Open Door, Inc. and Affiliates

Consolidated Financial Report
and Supplementary Information to
conform with OMB Circular A-133

December 31, 2014

Contents

McGladrey

Independent Auditor's Report

To the Board of Directors
Open Door, Inc. and Affiliates
Ossining, New York

Report on the Financial Statements
We have audited the accompanying consolidated financial statements of Open Door, Inc. and Affiliates (collectively, the Corporation), which comprise the consolidated balance sheets as of December 31, 2014 and 2013, and the related consolidated statements of operations and changes in net assets, and cash flows for the years 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 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 audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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 the Corporation as of December 31, 2014 and 2013, and the changes in their net assets and their cash flows for the years 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 is for purposes of additional analysis rather than to present the financial position, changes in net assets, and cash flows of the individual corporations. The other supplementary information listed in the accompanying table of contents and the schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* is presented for purposes of additional analysis. The consolidating and other supplementary information listed in the accompanying table of contents and the schedule of expenditures of federal awards 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 consolidated financial statements. The information has 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 June 10, 2015 and May 30, 2014 on our consideration of the Corporation'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 Corporation’s internal control over financial reporting and compliance.

McGladrey LLP

New York, New York
June 10, 2015

Open Door, Inc. and Affiliates

Consolidated Balance Sheets
December 31, 2014 and 2013

	2014	2013
Assets		
Current Assets		
Cash and cash equivalents	$ 12,636,702	$ 16,390,664
Patient services receivable, net of allowance of $4,509,973 and $4,856,127	3,255,314	1,511,852
Contracts receivable	1,219,046	1,231,853
Membership change agreement receivable	2,470,396	6,000,000
Prepaid expenses and other current assets	528,869	769,423
Pledges and contributions receivable	17,000	23,950
Total current assets	20,127,327	25,927,742
Investments	62,411,423	49,049,175
Property and Equipment		
Land	1,740,016	1,740,016
Building	2,274,217	2,274,217
Building and leasehold improvements	13,862,541	13,758,779
Furniture and fixtures	3,985,730	3,590,419
Equipment	4,617,247	3,855,988
Construction-in-progress	3,710,589	2,474,884
	30,190,340	27,694,303
Less accumulated depreciation and amortization	15,294,065	14,031,604
Net property and equipment	14,896,275	13,662,699
Cash restricted for investment in property and equipment	110,000	100,000
Debt Service Reserve Fund	555,778	555,778
Security Deposits	187,606	48,960
Total assets	$ 98,288,409	$ 89,344,354
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued expenses	$ 1,347,576	$ 1,532,831
Accrued compensation and benefits	1,694,631	1,717,874
Current portion of accrued pension liability	383,277	342,982
Deferred revenue	197,075	50,125
Current maturities on long-term debt	360,598	334,987
Total current liabilities	3,983,157	3,978,799
Pension Liability, Less Current Portion	2,442,670	1,006,314
Long-Term Debt, Less Current Maturities	2,443,623	2,804,220
Total liabilities	8,869,450	7,789,333
Commitments and Contingencies		
Net Assets		
Unrestricted	89,218,267	81,418,355
Temporarily restricted	200,692	136,666
Total net assets	89,418,959	81,555,021
Total liabilities and net assets	$ 98,288,409	$ 89,344,354

See Notes to Consolidated Financial Statements.

Open Door, Inc. and Affiliates

Consolidated Statements of Operations and Changes in Net Assets
Years Ended December 31, 2014 and 2013

	2014	2013
Unrestricted Revenue and Support		
Revenue:		
Patient services, net of contractual	$ 30,184,572	$ 26,007,568
Provision for bad debt	(1,193,110)	(1,220,274)
Patient services, net of allowances	28,991,462	24,787,294
Other	58,229	52,557
	29,049,691	24,839,851
Support:		
Grants	5,041,044	5,075,053
Contract services	4,285,203	4,046,868
Contributions	941,295	617,219
Donated goods and services	294,208	300,820
	10,561,750	10,039,960
Total revenue and support	39,611,441	34,879,811
Expenses		
Salaries and wages	19,860,928	18,236,561
Fringe benefits	4,107,482	3,841,878
Supplies	1,594,100	1,396,967
Consultants and contractual services	2,525,425	1,298,891
Depreciation and amortization	1,262,461	1,167,292
Occupancy	1,191,648	1,101,925
Healthcare consultants	1,448,575	1,078,052
Pharmaceuticals	635,255	649,958
Other	339,972	332,731
Telephone	327,687	515,245
Laboratory and radiology fees	433,713	416,028
Repairs and maintenance	451,618	367,481
Professional fees	275,352	347,770
Travel, conferences and meetings	316,207	283,426
Data processing	326,624	254,839
Insurance	273,871	253,455
Interest	220,792	244,766
Dues and subscriptions	240,789	230,494
Equipment rental	146,928	159,238
Printing, publications and postage	118,650	121,895
Personnel recruitment	116,287	108,747
Fundraising	383,584	29,348
Total expenses	36,597,948	32,436,987
Operating income	3,013,493	2,442,824

(Continued)

Open Door, Inc. and Affiliates

Consolidated Statements of Operations and Changes in Net Assets (Continued)
Years Ended December 31, 2014 and 2013

	2014	2013
Other Income		
Realized gain on investments	$ 813,794	$ 614,271
Investment and interest income	658,522	258,189
Net assets released from restrictions	111,417	95,117
	1,583,733	967,577
Excess of revenue and support over expenses	4,597,226	3,410,401
Nonoperating Income (Expense)		
Unrealized gain on investments	2,005,217	4,276,074
Grants for capital expenditures	447,517	144,013
Contributions/contracts for capital expenditures	-	53,000
Gain on transfer of membership interest	2,470,396	28,232,508
Pension-related changes other than net periodic pension cost	(1,720,444)	1,761,664
Increase in unrestricted net assets	7,799,912	37,877,660
Temporarily Restricted Net Assets		
Contributions for a specific purpose	123,900	88,950
Contributions for others	51,543	-
Contributions for capital projects	10,000	10,000
Net assets released from restrictions	(121,417)	(95,117)
Increase in temporarily restricted net assets	64,026	3,833
Increase in net assets	7,863,938	37,881,493
Net Assets		
Beginning	81,555,021	43,673,528
Ending	$ 89,418,959	$ 81,555,021

See Notes to Consolidated Financial Statements.

Open Door, Inc. and Affiliates

Consolidated Statements of Cash Flows
Years Ended December 31, 2014 and 2013

	2014	2013
Cash Flows From Operating Activities		
Change in net assets	**$ 7,863,938**	$ 37,881,493
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Unrealized gain on investments	**(2,005,217)**	(4,276,074)
Realized gain on investments	**(813,794)**	(614,271)
Depreciation and amortization	**1,262,461**	1,167,292
Bad debt expense	**1,193,110**	1,220,274
Cash restricted for investment in property and equipment	**(10,000)**	(100,000)
Gain on transfer of membership interest	**(2,470,396)**	(28,232,508)
(Increase) decrease in:		
Patient services receivable	**(2,936,572)**	1,255,716
Contracts receivable	**12,807**	304,372
Prepaid expenses and other current assets	**240,554**	(53,044)
Pledges and contributions receivable	**6,950**	35,750
Security deposits	**(138,646)**	9,610
Increase (decrease) in:		
Accounts payable and accrued expenses	**(185,255)**	406,191
Accrued compensation and benefits	**(23,243)**	(238,784)
Deferred revenue	**146,950**	(66,368)
Accrued pension liability	**1,476,651**	(1,806,277)
Net cash provided by operating activities	**3,620,298**	6,893,372
Cash Flows From Investing Activities		
Purchases of assets restricted to investment in equipment	**-**	(53,000)
Purchases of assets restricted to investment in property	**(10,000)**	(10,000)
Purchases of property and equipment	**(2,496,037)**	(1,025,047)
Purchase of investments	**(30,222,607)**	(46,489,324)
Sale of investments	**19,679,370**	24,934,161
Proceeds from transfer of membership interest	**6,000,000**	22,232,508
Net cash used in investing activities	**(7,049,274)**	(410,702)
Cash Flows From Financing Activities		
Contribution restricted for purchasing equipment	**-**	53,000
Contribution restricted for capital project	**10,000**	10,000
Principal payments on long-term debt	**(334,986)**	(311,194)
Principal payments on capital lease	**-**	(20,945)
Net cash used in financing activities	**(324,986)**	(269,139)
Net (decrease) increase in cash and cash equivalents	**(3,753,962)**	6,213,531
Cash and Cash Equivalents		
Beginning	**16,390,664**	10,177,133
Ending	**$ 12,636,702**	$ 16,390,664
Supplemental Disclosure of Cash Flow Information		
Cash paid for interest	**$ 220,792**	$ 244,766

See Notes to Consolidated Financial Statements.

Note 1. Organization

Open Door, Inc. (the Company) is the sole voting member of Open Door Family Medical Center, Inc. (the Center), Open Door Foundation, Inc. (the Foundation) and Open Door Leasing Corp. (Leasing). The Company, the Center, the Foundation and Leasing are collectively referred to as the Corporation. The Corporation consists of not-for-profit entities and a for-profit leasing company designed to provide and support services to a largely medically underserved population.

The consolidated financial statements include the accounts of the Corporation. All intercompany transactions and balances have been eliminated in consolidation.

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 and Brewster, 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 Centers 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.

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.

Note 2. Significant Accounting Policies

Basis of presentation: The Corporation classifies its net assets into three categories, which are unrestricted, temporarily restricted and permanently restricted.

Unrestricted net assets are reflective of revenues and expenses associated with the principal operating activities of the Corporation and are not subject to donor-imposed stipulations.

Temporarily restricted net assets are subject to donor-imposed stipulations that may or will be met either by actions of the Corporation and/or the passage of time. When a donor restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the consolidated statements of operations and changes in net assets as assets released from restrictions. Donor-restricted contributions whose restrictions are met within the same year as received are reported as unrestricted contributions in the consolidated financial statements.

Permanently restricted net assets are subject to donor-imposed stipulations that must be maintained permanently by the Corporation. There were no permanently restricted net assets as of December 31, 2014 and 2013.

Note 2. Significant Accounting Policies (Continued)

Results of operations: The consolidated statements of operations and changes in net assets include excess of revenue and support over expenses that represents the results of operations. Changes in unrestricted net assets, which are excluded from excess of revenue and support over expenses, consistent with industry practice, include unrealized gain (loss) on investments, grants, contributions and contracts of long-lived assets (including assets acquired using contributions which by donor restriction were to be used for the purpose of acquiring such assets) and pension related changes other than net periodic pension cost.

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. The use of estimates and assumptions in the preparation of the accompanying consolidated financial statements is primarily related to the determination of net patient services receivable, pledges and contributions receivable, pension obligation and depreciation expense.

Cash and cash equivalents: The Corporation maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Corporation has not experienced any losses in such accounts. All highly liquid investments with maturities of three months or less when purchased are considered to be cash equivalents. Cash and cash equivalents held temporarily in the investments portfolio are included in investments.

Patient services receivable: Accounts receivables are reduced by an allowance for doubtful accounts. In evaluating the collectability of accounts receivable, the Center analyzes past history and identifies trends for each of its major payor sources of revenue to estimate the appropriate allowance for doubtful accounts and provision for bad debts. Management regularly reviews data about these major payor sources of revenue in evaluating the sufficiency of the allowance for doubtful accounts. For receivables associated with services provided to patients who have third-party coverage, the Center analyzes contractually due amounts and provides an allowance for doubtful accounts and a provision for bad debts, if necessary (for example, for expected uncollectible deductibles and copayments on accounts for which the third-party payor has not yet paid, or for payors who are known to be having financial difficulties that make the realization of amounts due unlikely). For receivables associated with self-pay patients (which includes both patients without insurance and patients with deductible and copayment balances due for which third-party payor coverage exists for part of the bill), the Center records a significant provision for bad debts in the period of service on the basis of past experience, which indicates that many patients are unable or unwilling to pay the portion of their bill for which they are financially responsible. The difference between the standard rates (or the discounted rates if negotiated) and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for doubtful accounts.

Contracts receivable: Contracts receivable reflect amounts earned but not yet collected in which the Corporation expects to realize payment.

Pledges and contributions receivable: Pledges 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.

Investments: Investments are reported in the consolidated balance sheets 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.

Note 2. Significant Accounting Policies (Continued)

The Corporation 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 is 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 3 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 Corporation capitalizes all purchases of property and equipment in excess of $2,500.

The Center reviews for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. An impairment loss is recognized when the estimated future net cash flows are less than the carrying amount of the asset. No indicators of impairment were identified in 2014 and 2013.

According to federal regulations, any equipment items obtained through federal funds are subject to a lien by the federal government. As long as the Center maintains its tax-exempt status, or so long as the equipment is used for its intended purpose, the Center is not required to reimburse the federal government. If the stated requirements are not met, the Center would be obligated to the federal government in an amount equal to the fair value of the equipment.

Operating leases: The Corporation leases various office spaces and equipment. Operating lease payments are expensed ratably over the rental period. Leases that include escalating lease payments are straight-lined over the noncancelable lease period.

Patient services revenue: The Center recognizes patient services revenue associated with services provided to patients who have third-party payor coverage on the basis of contractual rates for the services rendered. For uninsured patients who 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).

The Center has agreements with third-party payors that provide for payments to the Center at amounts different from its established rates. Payment arrangements include predetermined fee schedules and discounted charges. The Center provides care to certain patients under Medicaid and Medicare payment arrangements. Self-pay revenue is recorded at published charges with charitable allowances based on a sliding-fee scale deducted to arrive at net self-pay revenue.

Grants revenue: Grants are recognized as revenue when earned. Expense-driven grants are recognized in the period when expenditures have been incurred and all other grant requirements have been met. Grant funds received prior to the incurrence of the qualifying expenses are deferred.

At December 31, 2014 and 2013, the Center has received grants from governmental entities that have not been recorded in these consolidated financial statements. These grants require the Center to provide certain services during specified periods. If such services are not provided during the periods, the governmental entities are not obligated to provide the funds allotted under the grants.

Note 2. Significant Accounting Policies (Continued)

Contract revenue: Contract revenue is recognized when earned. Expense-driven contracts are recognized as revenue when the qualifying expenses have been incurred and all other contract requirements have been met, including the execution of the contract.

Contributions: Contributions are recorded at fair value when received or pledged. Amounts are recorded as temporarily or permanently restricted revenue if they have donor stipulations that limit the use of the donated assets. Bequests are recognized when the probate court declares the will valid. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the consolidated statements of operations and changes in net assets as net assets released from restrictions.

Donated goods and services: The Corporation receives various types of donated revenue including professional services and contributed tangible assets. 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.

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). The Company is exempt under Section 509(a)(3) of 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 is a for-profit entity with minimal operations for the year; therefore, no material tax liability existed for 2014 and 2013.

Management evaluated the Corporation's tax positions and concluded that the Corporation had taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance. With few exceptions, the Corporation is no longer subject to income tax examinations by U.S. federal, state or local tax authorities for years before 2011, which is the standard statute of limitations look-back period.

Reclassifications: Certain 2013 account balances have been reclassified to conform to the consolidated financial statement presentation used in 2014. Such reclassifications did not have any effect on the 2013 total assets and total change in net assets.

Recently issued accounting pronouncements: In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The amendments in this ASU create Topic 606, *Revenue from Contracts with Customers*, and supersede the revenue recognition requirements in Topic 605, *Revenue Recognition*, including most industry-specific revenue recognition guidance throughout the Industry Topics of the Codification. In addition, the amendments supersede the cost guidance in Subtopic 605-35, *Revenue Recognition—Construction-Type and Production-Type Contracts*, and create new Subtopic 340-40, *Other Assets and Deferred Costs—Contracts with Customers*. In summary, the core principle of Topic 606 is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The amendments in this ASU are effective for annual reporting periods beginning after December 15, 2017. The impact of adopting ASU 2014-09 on the Corporation's consolidated financial statements for subsequent periods has not yet been determined.

Note 3. Net Patient Services Revenue

The Center has agreements with third-party payors that provide for reimbursement to the Center at amounts different from its established rates. Contractual adjustments under third-party reimbursement programs represent the difference between the Center's billings at list price and the amounts reimbursed by Medicare, Medicaid and certain other third-party payors and any differences between estimated third-party reimbursement settlements for prior years and subsequent final settlements. A summary of the basis of reimbursement with major third-party payors follows:

Medicare: The Center is paid for patient care services rendered to Medicare program beneficiaries primarily under contractual agreement with National Government Services, a fiscal intermediary for Medicare Part A.

For both years ended December 31, 2014 and 2013, Medicare represented approximately 3% of net patient services revenue from services provided.

Medicaid: The Center is paid for patient services rendered to Medicaid program beneficiaries primarily under contractual agreements with New York State Department of Health (NYSDOH).

For the years ended December 31, 2014 and 2013, Medicaid represented approximately 11% and 10%, respectively, of net patient services revenue from services provided.

Managed care plans: The Center is paid for patient services rendered to managed care program beneficiaries primarily under contractual agreements with third-party managed care organizations. Additional wraparound reimbursement by NYSDOH is paid on a per encounter basis. The wraparound amount is the difference between the Center's Medicaid Prospective Payment System (PPS) rate and the Center's average managed care rate.

For the years ended December 31, 2014 and 2013, managed care represented approximately 51% and 53%, respectively, of net patient services revenue from services provided.

Other third-party payors: The Center has also entered into reimbursement agreements with certain non-Medicaid commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The basis for payment under these agreements includes discounts from established charges and prospectively determined per diem rates.

For both years ended December 31, 2014 and 2013, other third-party insured represented approximately 3% of net patient services revenue from services provided.

Medication dispensary: The Center operates a 340B drug pricing program through a contractual agreement with six pharmacies. The services are available only to the Center's patients. These medications are paid for under contractual relationships with the patient's insurance plan or at a discounted rate for uninsured patients.

For both years ended December 31, 2014 and 2013, medication dispensary represented approximately 2% of net patient services revenue from services provided.

Laws and regulations governing Medicare and Medicaid programs are complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. The Center believes that it is in compliance with all applicable laws and regulations.

Note 4. Charity Care and Social Accountability

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 medical care. 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. Sliding fee discount eligibility is established based on limited or no insurance coverage, income compared to published poverty levels and family size, as well as other factors. Because the Center does not pursue collection of amounts determined to qualify as sliding fee discount, they are not reported as revenue. The Center maintains records to identify and monitor the level of sliding fee discount it provides. Sliding fee discount is measured based on the Center’s estimated direct and indirect costs of providing uninsured services. That estimate is made by calculating the difference between charges and the uncompensated charges associated with providing sliding fee discount to patients. The charges for providing uninsured services during the years ended December 31, 2014 and 2013 was approximately $11.8 million and $11.1 million, respectively. The amount collected from uninsured patients for both years ended December 31, 2014 and 2013 were approximately $2.2 million. Funds received from the Federal Consolidated Health Centers grant and NYS Uncompensated Care to subsidize uninsured services provided for the years ended December 31, 2014 and 2013 were approximately $9.6 million and $9.3 million, respectively.

The cost of charity care provided during the years ended December 31, 2014 and 2013, approximated $10.2 million and $9.6 million, respectively, and was estimated by allocating total expenses incurred by the Center to the gross revenue earned serving patients under the sliding-fee scale.

Note 5. Concentration of Credit Risk

The Center grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor agreements. The mix of receivables from patients and third-party payors is as follows:

	Net Receivables	
	2014	2013
Medicaid	11%	22%
Medicare	2	3
Other third-party payors	2	4
Self-pay	4	8
Managed care plans	45	32
Medication dispensary	2	4
New York State Uncompensated Care	34	27
	100%	100%

Note 6. Contracts Receivable

Contracts receivable consist of the following at December 31:

	2014	2013
New York State Department of Health		
School-Based Health Center Program	$ 53,882	$ 50,615
Special Supplemental Nutrition Program		
for Women, Infants, and Children	136,581	23,699
Cancer Screening Program	152,572	187,575
Doctors Across New York	30,328	17,994
New York State HCRA - School-Based Health Center Program	-	112,523
New York State Office of Children and Family Services		
Project Launch	171,896	423,813
Westchester County Department of Health		
Fit for Life Program	12,840	18,439
Ryan White Part A HIV Emergency Relief Project	26,272	26,285
Health Research, Inc.- Expanded HIV Testing	-	13,307
Hudson River Healthcare, Inc.		
HEAL NY Phase 10	-	1,479
Hudson Information Technology for Community Health, Inc.		
Cancer Services Program	-	13,518
National Association of Community Health Centers - AmeriCorps	56,670	20,000
Phelps Memorial Hospital Center		
Residency Program	328,321	98,751
Medical Home Demonstration Project	26,917	83,292
Other	222,767	140,563
	$ 1,219,046	$ 1,231,853

Note 7. Investments and Fair Value Disclosures

The fair value of investments as of December 31, 2014 is as follows:

	Unrealized Gain (Loss)	Fair Market Value
U.S. government bonds	$ (4,583)	$ 1,793,657
Corporate bonds	(132,838)	24,652,139
Equity securities	2,142,638	35,965,627
	$ 2,005,217	$ 62,411,423

The fair value of investments as of December 31, 2013 is as follows:

	Unrealized Gain (Loss)	Fair Market Value
U.S. government bonds	$ -	$ 5,410,000
Corporate bonds	(51,241)	16,824,156
Equity securities	4,327,315	26,815,019
	$ 4,276,074	$ 49,049,175

As described in Note 2, the Corporation records its investments at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Corporation utilizes valuation techniques to maximize the use of observable inputs and minimize the use of unobservable inputs. Assets and liabilities recorded at fair value are categorized within the fair value hierarchy based upon the level of judgment associated with the inputs used to measure their value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). Inputs are broadly defined as assumptions market participants would use in pricing an asset or liability. The three levels of the fair value hierarchy are described below:

- Level 1 Unadjusted quoted prices for identical assets or liabilities in active markets that the Corporation has the ability to access at the measurement date.
- Level 2 Inputs other than quoted prices within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 Inputs that are unobservable for the asset or liability and that include situations where there is little, if any, market activity for the asset or liability.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment’s level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The Corporation’s assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the investment.

Note 7. Investments and Fair Value Disclosures (Continued)

For the fiscal years ended December 31, 2014 and 2013, the application of valuation techniques applied to similar assets and liabilities has been consistent. U.S. government securities have been assessed as Level 1 based on the latest market information. The following is a description of the valuation methodologies used for instruments measured at fair value.

U.S. Treasury and federal agency bonds: Valuation inputs utilized by the independent pricing service for those U.S. Treasury and federal agency securities under Level 1 or 2 based on the level of activity, include benchmark yields, reported trades, broker/dealer quotes, issuer spreads, benchmark securities, bids, offers, and reference data including market research publications. Also included are data from the vendor trading platform.

Corporate bonds and equity securities: The fair value of corporate bonds and equity securities is the market value based on quoted market prices, when available, or market prices provided by recognized broker dealers. If listed prices or quotes are not available, fair value is based upon externally developed models that use unobservable inputs due to the limited market activity of the instrument.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Corporation believes that its valuation methods are appropriate and consistent with those of 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.

Investments, at fair value, consist of the following at December 31, 2014:

	Level 1	Level 2	Level 3	Total
U.S. Government Bonds				
U.S. Treasury	$ 1,793,656	$ -	$ -	$ 1,793,656
Corporate bonds				
Consumer products	4,622,518	-	-	4,622,518
Farm and construction	637,509	-	-	637,509
Financial services	8,805,552	-	-	8,805,552
Oil and gas	556,325	-	-	556,325
Pharmaceuticals	1,386,722	-	-	1,386,722
Real estate	1,513,517	-	-	1,513,517
Technology	3,984,420	-	-	3,984,420
Utilities	1,740,021	-	-	1,740,021
Other	1,257,030	-	-	1,257,030
Equity securities				
Consumer products	10,405,919	-	-	10,405,919
Financial services	4,323,291	-	-	4,323,291
Oil and gas	2,734,348	-	-	2,734,348
Pharmaceuticals	6,622,124	-	-	6,622,124
Utilities	899,773	-	-	899,773
Technology	4,094,053	-	-	4,094,053
Other	7,034,645	-	-	7,034,645
	$ 62,411,423	$ -	$ -	$ 62,411,423

Note 7. Investments and Fair Value Disclosures (Continued)

Investments, at fair value, consist of the following at December 31, 2013:

	Level 1	Level 2	Level 3	Total
U.S. Government Bonds				
U.S. Treasury	$ 5,410,000	$ -	$ -	$ 5,410,000
Corporate Bonds				
Consumer products	2,831,617	-	-	2,831,617
Farm and construction	813,028	-	-	813,028
Financial services	7,983,252	-	-	7,983,252
Oil and gas	803,888	-	-	803,888
Pharmaceuticals	1,002,924	-	-	1,002,924
Real estate	391,894	-	-	391,894
Technology	1,701,868	-	-	1,701,868
Utilities	476,810	-	-	476,810
Other	818,875	-	-	818,875
Equity Securities				
Consumer products	9,467,742	-	-	9,467,742
Financial services	3,288,718	-	-	3,288,718
Oil and gas	2,418,307	-	-	2,418,307
Pharmaceuticals	3,529,413	-	-	3,529,413
Real estate	889,240	-	-	889,240
Technology	2,287,757	-	-	2,287,757
Other	4,933,842	-	-	4,933,842
	$ 49,049,175	$ -	$ -	$ 49,049,175

Note 8. Line of Credit

The Center had a revolving line of credit of $2,500,000 from a commercial bank. Interest was payable at a variable interest rate equal to LIBOR plus 1.865%, and all amounts outstanding were due in full on February 1, 2015. The Center did not renew the line of credit. At December 31, 2014 and 2013, the Center had no outstanding balance.

Note 9. Long-Term Debt

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

	2014	2013
Loan payable - the Center entered into a mortgage loan with Primary Care Development Corporation (PCDC) on April 29, 2006 for $5,030,000, with a maturity date of April 30, 2021. The loan's interest is 7.39%. The loan is secured by the property located in Port Chester, New York. At December 31, 2014 and 2013, the debt service reserve fund amounted to $555,778 for both years, which is held by PCDC to ensure mortgage obligations.	$ 2,804,221	$ 3,139,207
Less current maturities	360,598	334,987
Long-term portion	$ 2,443,623	$ 2,804,220

The aggregate amount of principal payments on long-term debt during the years following December 31, 2014 is as follows:

Year Ending December 31,	
2015	$ 360,598
2016	388,167
2017	417,845
2018	449,791
2019	484,180
Thereafter	703,640
	$ 2,804,221

Note 10. Restricted Net Assets

Temporarily restricted net assets held by the Corporation and changes thereto are summarized below, and are available for the following purposes as of December 31, 2014:

	Beginning Balance	Net Asset Additions	Net Assets Released	Ending Balance
Capital projects	$ 100,000	$ 10,000	$ -	$ 110,000
Sites restricted	-	41,543	-	41,543
Time restricted	10,000	10,000	(10,000)	10,000
Specific purpose	26,666	123,900	(111,417)	39,149
	$ 136,666	$ 185,443	$ (121,417)	$ 200,692

Note 10. Restricted Net Assets (Continued)

Temporarily restricted net assets held by the Corporation and changes thereto are summarized below, and are available for the following purposes as of December 31, 2013:

	Beginning Balance	Net Asset Additions	Net Assets Released	Ending Balance
Capital projects	$ 90,000	$ 10,000	$ -	$ 100,000
Time restricted	10,000	-	-	10,000
Specific purpose	32,833	88,950	(95,117)	26,666
	$ 132,833	$ 98,950	$ (95,117)	$ 136,666

Note 11. Functional Expenses

Expenses were incurred and allocated as follows for the years ended December 31:

	2014	2013
Program services	$ 28,746,966	$ 26,253,653
General and administrative	6,853,933	5,680,598
Fundraising	997,049	502,736
	$ 36,597,948	$ 32,436,987

Note 12. Contract Services

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

	2014	2013
New York State Department of Health		
Special Supplemental Nutrition Program for Women, Infants, and Children	$ 732,615	$ 707,578
School-Based Health Center Program	117,149	125,906
Cancer Screening Program	717,109	187,576
Doctors Across New York	90,081	137,419
New York State HCRA: School-Based Health Center Program	157,796	149,016
New York State Office of Children and Family Services: Project Launch	714,604	776,294
Hudson River Healthcare, Inc.: CHIPRA	-	215,511
Hudson Information Technology for Community Health, Inc.		
Cancer Services Program	-	15,940
HEAL NY Phase 17	47,550	-
Westchester County Department of Health		
Ryan White Part A HIV Emergency Relief Project	151,412	150,212
Fit for Life Program	45,000	44,329
Health Research, Inc.		
Expanded HIV Testing for Disproportionately Affected Populations	-	71,249
National Association of Community Health Centers AmeriCorps	115,461	122,464
Phelps Memorial Hospital Center		
Service Contract	300,000	300,000
Residency Program	461,371	374,718
Medical Home Demonstration Project	86,659	102,415
New York Medical College - Residency Training in Primary Care	89,871	136,353
New York Medical College - Doctors Across New York	142,319	123,064
New York Health Foundation	-	100,000
Other	316,206	206,824
	$ 4,285,203	$ 4,046,868

Note 13. Pension Plans

The Corporation sponsored a noncontributory defined benefit pension plan that covered eligible employees at the time. The plan calls for benefits to be paid to eligible employees at retirement based primarily upon years of service with the Corporation and compensation rates at the time the plan was frozen. Contributions to the plan reflect benefits attributed to employees' services. Plan assets consist primarily of group annuity contracts and common collective trust funds with Neuberger Berman. During 2003, the Corporation amended the plan, which resulted in a plan curtailment. Benefits were frozen and the Corporation will be required to fund minimum amounts annually to maintain the funding status of the plan. The accumulated benefit obligation (ABO) is the same as the projected benefit obligation (PBO) because the compensation rates have been frozen.

The Corporation is required to (a) recognize the overfunded or underfunded status of a single-employer defined benefit plan as an asset or liability in its consolidated balance sheets and recognize changes in that funded status in changes in unrestricted net assets in the year in which the changes occur, and (b) measure the funded status of a plan as of the date of its year-end consolidated balance sheets, with limited exceptions.

Plan assets are targeted to be invested in various asset classes as follows: (i) 45% to government and equity securities; (ii) 30% to corporate bonds; (iii) 5% to cash and cash equivalents and (iv) 20% to high yield investments. The investment policy covering pension asset is established by the Finance Committee of the Board of Directors for the Corporation. This Committee meets on a semiannual basis and makes periodic changes to the policy. The investment policy is furthermore utilized as the basis for determining the long-term return assumption for the assets. Historical data, combined with future expected returns of each assets class are the primary components utilized in developing this assumption. Additional information, such as specific manager performance and risk characteristics are also included in the assessment of the long-term rate of return assumption. The plan reviews the Citigroup yield curve as of each plan year-end to determine the appropriate discount rate to calculate the year-end benefit plan obligation and the following year's net periodic pension cost.

The primary objective of the pension fund investment is to provide for a long-term growth of capital without undue exposure to risk. A secondary objective is placed on income generation to assist in providing funds for distributions to participants.

These objectives shall be accomplished utilizing a strategy of equities, alternative investments, fixed income and cash equivalents in a mix that is conducive to participation in rising markets while allowing for protection in falling markets.

The following table summarizes the benefit obligation, fair value of assets and funded status in the Corporation's consolidated financial statements based on the measurement date of December 31:

	2014	2013
Projected benefit obligation	$ 9,545,019	$ 7,716,931
Fair value of plan assets	6,719,072	6,367,635
Funded status (plan assets less projected benefit obligation)	$ (2,825,947)	$ (1,349,296)

Note 13. Pension Plans (Continued)

	2014	2013
Amounts recognized on the consolidated balance sheets as		
Noncurrent assets	$ -	$ -
Current liabilities	383,277	342,982
Noncurrent liabilities	2,442,670	1,006,314

Net periodic pension cost and other amount recognized in change in unrestricted net assets:

	2014	2013
Net periodic pension cost	$ 126,975	$ 455,498
Other changes in plan assets and benefit obligations recognized in change in unrestricted net assets		
Net (gain) loss	$ 1,855,378	$ (1,337,824)
Prior service (credit) cost	-	-
Amortization of trasition asset (obligation)	-	-
Amortization of prior service (credit) cost	-	-
Amortization of net loss	(134,934)	(423,840)
Total recognized as nonoperating (income) expense	$ 1,720,444	$ (1,761,664)
Total recognized in change in unrestricted net assets	$ 1,847,419	$ (1,306,166)

The cumulative amounts recognized in nonoperating income (expense) consist of the following through December 31, 2014 and 2013:

	2014	2013
Transition asset (obligation)	$ -	$ -
Prior service credit (cost)	-	-
Loss	(3,335,083)	(1,614,639)
	$ (3,335,083)	$ (1,614,639)

The estimated net gain (loss), transition asset (obligation) and prior service credit (cost) for the plan that will be amortized from nonoperating income into net periodic pension cost over the next fiscal year are $(382,000), $0 and $0, respectively.

Note 13. Pension Plans (Continued)

	2014	2013
Assumptions used in calculations		
In computing ending obligations:		
Discount rate	3.90%	4.80%
Expected long-term rate of return on plan assets	6.00%	7.00%
Rate of compensation increase	N/A	N/A
In computing net periodic benefit cost:		
Discount rate	3.90%	4.00%
Expected long-term rate of return on plan assets	6.00%	7.00%
Actual/estimated assets	Actual	Actual

	2014	2013
Plan assets are categorized as follows		
Mutual funds and money market accounts	11%	13%
Bonds	38%	37%
Equity stocks	51%	50%
	100%	100%

Cash Flows	
Employer contributions:	
2013 (actual)	$ 502,858
2014 (actual)	370,768
2015 (estimated)	345,922
Benefit payments:	
2013	$ 312,996
2014	425,457

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid:

Year Ending December 31,	
2015	$ 383,277
2016	379,044
2017	375,487
2018	409,352
2019	454,742
2020 - 2024	2,478,094

Note 13. Pension Plans (Continued)

The fair values of pension plan assets, by fair value hierarchy as described in Note 7, were determined in a manner similar to that discussed in Note 7 and are as follows for 2014 and 2013:

	December 31, 2014			
	Level 1	Level 2	Level 3	Total
Assets				
Cash equivalents:				
Money market fund	$ 764,556	$ -	$ -	$ 764,556
U.S. treasury bill	199,236	-	-	199,236
Bonds:				
Corporate	2,345,429	-	-	2,345,429
Equity securities:				
Consumer products	1,195,293	-	-	1,195,293
Financial services	357,177	-	-	357,177
Pharmaceuticals	864,334	-	-	864,334
Technology	151,072	-	-	151,072
Oil and gas	230,160	-	-	230,160
Utilities	20,804	-	-	20,804
Other	591,011	-	-	591,011
	$ 6,719,072	$ -	$ -	$ 6,719,072

	December 31, 2013			
	Level 1	Level 2	Level 3	Total
Assets				
Cash equivalents:				
Money market fund	$ 20,206	$ -	$ -	$ 20,206
U.S. treasury bill	724,671	-	-	724,671
Bonds:				
Corporate	2,331,031	-	-	2,331,031
Equity Securities:				
Consumer products	1,172,400	-	-	1,172,400
Financial services	319,940	-	-	319,940
Pharmaceuticals	600,081	-	-	600,081
Technology	233,716	-	-	233,716
Utilities	295,892	-	-	295,892
Other	669,698	-	-	669,698
	$ 6,367,635	$ -	$ -	$ 6,367,635

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 Corporation made discretionary matching contributions. Effective January 1, 2010, the plan was amended to have a safe-harbor provision. For 2014 and 2013, the Corporation matched up to 3.50% of wages for eligible employees that approximated $450,000 and $396,000, respectively.

Note 14. Related Parties

The facilities at 2 Church Street occupied by the Center and the Foundation are rented by Leasing. The Center and the Foundation have an agreement with Leasing to sublease the facilities at a rental rate based on the rent paid by Leasing. In addition, the Center provides management to the Foundation. The Foundation provides the Center with contributions. The following amounts have been eliminated on the consolidated financial statements:

	Center	Foundation	Leasing	Net
Interfund receivable/payable	$ (519,315)	$ 501,439	$ 17,876	$ -
Rental income/expense	396,854	36,878	(433,732)	-
Management fee	(274,086)	274,086	-	-
	$ (396,547)	$ 812,403	$ (415,856)	$ -

Note 15. Commitments and Contingencies

Contract services: The Corporation 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 Corporation leases five sites under non-cancelable operating leases. Rent expense for the years ended December 31, 2014 and 2013 amounted to $575,000 and $506,000, respectively.

The approximate monthly payments for Mount Kisco, Church Street, Sleepy Hollow, Brewster and Main Street locations range from $2,000 to $12,000. The leases expire beginning January 31, 2016 through June 30, 2030.

Future minimum rentals under noncancelable operating leases are as follows:

Year Ending December 31,	
2015	$ 792,479
2016	979,655
2017	1,008,616
2018	875,735
2019	846,496
Thereafter	5,612,364
	$ 10,115,345

Note 15. Commitments and Contingencies (Continued)

Malpractice: The Center maintains its medical malpractice coverage under the Federal Tort Claims Act (FTCA). FTCA provides malpractice coverage to eligible Public Health Service (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 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 gap insurance for claims that are not covered by FTCA.

The Corporation is involved in various claims and legal actions arising 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 consolidated financial position of the Corporation or the results of its operations.

Regulatory investigation: The Office of the Inspector General (OIG), other federal agencies and the New York State Department of Health and New York State Office of the Medicaid Inspector General (OMIG) routinely conduct regulatory investigations and compliance audits of healthcare providers. The Center is subject to these regulatory efforts. Management believes that there are no regulatory matters which may have a material effect on the Center's financial position or results of operations.

Patient protection and Affordable Care and Reconciliation Act: On March 23, 2010, President Barack Obama signed into law the most sweeping healthcare reform legislation since the advent of Medicare. The law promised to expand insurance coverage to an additional 32 million Americans, reduce the growth of Medicare expenditures, dramatically reform insurance markets, and continue the march toward value-based payment. The Reconciliation Act amends various provisions of the Patient Protection and Affordable Care Act and adds some new provisions that were not originally included.

Construction in progress: The Center was in progress of several site and program expansions during 2014. The Center's Brewster project total cost is estimated at $1,912,000, with expenditures of $1,800,000 remaining as of December 2014. The Center's Sleepy Hollow project total cost is estimated at $6,874,000, with expenditures of $6,300,000 remaining as of December 2014. The Center's Mount Kisco projects total cost is estimated at $1,483,000, with expenditures of $1,373,000 remaining as of December 31, 2014.

Note 16. Subsequent Events

The Corporation evaluates events occurring after the date of the consolidated financial statements to consider whether or not the impact of such events needs to be reflected and/or disclosed in the consolidated financial statements. Such evaluation is performed through the date the consolidated financial statements were available to be issued, which was June 10, 2015 for these consolidated financial statements.

Note 17. Membership Change Agreement

During the year ended December 31, 2013, the Center and Hudson River HealthCare, Inc. (collectively, the Exiting Members) sold their corporate membership interests in Hudson Health Plan, Inc. (HHP), a not-for-profit corporation organized and existing under the Laws of State of New York, to MVP Health Plan, Inc. (MVPHP). The Exiting Members and MVPHP executed the Change in Membership Agreement on May 9, 2013. The New York State Department of Health approved the transaction on July 31, 2013. The Exiting Members received $54,000,000, of which $22,232,508 was paid to the Center and is recorded as a nonoperating gain on transfer of membership interest in the consolidated statements of operations and changes in net assets. As part of the agreement, the Exiting Members were eligible to receive contingent consideration not to exceed $12,000,000 related to future net income of HHP through December 31, 2015. On April 30, 2014, the Center received notification that the full contingent consideration was earned. As such, the Center recorded an additional gain of $6,000,000 and corresponding receivable on the consolidated balance sheets as of December 31, 2013. The Center recorded an additional gain of $2,470,396 during the year ended December 31, 2014 as a result of the release of proceeds held in escrow at the time of the transfer of membership interest.

Open Door, Inc. and Affiliates

Consolidating Balance Sheet
December 31, 2014

	Center	Foundation	Leasing	Total
Assets				
Current Assets				
Cash and cash equivalents	$ 12,017,239	$ 619,463	$ -	$ 12,636,702
Patient services receivable, net	3,255,314	-	-	3,255,314
Contracts receivable	1,219,046	-	-	1,219,046
Membership change agreement receivable	2,470,396	-	-	2,470,396
Prepaid expenses and other current assets	501,149	27,720	-	528,869
Pledges and contributions receivable	13,500	3,500	-	17,000
Total current assets	19,476,644	650,683	-	20,127,327
Investments	54,169,490	8,241,933	-	62,411,423
Property and Equipment				
Land	1,740,016	-	-	1,740,016
Building	2,274,217	-	-	2,274,217
Building and leasehold improvements	13,862,541	-	-	13,862,541
Furniture and fixtures	3,985,730	-	-	3,985,730
Equipment	4,573,130	44,117	-	4,617,247
Construction-in-progress	3,710,589	-	-	3,710,589
	30,146,223	44,117	-	30,190,340
Less accumulated depreciation and amortization	15,254,092	39,973	-	15,294,065
Net property and equipment	14,892,131	4,144	-	14,896,275
Cash restricted for investment in property and equipment	-	110,000	-	110,000
Debt Service Reserve Fund	555,778	-	-	555,778
Security Deposits	159,610	500	27,496	187,606
Total assets	$ 89,253,653	$ 9,007,260	$ 27,496	$ 98,288,409
Liabilities and Net Assets				
Current Liabilities				
Accounts payable and accrued expenses	$ 1,318,957	$ 26,424	$ 2,195	$ 1,347,576
Accrued compensation and benefits	1,694,631	-	-	1,694,631
Current portion of accrued pension liability	383,277	-	-	383,277
Due (from) to affiliate	(519,315)	501,439	17,876	-
Deferred revenue	197,075	-	-	197,075
Current maturities on long-term debt	360,598	-	-	360,598
Total current liabilities	3,435,223	527,863	20,071	3,983,157
Pension Liability, Less Current Portion	2,442,670	-	-	2,442,670
Long-Term Debt, Less Current Maturities	2,443,623	-	-	2,443,623
Total liabilities	8,321,516	527,863	20,071	8,869,450
Commitments and Contingencies				
Net Assets				
Unrestricted net assets	80,892,988	8,317,854	7,425	89,218,267
Temporarily restricted	39,149	161,543	-	200,692
Total net assets	80,932,137	8,479,397	7,425	89,418,959
Total liabilities and net assets	$ 89,253,653	$ 9,007,260	$ 27,496	$ 98,288,409

Open Door, Inc. and Affiliates

Consolidating Statement of Operations and Changes in Net Assets
Year Ended December 31, 2014

	Center	Foundation	Leasing	Eliminations	Total
Unrestricted Revenue and Support					
Revenue					
Patient services, net of contractual	$ 30,184,572	$ -	$ -	$ -	$ 30,184,572
Provision for bad debt	(1,193,110)	-	-	-	(1,193,110)
Patient services, net of allowances	28,991,462	-	-	-	28,991,462
Other	27,789	-	465,760	(435,320)	58,229
	29,019,251	-	465,760	(435,320)	29,049,691
Support					
Grants	5,041,044	-	-	-	5,041,044
Contract services	4,285,203	-	-	-	4,285,203
Contributions	189,858	751,437	-	-	941,295
Donated goods and services	294,208	-	-	-	294,208
	9,810,313	751,437	-	-	10,561,750
Total revenue and support	38,829,564	751,437	465,760	(435,320)	39,611,441
Expenses					
Salaries and wages	19,638,175	-	-	222,753	19,860,928
Fringe benefits	4,056,149	-	-	51,333	4,107,482
Supplies	1,590,029	4,071	-	-	1,594,100
Consultants and contractual services	2,525,355	274,156	-	(274,086)	2,525,425
Depreciation and amortization	1,257,115	5,346	-	-	1,262,461
Occupancy	1,127,257	36,878	461,245	(433,732)	1,191,648
Healthcare consultants	1,210,471	238,104	-	-	1,448,575
Pharmaceuticals	635,255	-	-	-	635,255
Other	330,041	9,521	1,131	(721)	339,972
Telephone	324,884	2,803	-	-	327,687
Laboratory and radiology fees	433,713	-	-	-	433,713
Repairs and maintenance	445,726	5,892	-	-	451,618
Professional fees	260,962	12,400	1,990	-	275,352
Travel, conferences and meetings	312,635	3,572	-	-	316,207
Data processing	326,624	-	-	-	326,624
Insurance	273,871	-	-	-	273,871
Interest	220,792	-	-	-	220,792
Dues and subscriptions	229,639	11,150	-	-	240,789
Equipment rental	146,495	433	867	(867)	146,928
Printing, publications and postage	74,442	44,208	-	-	118,650
Personnel recruitment	116,287	-	-	-	116,287
Fundraising	11,313	372,271	-	-	383,584
Total expenses	35,547,230	1,020,805	465,233	(435,320)	36,597,948
Operating income (loss)	3,282,334	(269,368)	527	-	3,013,493

(Continued)

Open Door, Inc. and Affiliates

Consolidating Statement of Operations and Changes in Net Assets (Continued)
Year Ended December 31, 2014

	Center	Foundation	Leasing	Eliminations	Total
Other Income					
Realized gain on investments	$ 512,878	$ 300,916	$ -	$ -	$ 813,794
Investment and interest income	555,129	103,393	-	-	658,522
Net assets released from restrictions	111,417	-	-	-	111,417
	1,179,424	404,309	-	-	1,583,733
Excess of revenue and support over expenses	4,461,758	134,941	527	-	4,597,226
Nonoperating Income (Expense)					
Unrealized gain on investments	1,853,297	151,920	-	-	2,005,217
Grants for capital expenditures	447,517	-	-	-	447,517
Gain on transfer of membership interest	2,470,396	-	-	-	2,470,396
Pension-related changes other than net periodic pension cost	(1,720,444)	-	-	-	(1,720,444)
Increase in unrestricted net assets	7,512,524	286,861	527	-	7,799,912
Temporarily Restricted Net Assets					
Contributions for a specific purpose	123,900	-	-	-	123,900
Contributions for others	-	51,543	-	-	51,543
Contributions for capital projects	-	10,000	-	-	10,000
Net assets released from restrictions	(111,417)	(10,000)	-	-	(121,417)
Increase in temporarily restricted net assets	12,483	51,543	-	-	64,026
Increase in net assets	7,525,007	338,404	527	-	7,863,938
Net Assets					
Beginning	73,407,130	8,140,993	6,898	-	81,555,021
Ending	$ 80,932,137	$ 8,479,397	$ 7,425	$ -	$ 89,418,959

Open Door, Inc. and Affiliates

Schedule of Expenditures of Federal Awards
Year Ended December 31, 2014

Federal Entity/ Pass-Through Entity/ Program Title	CFDA Number	Pass-Through Entity Identifying Number	Expenditures
U.S. Department of Health and Human Services			
Direct programs:			
Consolidated Health Centers	93.224	N/A	$ 2,156,279
Affordable Care Act - Grants for New Expanded Services Under the Health Center Program	93.527	N/A	2,536,242
Health Centers Cluster			4,692,521
Drug Free Communities Support Program Grants	93.276	N/A	123,187
Affordable Care Act - Grants for School-Based Health Center Capital Expenditure	93.501	N/A	447,517
Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease	93.918	N/A	225,336
Passed through New York State Department of Health:			
Maternal and Child Health Services Block Grant to the States	93.994	C022471	119,844
Passed through New York State Office of Children and Family Services:			
Substance Abuse and Mental Health Services Administration - Projects of Regional and National Significance	93.243	C026063	677,882
Passed through Westchester County Department of Health:			
HIV Emergency Relief Project Grants (Ryan White HIV/AIDS Program Part A)	93.914	N/A	151,412
Passed through New York Medical College:			
Grants for Primary Care Training and Enhancement	93.884	D58HP23260	89,871
Total U.S. Department of Health and Human Services			6,527,570
U.S. Department of Agriculture:			
Passed through New York State Department of Health:			
Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)	10.557	C025778	2,668,050
Corporation for National and Community Service:			
Passed through National Association of Community Health Centers:			
AmeriCorps	94.006	10EDHM002	115,461
Total expenditures of federal awards			$ 9,311,081

Note 1. Basis of Presentation

The accompanying consolidated schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the Corporation. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of, the basic consolidated financial statements. Because the Schedule presents only a selected portion of the operations of the Corporation, it is not intended to and does not present the consolidated financial position, changes in net assets or cash flows of the Corporation.

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 OMB Circular A-122, *Cost Principles for Non-profit Organizations*, wherein certain types of expenditures are allowable or are limited as to reimbursement.

Note 3. Food Funds

The New York State Department of Health has informed the Corporation that they need to include the federal portion of the food funds (WIC checks) on the schedule of expenditures of federal awards. In accordance with accounting principles generally accepted in the United States of America, the food funds are not included on the consolidated statements of operations and changes in net assets since they are agency transactions. WIC checks with a fair market value of $1,935,435 were redeemed and were included in the amount above.

Note 4. Subrecipients

The Corporation provided no federal awards to subrecipients for the year ended December 31, 2014.

McGladrey

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, Inc. and Affiliates
Ossining, New York

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, Inc. and Affiliates (the Corporation), which comprise the consolidated balance sheet as of December 31, 2014, and the related consolidated statements of operations and changes in net assets, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 10, 2015.

Internal Control Over Financial Reporting
In planning and performing our audit of the consolidated financial statements, we considered the Corporation'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 opinions on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation'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 Corporation's consolidated financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of 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

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

McGladrey LLP

New York, New York
June 10, 2015

McGladrey

**Independent Auditor's Report on Compliance for Each Major Federal Program
And Report on Internal Control Over Compliance Required by OMB Circular A-133**

To the Board of Directors
Open Door, Inc. and Affiliates
Ossining, New York

Report on Compliance for Each Major Federal Program
We have audited Open Door, Inc. and Affiliates' (the Corporation) 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 Corporation's major federal programs for the year ended December 31, 2014. The Corporation's major federal programs are identified in the summary of auditor's result 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 Corporation'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 Corporation'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 Corporation's compliance.

Opinion on Each Major Federal Program
In our opinion, the Corporation 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, 2014.

Report on Internal Control Over Compliance
Management of the Corporation 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 Corporation'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 Corporation'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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

McGladrey LLP

New York, New York
June 10, 2015

Open Door, Inc. and Affiliates

Schedule of Findings and Questioned Costs (Continued)
Year Ended December 31, 2014

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	__yes _√_ no
• Significant deficiency(ies) identified that are not considered to be material weakness(es)?	__yes _√_ none reported
Noncompliance material to financial statements noted?	__yes _√_ no

Federal Awards

Internal control over major programs:	
• Material weakness(es) identified?	__yes _√_ no
• Significant deficiency(ies) identified that are not considered to be material weakness(es)?	__yes _√_ none reported
Type of auditor's 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 Circular A-133?	___yes _√__no

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
93.224 / 93.527	U.S. Department of Health and Human Services: Health Centers Cluster
93.501	U.S. Department of Health and Human Services: Affordable Care Act – Grants for School Based Health Center Capital Expenditures

Dollar threshold used to distinguish between type A and type B programs:	$300,000
Auditee qualified as low-risk auditee?	_√_ yes ___no

(Continued)

Section II Financial Statement Findings

A. Significant Deficiencies or Material Weaknesses in Internal Control

None Reported

B. Compliance Findings

None Noted

Section III Federal Awards Findings and Questioned Costs

A. Significant Deficiencies or Material Weaknesses in Internal Control

None Reported

B. Compliance Findings

None Reported

OPEN DOOR
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May 5, 2015

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED DECEMBER 31, 2014

Identifying Number: 2013-01 Governing Board

Audit Finding: During the testing it was noted that 51% of the Board members did not utilize the services of the center in 2013.

Status Update: Corrective Action Plan (unchanged): at its October 2013 Board meeting, the Board of Directors of the Center established a recruitment plan to attract and retain Board members who are both patients and reflective of the patient populations served by the Center. The elements of the plan include the following: 1) assessment of Board demographics; 2) assessment of Board capabilities; 3) recruiting sources (e.g., staff, Board members, community partners); 4) recruiting activities; 5) nominating process; and 6) orientation and on-boarding. The Board of Directors' resolution and recruitment plan were submitted to HRSA on January 17, 2014 for approval.

The Board of Directors' Resolution and recruitment plan was approved by HRSA and carried out during 2014. We have now met the 51% Board member utilization as required.

Identifying Number: 2013-02 Inventory Management of Equipment

Audit Finding: During the testing it was noted that inventory count was performed; however, the equipment was not tagged for identification and tracking purposes.

Status Update:
Corrective Action Plan (unchanged): In December 2013, the Center purchased a fixed asset module, Cibermaxima Fixed Assets System, which is integrated with the Center's accounting software, Microsoft Dynamics SL. This fixed assets system includes handheld recorders and barcodes, which will allow equipment to be tagged for

OSSINING	PORT CHESTER	SLEEPY HOLLOW	MOUNT KISCO	BREWSTER
165 Main Street	5 Grace Church Street	80 Beekman Avenue	30 West Main Street	155 Main Street
Ossining NY 10562	Port Chester NY 10573	Sleepy Hollow NY 10591	Mount Kisco NY 10549	Brewster NY 10509
T 914 941 1263	T 914 937 8899	T 914 631 4141	T 914 666 3272	T 845 279 6999
F 914 941 8626	F 914 937 7932	F 914 631 1867	F 914 666 3287	F 845 279 0908

identification and record tracking purposes. The Finance Department will be responsible for setting up the system and training the appropriate staff, who will be responsible for tagging the equipment and performing the periodic inventory count.

During 2014 the Finance Department tagged the Center's fixed assets and trained the appropriate staff, who will be responsible for tagging the equipment and performing the periodic inventory count

Sincerely,

Maria Mazzotta

Maria Mazzotta, CPA
Chief Finance Officer