaccines from CFDA No. 93.268, which is a noncash item.

THE JOSEPH P. ADDABBO FAMILY HEALTH CENTER, INC.

Schedule of Findings and Questioned Costs

For the Year Ended December 31, 2014

Section I - Summary of Auditors' Results

Financial Statements

Type of Auditors' Report Issued:	Unmodified		
Internal Control over Financial Reporting:			
Material weakness(es) identified?	_____	yes	<u> X </u> no
Significant deficiency(ies) identified?	_____	yes	<u> X </u> none reported
Noncompliance Material to Financial Statements Noted?	_____	yes	<u> X </u> no

Federal Awards

Internal Control over Major Programs:			
Material weakness(es) identified?	_____	yes	<u> X </u> no
Significant deficiency(ies) identified?	_____	yes	<u> X </u> none reported

Type of Auditors' Report Issued on Compliance for Major Programs: Unmodified

Any Audit Findings Disclosed that are Required to be Reported
in Accordance with Section 510(a) of OMB Circular A-133? _____ yes X no

Identification of Major Programs

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.557	United States Department of Agriculture: - Special Supplemental Nutrition Program for Women, Infants and Children
93.224	United States Department of Health and Human Services: - Health Centers Cluster: - Consolidated Health Centers
93.525	United States Department of Health and Human Services: - State Planning and Establishment Grants for the Affordable Care Act's ("ACA") Exchange

Dollar Threshold Used to Distinguish between
Type A and Type B Programs: \$339,086

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

Section II - Financial Statement Findings

There were no financial statement findings for the current year.

Section III - Federal Award Findings and Questioned Costs

There were no federal award findings or questioned costs for the current year.

THE JOSEPH P. ADDABBO FAMILY HEALTH CENTER, INC.

Summary Schedule of Prior Year's Audit Findings

For the Year Ended December 31, 2014

Section II - Financial Statement Findings

2013-1: Accrued Expenses

Criteria - Internal controls should be in place to ensure that accruals are properly stated at each period close.

Condition - Certain employee medical costs, in the total amount of \$315,355 were not appropriately accrued as of December 31, 2013.

Current status - During 2014, the Center corrected this finding.

Section III - Federal Award Findings and Questioned Costs

2013-2: Reporting

Identification of the Federal Program - CFDA Number 93.224 - Consolidated Health Centers Program, federal award number H80CS00430-12-00, United States Department of Health and Human Services.

Condition - During our testing of the Uniform Data System report, we noted that the underlying data did not agree with the amounts reported on the Uniform Data System report.

Current status - During 2014, the Center corrected this finding.

THE JOSEPH P. ADDABBO FAMILY
HEALTH CENTER, INC.

Corrective Action Plan on Current Year's Audit Findings

For the Year Ended December 31, 2014

Not applicable - there were no current year's audit findings.