Hudson River HealthCare, Inc. and Subsidiaries

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

December 31, 2019

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Hudson River HealthCare, Inc. and Subsidiaries

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Independent Auditor's Report

To the Board of Directors
Hudson River HealthCare, Inc.

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Hudson River HealthCare, Inc. and Subsidiaries (the "Corporation"), which comprise the consolidated statement of financial position as of December 31, 2019, and the related consolidated statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. The financial statements of Solutions 4 Community Health, Inc., Hudson River Healthcare Local Development Corporation, HRHCare Ventures, LLC, CBHCare IPA, LLC, Brightpoint Care, Inc., Brightpoint Search LLC, Brightpoint Laboratories, LLC and Caribbean Women's Health Association, Inc. were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Corporation as of December 31, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information included in the accompanying statements on pages 41 to 48 and the accompanying statement of functional expenses for Community Health Action of Staten Island on page 49 are presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position and the changes in net assets of the individual organizations, and is not a required part of the consolidated financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* ("CFR") Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the 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 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 July 21, 2020, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Corporation's 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.

CohnReznick LLP

New York, New York
July 21, 2020

Hudson River HealthCare, Inc. and Subsidiaries

Consolidated Statement of Financial Position
December 31, 2019

Assets

Current assets	
Cash and cash equivalents (Notes 2 and 3)	$ 45,036,340
Restricted cash (Notes 2 and 3)	236
Board-designated cash (Notes 2 and 3)	1,407
Patient services receivable, net (Notes 2 and 4)	23,880,722
DHHS grants receivable (Note 2)	2,972,967
Contracts and other grants receivable, net (Notes 2 and 5)	25,623,319
Other receivables (Notes 2 and 19)	5,505,332
Prepaid expenses and other assets (Note 19)	2,660,824
Health home receivables (Note 2)	8,497,100
Total current assets	114,178,247
Investments (Notes 2 and 6)	85,590,814
Interest in net assets of Hudson River HealthCare Foundation (Notes 15 and 19)	2,095,035
Investment in Community Health Independent Practice Association ("CHIPA")	48,664
Investment in IDUHA IPA LLC	30,000
Interest in net assets of Community Care Management Partners, LLC ("CCMP")	1,162,670
Subvention receivable (Note 7)	192,857
Property and equipment, net (Notes 9 and 14)	107,374,278
Security deposits and other	2,469,488
Debt service reserve (Note 12)	110,078
Long-term loan receivable (Notes 8 and 13)	10,633,600
Deferred compensation (Notes 6 and 22)	4,255,409
Total assets	$ 328,141,140

Hudson River HealthCare, Inc. and Subsidiaries

Consolidated Statement of Financial Position
December 31, 2019

Liabilities and Net Assets

Current liabilities	
Accounts payable and accrued expenses (Notes 12 and 19)	$ 19,271,878
Accrued compensation	17,318,919
Health home payables (Note 10)	8,022,187
Health Home Development Fund advances (Note 11)	10,111,372
Due to related parties	288,390
Current maturities of long-term debt (Note 13)	1,194,065
Line of credit (Notes 2 and 12)	4,509,252
Current maturities of capital lease obligations (Note 14)	387,911
Total current liabilities	61,103,974
Line of credit (Notes 2 and 12)	2,769,999
Deferred rent	1,511,789
Long-term debt, less current maturities (Note 13)	17,666,008
Capital lease obligations, less current maturities (Note 14)	440,121
Other long-term liabilities (Note 8)	456,993
Deferred compensation (Notes 6 and 22)	4,255,409
Total liabilities	88,204,293
Commitments and contingencies (Note 22)	
Net assets	
Without donor restrictions	238,107,366
With donor restrictions (Notes 2, 15 and 19)	2,095,035
Total net assets	240,202,401
Noncontrolling interest in subsidiary	(265,554)
Total net assets and noncontrolling interest in subsidiary	239,936,847
Total liabilities and net assets	$ 328,141,140

See Notes to Consolidated Financial Statements.

Hudson River HealthCare, Inc. and Subsidiaries

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

	Without donor restrictions	With donor restrictions	Total
Revenue			
Patient services (net of contractual allowances and discounts) (Note 17)	$ 170,141,514	$ -	$ 170,141,514
DHHS grant revenue (Note 16)	22,988,695	-	22,988,695
Health home revenue	80,457,697	-	80,457,697
Health home administrative fee revenue	2,855,757	-	2,855,757
Contract services and other grants (Notes 11 and 18)	42,973,731	-	42,973,731
Donated vaccines	5,909,045	-	5,909,045
Management fees, net	4,014,470	-	4,014,470
340B pharmacy revenue	27,949,267	-	27,949,267
Other revenue (Note 5)	9,284,222	-	9,284,222
Total revenue	366,574,398	-	366,574,398
Expenses			
Salaries and related benefits (Notes 20 and 21)	178,510,524	-	178,510,524
Other than personnel services (Notes 19 and 22)	160,949,213	-	160,949,213
Interest	838,679	-	838,679
Total expenses	340,298,416	-	340,298,416
Changes in net assets prior to depreciation and amortization and nonoperating activities	26,275,982	-	26,275,982
Depreciation and amortization (Note 9)	13,207,358	-	13,207,358
Changes in net assets prior to nonoperating activities	13,068,624	-	13,068,624
Nonoperating activities			
Contract services - capital projects (Note 18)	19,038,699	-	19,038,699
Change in interest in Hudson River HealthCare Foundation (Notes 15 and 19)	-	286,903	286,903
Unrealized gain on investments	10,134,528	-	10,134,528
Total nonoperating revenue	29,173,227	286,903	29,460,130
Changes in net assets	42,241,851	286,903	42,528,754
Less change in net assets attributable to noncontrolling interest	201,707	-	201,707
Inc. and Subsidiaries	42,443,558	286,903	42,730,461
Net assets, beginning	195,663,808	1,808,132	197,471,940
Net assets, end prior to noncontrolling interest in subsidiary	238,107,366	2,095,035	240,202,401
Noncontrolling interest in subsidiary	(265,554)	-	(265,554)
Net assets and noncontrolling interest in subsidiary, end	$ 237,841,812	$ 2,095,035	$ 239,936,847

See Notes to Consolidated Financial Statements.

Hudson River HealthCare, Inc. and Subsidiaries

Consolidated Statement of Functional Expenses
Year Ended December 31, 2019

	Program services	General and administrative	Fundraising	Total
Salaries and wages	$ 120,926,480	$ 22,207,425	$ 347,727	$ 143,481,632
Fringe benefits	29,613,800	5,329,860	85,232	35,028,892
Health home costs	64,059,894	-	-	64,059,894
340B pharmacy cost of sales	10,703,444	-	-	10,703,444
Healthcare consultants	4,146,675	17,840	-	4,164,515
Professional fees	12,978,139	6,089,441	100,873	19,168,453
Management fees	4,702,566	828,670	-	5,531,236
Laboratory and radiology	258,042	-	-	258,042
Consumable supplies	17,470,336	548,087	7,145	18,025,568
Donated vaccines	5,909,045	-	-	5,909,045
Occupancy	12,742,119	2,315,492	39,279	15,096,890
Insurance	1,632,225	385,700	-	2,017,925
Repairs, maintenance and equipment rental	3,026,698	523,168	-	3,549,866
Telephone	2,351,379	687,879	-	3,039,258
Travel, conferences and meetings	1,776,992	1,051,447	8,027	2,836,466
Patient transportation	1,154,105	-	-	1,154,105
Dues and subscriptions	534,692	430,056	-	964,748
Recruitment and public information	1,875,269	253,620	-	2,128,889
Printing and postage	355,352	120,847	9,178	485,377
Interest	533,594	305,085	-	838,679
Other	963,388	892,104	-	1,855,492
Total	297,714,234	41,986,721	597,461	340,298,416
Depreciation and amortization	11,522,754	1,683,205	1,399	13,207,358
Total functional expenses	$ 309,236,988	$ 43,669,926	$ 598,860	$ 353,505,774

See Notes to Consolidated Financial Statements.

Hudson River HealthCare, Inc. and Subsidiaries

Consolidated Statement of Cash Flows
Year Ended December 31, 2019

Cash flows from operating activities	
Cash received from DHHS services	$ 23,997,585
Cash received from patient services	163,942,689
Cash received from health home fees	2,855,757
Cash received from contract services and other grants	42,043,066
Cash received from meaningful use incentives	221,000
Cash received from management fees	3,878,356
Cash received from health home	76,177,387
Cash received from 340B pharmacy revenue	26,302,297
Cash received from other	6,018,536
Cash paid for interest	(838,679)
Cash paid to employees	(179,960,185)
Cash paid to vendors	(157,811,989)
Net cash provided by operating activities	6,825,820
Cash flows from investing activities	
Purchase of property and equipment	(24,526,620)
Purchase of investments	(23,666,489)
Proceeds from sale of investments	23,669,427
Investment in certain IPAs	(78,664)
Net cash used in investing activities	(24,602,346)
Cash flows from financing activities	
Payment of capital lease obligations	(633,150)
Payment of long-term debt	(1,148,119)
Receipt of contract services - capital projects	8,966,139
Net cash provided by financing activities	7,184,870
Net decrease in cash and cash equivalents, restricted cash and board-designated cash	(10,591,656)
Cash and cash equivalents, restricted cash and board-designated cash, beginning	55,629,639
Cash and cash equivalents, restricted cash and board-designated cash, end	$ 45,037,983

Hudson River HealthCare, Inc. and Subsidiaries

Consolidated Statement of Cash Flows
Year Ended December 31, 2019

Reconciliation of changes in net assets to net cash provided by operating activities	
Changes in net assets	$ 42,730,461
Adjustments to reconcile changes in net assets to net cash provided by operating activities	
Increase in net assets due to new affiliate	490,535
Noncontrolling interest in subsidiary	(201,707)
Change in interest in Hudson River HealthCare Foundation	(286,903)
Change in interest in net assets of Community Care Management Partners, LLC	(39,275)
Nonoperating contract services - capital projects	(19,038,699)
Unrealized gain on investments	(10,134,528)
Realized gain on investments	(1,679,426)
Dividend and interest on investments and restricted cash	(1,880,149)
Depreciation and amortization	13,207,358
Deferred rent	(119,588)
Changes in operating assets and liabilities:	
Patient services receivable	(6,198,825)
DHHS grants receivable	1,008,890
Contracts receivable and other grants	1,502,725
Meaningful use incentives receivable	221,000
Other receivables	(1,597,663)
Prepaid expenses and other assets	(2,162)
Health home receivables	(465,319)
Security deposits and other	(203,357)
Accounts payable and accrued expenses	(2,565,927)
Accrued compensation	(1,403,891)
Health home payables	(3,814,991)
Due to third-party	(306,824)
Due to related parties	273,702
Health Home Development Fund advances	(2,669,617)
Net cash provided by operating activities	$ 6,825,820
Supplemental disclosure of noncash investing and financing activity	
Capital acquisitions funded through capital leases	$ 49,651
Capital acquisitions included in accounts payable and accrued expenses	$ 1,930,665

See Notes to Consolidated Financial Statements.

Note 1 - Organization and summary of significant accounting policies

Organization

Hudson River HealthCare, Inc. (the "Center" or "HRHC") operates freestanding diagnostic and treatment centers, licensed under Article 28, Article 31 and Article 32 of the New York State Health Law, located in the Hudson Valley Region, New York City and Long Island of New York State. The Center provides a broad range of health services to a largely medically-underserved population. The Center also operates Adult Day Healthcare services in three locations providing services to those patients who qualify for services under the program. The Center was incorporated as a not-for-profit corporation under the laws of the State of New York (the "State") and is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (the "Code").

The Center owns 100% controlling financial interest in Solutions 4 Community Health, Inc. ("Solutions"), which is a taxable entity that provides revenue cycle management, informatics and analytics services as a management service organization to a variety of clients to assist in the transformation process of their practices. Solutions has the authority to issue 1,000 shares of common stock, $.01 par value per share.

The Center owns 100% controlling financial interest in Hudson River Healthcare Local Development Corporation ("Local Development Corp." or "HRLDC"). Local Development Corp. was formed primarily for the purpose of acquiring and reconstructing the DiCola Condominium Units B and C into a health center; and to facilitate a New Market Tax Credit Transaction ("NMTC") for financing this project.

The Center owns 100% controlling financial interest in HRHCare Ventures, LLC ("HRV"). On May 22, 2018, HRV became a 90% owner in CBHCare IPA LLC. CBHCare IPA LLC is a Behavioral Health/Primary Care partnership with nine (9) behavioral health providers in the Hudson Valley.

Brightpoint Care, Inc. ("BPC") was incorporated in the State of New York in March 1988 as a not-for-profit organization and provides care under the New York State health home program. Effective December 13, 2018, the Center became the sole member of BPC.

Community Health Action of Staten Island ("CHASI"), a not-for-profit, community-based organization incorporated under the laws of the State of New York, is dedicated to improving the lives of individuals, families and communities challenged by health disparities related to poverty, discrimination and lack of access by providing direct services, education and advocacy. Effective December 13, 2018, the Center became the sole member of CHASI.

Brightpoint Search LLC was incorporated as a limited liability company under Section 203 of the Limited Liability Company Law of the State of New York on July 30, 2016. Brightpoint Search LLC was established to promote the welfare of persons in the community by providing services related to recruitment of professionals to not-for-profit entities which provide programs and services to such persons as well as recruitment to for-profit entities in various industries. Effective December 13, 2018, the Center became the majority interest holder in Brightpoint Search LLC.

On July 1, 2019, the Center became the sole member of Caribbean Women's Health Association ("CWHA"), a New York 501(c)(3) not-for-profit organization. CWHA operates various projects that address the social, educational, economic, psychological, immigration, cultural and health care needs of residents in New York City.

On March 18, 2019, the Center became an 82% owner of Brightpoint Laboratories ("BP Labs"), a Delaware LLC, licensed as a New York State Department of Health Clinical Laboratory Evaluation Program and a CLIA-certified laboratory. BP Labs' primary purpose is to own and operate a licensed clinical laboratory and to engage in any and all activities related or incident thereto.

The Center is affiliated with Hudson Information Technology for Community Health, Inc. ("HITCH") through minority board membership.

On June 27, 2013, the Center entered into an operating agreement by virtue of which it became the third member of FamilyHealth ACO, LLC ("ACO"), a limited liability company.

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.

The Center is a lead agency under the Health Home program as well as a care management agency. BPC and CHASI also participate in the Health Home program as care management agencies. A Health Home is a care management service model whereby all of an individual's caregivers communicate with one another so that all of a patient's needs are addressed in a comprehensive manner. This is done primarily through a "care manager" who oversees and provides access to all of the services an individual need, to assure that they receive everything necessary to stay healthy, out of the emergency room and out of the hospital. Health records are shared among providers so that services are not duplicated or neglected. Health Home services are provided through a network of organizations - providers, health plans and community-based organizations. When all the services are considered collectively they become a virtual "Health Home." As such, the Center earns revenue both as the lead agency and as a care management agency. Revenue earned as the lead agency is based on a per member per month basis and fees earned when services are rendered.

Basis of presentation
The accompanying consolidated financial statements include the Center and its subsidiaries, Local Development Corp., Solutions, HRV, BPC, Brightpoint Search LLC, CHASI, BP Labs and CWHA. It also includes CBHCare IPA, LLC. Hudson River HealthCare, Inc. and Subsidiaries are referred to collectively as the "Corporation." All significant intercompany transactions and account balances have been eliminated in consolidation. The consolidated financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America.

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

Classification of net assets
The accompanying consolidated financial statements present information regarding the Corporation's financial position and activities according to two classes of net assets.

> Net assets without donor restrictions are net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Corporation. Net assets without donor restrictions include resources that the governing board

may use for any designated purpose and resources whose use is limited by agreement between the Corporation and an outside party other than a donor or grantor.

Net assets with donor restrictions are net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Corporation or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

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

Adoption of new accounting pronouncement

The Corporation adopted Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") 2018-08, *Not-for-Profit Entities, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This ASU clarifies and improves current accounting guidance to determine when a transaction should be accounted for as a contribution or as an exchange transaction and provides additional guidance about how to determine whether a contribution is conditional. The changes required by the update have been applied on a modified prospective basis to the 2019 consolidated financial statements. Due to the adoption of ASU 2018-08, certain transactions previously accounted for as exchange transactions are now accounted for as conditional contributions.

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

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

The Corporation adopted FASB ASU 2016-15, *Statement of Cash Flows: Classification of Certain Cash Receipts and Cash Payments*. This ASU provides guidance on the classification of eight specific cash flow issues. This change has no significant impact on the Corporation's consolidated statement of cash flows.

Cash and cash equivalents
The Corporation maintains its cash and cash equivalents in high-credit, quality bank deposit accounts. All highly liquid investments with maturities of three months or less when purchased are considered to be cash equivalents.

Restricted cash
The Corporation has cash whose purpose has been restricted for debt service (see Note 13) and tenant security.

Concentrations of credit risk
Financial instruments that potentially subject the Corporation to concentrations of credit risk consist principally of cash and cash equivalents, investments at fair value, patient services receivable, grants receivable, contracts receivable, health home receivables, other receivables and subvention receivable. At times during the year, the Corporation's noninterest-bearing cash balances may exceed the limits of Federal Deposit Insurance Corporation ("FDIC") insurance coverage. The Corporation's bank deposits exceeded FDIC limits at various times during the year ended December 31, 2019. The Corporation monitors its financial institutions and the concentration of credit risk on a regular basis and does not anticipate nonperformance by the financial institutions.

Patient services receivable and health home receivables credit risks are limited because the receivables are reported at the original charge for the service provided less discounts provided under the Center's charity care policy, less amounts covered by third-party payors and less an estimated allowance for doubtful receivables. The Center estimates doubtful accounts based on historical bad debts, factors related to specific payors' ability to pay and current economic trends. The Center writes off accounts receivable against the allowance when a balance is determined to be uncollectible.

Grants and contracts receivable credit risk is limited due to the nature of the grants and contracts. The Organization regularly monitors its grants and contracts receivable by investigating delayed payments and differences when payments received do not conform to the amount billed. The Organization estimates doubtful accounts based on historical bad debts, factors related to specific grantor's ability to pay and current economic trends. The Organization writes off grants and contracts receivable against the allowance when a balance is determined to be uncollectible.

Other receivables consist of the Center's receivables from a related party for employee leasing fees and other contracted services (see Note 19) and Solutions' receivables from various customers. Other receivables credit risk is limited due to the Center's relationship with the related party and because Solutions regularly monitors the collection of its customers' payments. The Center and Solutions reduce the receivables by an allowance for doubtful accounts estimated based on historical collection rate, factors related to the payor's ability to pay and current economic trends. The Center and Solutions write off other receivables against the allowance when a balance is determined to be uncollectible.

The Center also monitors the collectability of the subvention receivable by reviewing the audited financial statements of the non-profit corporation with which the subvention has been placed.

Investments

Investments are reported at their fair values based on quoted prices in active markets in the consolidated statement of financial position. Unrealized gains and losses are included in the changes in net assets. Investment income and gains and losses are reported as increases or decreases in unrestricted net assets in the reporting period in which the income and gains and losses are recognized.

The Center's investment transactions are made based on its existing investment policy. The Center invests in a portfolio that contains common shares of publicly traded companies or equities, corporate bonds, government securities, cash and money funds and exchange traded funds. 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 could materially affect investment balances and the amounts reported in the consolidated financial statements.

Property and equipment

Property and equipment are stated at cost less accumulated depreciation and amortization. Depreciation and amortization are calculated using the straight-line method over the estimated useful lives of the assets ranging from three to 40 years. Leasehold improvements are amortized on a straight-line basis over the estimated useful life of the improvement or the term of the lease, whichever is less. The Corporation capitalizes all purchases of property and equipment in excess of $1,000 and with a useful life of over one year.

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

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

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

According to federal regulations, any property and equipment obtained through federal funds are subject to a lien by the federal government. Provided that the Center maintains its tax-exempt status and the property and equipment are used for their 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 property and equipment.

Investment accounted for using the equity method

Brightpoint Care has a non-controlling interest that constitutes more than a minor interest in Community Care Management Partners, LLC, a limited liability company. Brightpoint Care accounts for its investment in the said entity using the equity method of accounting. The investment amounted to $1,162,670 as of December 31, 2019.

The Center accounts for its interest in the Hudson River HealthCare Foundation (the "Foundation") using the equity method; see Note 15 for more related information.

Impairment of long-lived assets

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

Deferred rent

The Corporation occupies numerous sites under leases containing escalation clauses that require normalization of the rent expense over the life of the lease. The resulting deferred rent is reflected in the accompanying consolidated statement of financial position.

Grants and contracts

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

At December 31, 2019, the Corporation has received conditional grants and contracts from governmental entities in the aggregate amount of approximately $16,600,000 that have not been recorded in the accompanying consolidated financial statements, as they have not been earned. These grants and contracts require the Corporation to provide certain services during specified periods. If such services are not provided, the governmental entities are not obligated to expend the funds allotted under the grants and contracts.

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

Net patient services revenue and receivable

Patient care service revenue is reported at the amount that reflects the consideration to which the Corporation expects to be entitled in exchange for providing patient care. These amounts are due from patients, third-party payors (including health insurers and government programs), and others and includes variable consideration for retroactive revenue adjustments due to settlement of audits, reviews, and investigations. Generally, the Corporation bills the patients and third-party payors several days after the services are performed or the patient is discharged from the facility. Revenue is recognized as performance obligations are satisfied.

Performance obligations are determined based on the nature of the services provided by the Corporation. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected (or actual) charges. The Corporation believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Generally, performance obligations satisfied over time relate to patients receiving services in our outpatient centers. The Corporation measures the performance obligation from the commencement of an outpatient service, to the point when it is no longer required to provide services to that patient, which is generally at the time of completion of the outpatient services.

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

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

i. Agreements with third-party payors typically provide for payments at amounts less than established charges.

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

iii. Medicare - Outpatient services are paid using prospectively determined rates.

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

Laws and regulations concerning government programs, including Medicare and Medicaid, are complex and subject to varying interpretation. As a result of investigations by governmental agencies, various healthcare Networks have received requests for information and notices regarding alleged noncompliance with those laws and regulations, which, in some instances, have resulted in Networks entering into significant settlement agreements. Compliance with such laws and regulations may also be subject to future government review and interpretation, as well as significant regulatory action, including fines, penalties, and potential exclusion from the related programs. There can be no assurance that regulatory authorities will not challenge the Corporation's compliance with these laws and regulations, and it is not possible to determine the impact (if any) such claims or penalties would have upon the Corporation. In addition, the contracts the Corporation has with commercial payors also provide for retroactive audit and review of claims.

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

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

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

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

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

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

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

Based on the cost of patient services, approximate charity care and community benefit for the year ended December 31, 2019 amounted to $20 million and $32 million, respectively.

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

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

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

Health home revenue and receivables

The Center provides care management services to certain patients under Medicaid on a per-patient, per-month type of payment arrangement. Health home revenue is recorded as earned when services are provided to patients. Health home receivables are carried at the net collectible amount. Allowance for doubtful receivables is estimated based on historical collection experience. As of December 31, 2019, there was no allowance for doubtful health home receivables.

340B pharmacy revenue

Pharmacy revenue is generated through the 340B program that the Center operates through its agreement with various unaffiliated local pharmacies and a third party administrative agent. This program allows the Center to offer discounted medications to eligible patients.

Revenue for performance obligations is satisfied at a point in time and is generally recognized when goods are provided to the Center's 340B pharmacy patients and customers and the Center does not believe it is required to provide additional goods or services related to that sale. The Center recognized pharmacy revenue of $27,949,267 for the year ended December 31, 2019.

Because all of its performance obligations relate to 340B pharmacy sales contracts with a duration of less than one year, the Center has elected to apply the optional exemption provided in FASB ASC 606-10-50-14a and, therefore, is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period. The Center's performance obligations in relation to 340B pharmacy revenue consist primarily of 340B pharmacy sales that occur as the patient purchases the goods, thus, there were no unsatisfied or partially unsatisfied performance obligations at the end of the reporting period.

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

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

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

Contributions are recorded as either with donor restriction or without donor restriction. Contributions are recognized with donor restrictions if they are received with donor stipulations that limit the use of the donated asset. Contributions received with no donor stipulations are recorded as contributions without donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statements of activities and changes in net assets as net assets released from restriction. Donor-restricted contributions whose restrictions expire during the same fiscal year are recognized as contribution without donor restrictions.

In-kind contributions
In-kind contributions such as donated vaccines and property and equipment are recognized in the accompanying consolidated financial statements based on fair value. For the year ended December 31, 2019, donated vaccines amounted to $5,909,045.

Management fees
Management fees represent revenues earned by Solutions from services agreements with its customers. Management fees are recognized as earned.

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

Functional expenses

The cost of providing the various services and other activities has been summarized on a functional basis in the consolidated statement of functional expenses. Accordingly, costs have been allocated between administrative and program expenses. The allocations for each expense category are determined by the method noted below:

Expense	Method of allocation
Salaries and wages	Job title and time and effort
Fringe benefits	Percentage of salaries
Professional fees	Head count or square feet
Consumable supplies	Head count or square feet
Occupancy	Head count or square feet
Insurance	Direct expense from invoices, head count, or square feet
Repairs and maintenance	Square feet
Communications	Head count
Travel, conferences and meetings	Head count
Dues and subscriptions	Head count
Printing, publications, and postage	Head count
Personnel recruitment	Head count
Depreciation and amortization	Square feet

Self-funded insurance

The Center has elected to self-insure certain costs related to employee healthcare and pharmacy benefit programs. Costs resulting from noninsured losses are charged to income when incurred. The Center has purchased insurance that limits its exposure for individual claims. The Center has accrued $1,650,000 claims payable in relation to the self-funded employee health insurance and is included in accounts payable and accrued expenses in the consolidated statement of financial position.

Performance indicator

The consolidated statement of activities and changes in net assets includes changes in net assets prior to nonoperating activities as the performance indicator. Changes in unrestricted net assets which are excluded from the performance indicator include capital contract services and other grants, change in the Center's interest in the Hudson River HealthCare Foundation (the "Foundation") (see Note 15) and unrealized gains on investments.

Tax status

The Center, HRLDC, BPC, CHASI and CWHA were incorporated as not-for-profit corporations under the laws of the State of New York and are exempt from federal income taxes under Section 501(c)(3) of the Code, as well as from State income taxes. Therefore, there is no provision for income taxes. In addition, the Center is not classified as a private foundation.

Solutions is also a for-profit entity with an estimated tax liability of $58,556 as of December 31, 2019.

HRV is a for-profit entity with no operations for the year and incurred no material tax liability during 2019.

Brightpoint Search LLC, CBHCare IPA LLC and BP Labs are not subject to federal income taxes because their income and losses are includable in the tax return of their parent or member. Brightpoint Search LLC, CBHCare IPA LLC and BP Labs may be required to file returns and pay tax in various state and local jurisdictions as a result of their operations or the residency of their parent or member.

The Center has no unrecognized tax benefits at December 31, 2019. The Center's, BPC's, CHASI's and Solutions' federal and State income tax returns prior to fiscal year 2016 are closed. Management continually evaluates expiring statutes of limitations, audits, proposed settlements, changes in tax law and new authoritative rulings.

The Corporation recognizes interest and penalties associated with tax matters as operating expenses and includes accrued interest and penalties with accrued expenses in the consolidated statement of financial position.

Subsequent events

The Corporation has evaluated subsequent events through July 21, 2020, which is the date the consolidated financial statements were available to be issued.

Note 2 - Liquidity and availability

The following represents the Corporation's financial assets at December 31, 2019:

Financial assets at year-end	
Cash and cash equivalents	$ 45,036,340
Restricted cash	236
Board-designated cash	1,407
Patient services receivable, net	23,880,722
DHHS grants receivable	2,972,967
Contracts and other grants receivable, net	25,623,319
Other receivables	5,505,332
Health home receivables	8,497,100
Investments	85,590,814
Total financial assets	197,108,237
Less amounts not available to be used within one year	
Restricted cash	(236)
Board-designated cash	(1,407)
Investments not available for operations	(85,590,814)
Net assets with donor restrictions	(2,095,035)
Financial assets available to meet general expenditures over the next 12 months	$ 109,420,745

The Corporation endeavors to structure its financial assets to be available and liquid as its general expenditures, liabilities, and other obligations become due. The Center has a $15,000,000, Brightpoint Care, Inc. has $2,999,999 and CHASI has a $400,000 line of credit available to meet cash flow needs. As of December 31, 2019, the Corporation has an outstanding balance of $7,279,251 against these lines of credit.

Note 3 - Cash and cash equivalents and restricted cash and cash equivalents

The following table provides a reconciliation of cash and cash equivalents, restricted cash and board-designated cash reported within the consolidated statement of financial position that sum to the total of the same such amounts shown in the consolidated statement of cash flows:

Cash and cash equivalents	$ 45,036,340
Restricted cash and cash equivalents	236
Board-designated cash	1,407
Total	$ 45,037,983

Note 4 - Patient services receivable, net

Patient services receivable, net, consist of the following:

Medicaid	$ 10,039,533
Medicare	1,734,893
Other third-party payors	812,297
Self-pay	198,450
Medicaid managed care plans	8,301,200
New York State uncompensated care	2,794,349
Total	$ 23,880,722

The Center's concentration of credit risk relating to patient services receivable primarily relates to uninsured patient accounts and patient accounts for which the primary insurance payor has paid, but patient responsibility amounts remain outstanding. The Center did not recognize any patient receivable impairment or bad debt for the year ended December 31, 2019 based on patient specific impairment events.

Patient services receivable are reduced by an allowance for doubtful accounts. In evaluating the collectability of patient services receivable, the Center analyzes its 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 include both patients without insurance and patients with deductible and copayment balances due for which third-party 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 its 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 provided by the Center's policy) and the amounts actually collected after all reasonable collection efforts have been exhausted is charged against the allowance for doubtful accounts.

The Center's had no allowance for doubtful accounts at December 31, 2019. The Center did not write off any receivables in 2019. The Center has not changed its charity care or uninsured discount policies during the fiscal year 2019. The Center does not maintain a material allowance for doubtful accounts from third-party payors, nor did it have a significant write-offs from third-party payors.

Note 5 - Contracts and other grants receivable

Contracts and other grants receivable, consist of the following:

New York State Department of Health		
Community-Based Adolescent Pregnancy Prevention	$	158,610
Capital Restructuring Financing Program ("CRFP") - Patchogue Health Center		11,998,132
CRFP - Brentwood Health Center		2,142,117
Family Planning Program		214,885
AIDS Institute - PrEP STD Clinics		15,362
AIDS Institute - Hepatitis C		117,275
AIDS Institute - NYSPrEP HIV LI		16,530
AIDS Institute - NYSPrEP HIV LHV		18,649
AIDS Institute - NYSPrEP HIV MHV		18,415
AIDS Institute - HCV		509,829
Refuah		319,776
Women, Infants, and Children Program		201,460
NYS Migrant and Seasonal Farmworkers		63,612
Cancer Screening		17,076
Primary HIV- Atrium		21,565
Primary HIV- MLK		20,724
New York City Department of Health and Mental Hygiene		326,583
New York State Office of Alcoholism and Substance Abuse Services		16,938
NYS Rural Healthcare Network		43,931
Westchester County Department of Health		
Ryan White Part A Medical Case Management		49,082
National Association of Community Health Centers		
AmeriCorps Program		12,790
Albany Medical Center		
Ryan White Title IV		17,619
Stony Brook University Hospital -Patient Activation Measure		64,533
Suffolk County Department of Health Services		
Community Benefits Grants		2,722,922
Suffolk County Ryan White		181,106
Suffolk County TB & STD		368,054
Orange County Department of Mental Health		9,782
Vassar Brothers Hospital		415,833
Good Samaritan Medical Center: MLK Residency Program		265,923
CHCANYS Northeast Migrant Stream Coordinator		42,907

(continued)

St. John's Community Benefit Grant	517,500
MITRE Corporation	188,700
South Side Hospital	49,430
Southampton Hospital	630,001
Research Foundation for Mental Hygiene, Inc.	77,889
Public Health Solutions	947,475
Staten Island Performing Provider System, LLC	592,861
Coordinated Behavioral Care, Inc.	297,117
Health Research Institute	127,446
Robin Hood Foundation	49,843
District Attorney of Richmond County	100,778
Other	2,247,871
	26,218,931
Less allowance for doubtful accounts	(595,612)
Total	$ 25,623,319

Note 6 - Investments and fair value measurements

A summary of investments for the Center as of December 31, 2019 is as follows:

	Cost	Net unrealized gains	Fair value
Cash and money funds	$ 4,436,151	$ 83	$ 4,436,234
Corporate bonds	8,633,220	317,702	8,950,922
Equities	15,045,959	3,925,455	18,971,414
Exchange traded funds	35,987,099	7,129,008	43,116,107
Government securities	9,868,455	247,682	10,116,137
Total	$ 73,970,884	$ 11,619,930	$ 85,590,814

Investment returns - net, are included under other income in the consolidated statement of activities and change in net assets.

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

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

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

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

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

Investments in corporate bonds and government securities are valued using similar assets in active markets.

Investments in equities, exchange traded funds, and cash and money funds are valued using market prices on similar active markets and valuations are obtained from real-time quotes for transactions in active exchange markets involving identical assets.

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

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

	Level 1	Level 2	Level 3	Total
Investments				
Mutual funds	$ 45,868,818	$ -	$ -	$ 45,868,818
Corporate bonds	-	8,950,922	-	8,950,922
Equities	18,971,414	-	-	18,971,414
Government and agency securities	-	10,116,137	-	10,116,137
Cash	1,683,523	-	-	1,683,523
Total	$ 66,523,755	$ 19,067,059	$ -	$ 85,590,814
Deferred compensation account				
Mutual funds	$ 328,452	$ -	$ -	$ 328,452
Stable value fund stated at net asset value				3,492
Total				$ 331,944

The deferred compensation account is included in the deferred compensation asset and liability in the consolidated statement of financial position.

The Center's policy is to recognize transfers into and transfers out of a level as of the actual date of the event or change in circumstance that caused the transfer. There were no transfers among the three levels in the year ended December 31, 2019.

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

Note 7 - Subvention receivable

The Center has a subvention subscription agreement (the "agreement") with Amida Care, Inc. ("Amida Care"), a not-for-profit corporation. The agreement was entered into in accordance with Sections 504 of the New York Not-for-Profit Corporation Law ("NPCL"). As of December 31, 2019, total payments made to Amida Care amounted of $192,857 in exchange for a subvention certificate. The subvention certificate will be repayable to the Center provided that the Center is in compliance with the agreement, with its participating provider agreement with Amida Care, and with any material obligations it owes to Amida Care; the repayment of the subvention receivable is subject to approval by the board and/or members of Amida Care and regulatory approval by the Commissioner of Health.

The subvention certificate qualifies the Center as a Class A Member of Amida Care, provided the Center continues to participate in Amida Care's managed care program in accordance with its participating provider agreement. Termination of the participating provider agreement shall be construed as the Center's withdrawal as a Class A Member of Amida Care.

Note 8 - Loan receivable

As a result of the NMTC financing structure described in Note 13, the Center is the holder of a promissory note with Twain Investment Fund 16, LLC (the "Investment Fund") effective December 2, 2014 for the face value of $10,633,600. This note bears interest at a fixed rate of 1% per annum and is due in interest-only payments, payable in arrears in quarterly installments commencing on March 7, 2015 and in successive quarterly installments through December 7, 2021. The unpaid principal balance of this note will bear additional interest at a fixed rate of 1% per annum, which compounds quarterly from commencement of the note and through the date of maturity on September 1, 2043 and is payable from and after the end of the interest-only period until maturity in successive quarterly installments. Accrued interest receivable in the amount of $8,985 as of December 31, 2018, which is due after the end of the interest-only period, is included in other receivables on the consolidated statement of financial position. Interest income for the year ended December 31, 2019 totaled $107,813.

Note 9 - Property and equipment

The components of property and equipment are as follows:

Land	$ 10,019,660
Building and improvements	82,236,864
Furniture and equipment	46,273,563
Leasehold improvements	41,113,474
Subtotal	179,643,561
Less accumulated depreciation and amortization	(76,923,379)
Subtotal	102,720,182
Construction in progress	4,654,096
Total	$ 107,374,278

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

No depreciation has been provided on assets classified as construction in progress as these assets have not yet been placed in service.

Depreciation and amortization expense amounted to $13,207,358 for the year ended December 31, 2019.

As of December 31, 2019, the Corporation has the following future commitments for construction contracts:

Project	Type of project	Estimated cost to complete	Estimated date of completion
Bedford Project	Renovation	$ 1,412,000	2020
Monticello Project	Renovation	$ 75,000	2020

Note 10 - Health home payables

Health home payables as of December 31, 2019 consist of the following:

Due to health home downstream providers	$ 7,125,898
Health home liability to managed care organizations	896,289
Total	$ 8,022,187

Note 11 - Health Home Development Fund advances

On March 10, 2015, the Centers for Medicare and Medicaid approved the State Plan Amendment (the "SPA") to implement the Health Home Development Fund (the "HHDF"). The HHDF is a temporary rate add on to the "per member per month fee." The SPA specified four categories for which the HHDF may be used: member engagement and health home promotion, workforce training and retraining, clinical connectivity and health information technology implementation, and joint governance and technical assistance. Revenue is recognized in the period when expenditures have been incurred in compliance with the HHDF's restrictions. Cash received in excess of revenue recognized is recorded as HHDF advances. For the year ended December 31, 2019, the Center recognized revenue of $2,669,617, which is included in contract services and other grants revenue in the consolidated statement of activities and changes in net assets, and HHDF advances of $10,111,372 as of December 31, 2019, which is included in the consolidated statement of financial position.

Note 12 - Line of credit

The Center has an available revolving line of credit in the amount of $15,000,000, which is due and payable by November 5, 2020, the date the agreement expires. The line of credit is secured by all of the Center's assets. This agreement requires interest to be charged at a floating rate equal to the 1 Month LIBOR Rate (1.75% at December 31, 2019) plus 200bp, subject to a floor of 3%. There is $4,279,252 outstanding balance as of December 31, 2019.

BPC has an available line of credit in the amount of $2,999,999, which was due and payable on April 1, 2020, the date the agreement expired. The line of credit is secured by a credit line loan mortgage and security agreement on the property located in 1543 and 1545-1547 Inwood Avenue, Bronx, New York, which has a book value of $6,367,364 as of December 31, 2019. This agreement requires interest to be charged at a floating rate equal to the 1 Month LIBOR Rate (1.75% at December 31, 2019) plus 2 and 9 tenths percent (2.9%). There is $2,999,999 balance due as of December 31, 2019. On June 30, 2020, the line of credit was refinanced to a five-year note due July 1, 2025. The new note is payable beginning August 1 in equal principal and interest payments at the LIBOR rate plus 2.90%.

CHASI has an available line of credit in the amount of $400,000, which is a continuing agreement and is due and payable on demand by the creditor. The line of credit is guaranteed by the Center. This agreement requires interest to be charged at the Wall Street Journal Prime Rate plus 0.5%, subject to a floor rate of 5.75%. The interest rate as of December 31, 2019 was 5.75%. There is no outstanding balance on CHASI's line of credit as of December 31, 2019.

Note 13 - Long-term debt

Long-term debt consists of the following:

Renovation loan payable - $600,000 face amount, maturing on January 1, 2021, payable in equal monthly installments of $5,002, including interest per annum at 5.50%. The loan is secured by the related properties, which have a net book value of $537,370 as of December 31, 2019.	$	98,585
Mortgage payable - $1,600,000 face amount, maturing on January 1, 2021, payable in equal monthly installments of $13,698, including interest at 5.50% per annum. The loan is secured by the related properties, which have a net book value of $537,370 as of December 31, 2019.		167,554
Promissory Note A under the HRLDC's NMTC financing agreement - $1,914,345 face amount, maturing on December 1, 2049 bearing interest at 1.268% per annum; quarterly interest payments shall be made every year beginning March 1, 2015 through December 1, 2021. Commencing on March 1, 2022 through December 1, 2049, the Center shall make payments in arrears of principal and interest in an amount sufficient to amortize the outstanding principal amount together with accrued interest over the remaining term of the note on a level payment basis. The loan is secured by a certain mortgage, assignment of leases and rents, security agreement and fixture filing (acquisition of loan) encumbering the premises.		1,914,345
Promissory Note B under the HRLDC's NMTC financing agreement - $4,650,681 face amount, maturing on December 1, 2049 bearing interest at 1.268% per annum; quarterly interest payments shall be made every year beginning March 1, 2015 through December 1, 2021. Commencing on March 1, 2022 through December 1, 2049, the Center shall make payments in arrears of principal and interest in an amount sufficient to amortize the outstanding principal amount together with accrued interest over the remaining term of the note on a level payment basis. The loan is secured by a certain mortgage, assignment of leases and rents, security agreement and fixture filing (acquisition of loan) encumbering the premises.		4,650,681

(continued)

Promissory Note C under the HRLDC's NMTC financing agreement - $3,134,974 face amount, maturing on December 1, 2049 bearing interest at 1.268% per annum; quarterly interest payments shall be made every year starting March 1, 2015 through December 1, 2021. Commencing on March 1, 2022 through December 1, 2049, the Center shall make payments in arrears of principal and interest in an amount sufficient to amortize the outstanding principal amount together with accrued interest over the remaining term of the note on a level payment basis. The loan is secured by a certain mortgage, assignment of leases and rents, security agreement and fixture filing (acquisition of loan) encumbering the premises.	3,134,494
Promissory Note D under the HRLDC's NMTC financing agreement - $5,880,000 face amount, maturing on December 1, 2049 bearing interest at 1.268% per annum; quarterly interest payments shall be made every year starting March 1, 2015 through December 1, 2021. During the period commencing on December 1, 2021, and ending on December 1, 2049, accrued and unpaid interest and principal shall be payable in arrears in successive quarterly installments on each March 1, June 1, September 1, and December 1, calculated based on a 336-month amortization schedule with the first payment due on March 1, 2022. The loan is secured by a certain mortgage, assignment of leases and rents, security agreement and fixture filing (acquisition of loan) encumbering the premises.	5,880,000
Credit agreement with Primary Care Development Corporation in the amount of 800,000, with interest at 5.75%. The agreement is secured by the mobile vans, and all goods, equipment, and other property purchased with the proceeds, and is due in full on September 30, 2020. The outstanding amount was paid in full subsequent to December 31, 2019.	156,567
Building loan agreement with Primary Care Development Corporation authorizing up to $4,000,000 in advances. The loan has a maturity date of July 31, 2023 with interest rate of 7.25%. Payment of principal is payable on a monthly basis beginning May 1, 2017. The loan is secured by a leasehold mortgage on the condominium unit located at the Triangle Plaza Hub Condominium located at 459 East 149th St., Bronx, NY.	2,472,243
Mortgage with Northfieldbank in the amount of $356,000. The mortgage bears an interest of 4.75% per annum and is secured by the underlying properties at 166 Port Richmond Avenue and 2134 Richmond Terrace. Principal and interest are payable in equal monthly installments of $2,769 through December 1, 2028.	241,535
Loan from U.S. Small Business Administration ("SBA") entered on 4/9/2002 with principal of $235.700. Bears interest of 4% per annum, requires monthly payment of $1,168 principal and interest and matures on 4/29/2032. It is secured by the machinery and equipment purchased from the proceeds of the loan. On 9/4/2012, the SBA agreed to allow CWHA to make five consecutive interest-only monthly payments of $655 beginning September 2012 through January 2013 to be followed by regular monthly payments of $1,168 beginning February 2013. A letter from SBA dated July 24, 2014 indicated that CWHA was in default. Subsequent to the date of the letter, CWHA continued to make payments based on the agreement and all payments have been accepted by SBA.	177,936

(continued)

This pertains to NYC Division's liability for the construction costs incurred by the landlord for 2510 Westchester Avenue. The initial loan face amount was $60,000 which originated on 2/1/2016; payable in 120 monthly payments until 2/1/2026, bearing an interest rate of 9% per annum.	43,043
Subtotal	18,936,983
Less current portion	1,194,065
Less amortized loan costs	76,910
Long-term debt	$ 17,666,008

Future maturities of long-term debt in each of the five years subsequent to December 31, 2019 and thereafter are as follows:

2020	$ 1,194,065
2021	707,443
2022	735,678
2023	1,020,575
2024	503,782
Thereafter	14,775,440
Total	$ 18,936,983

The Corporation is required to comply with certain covenants under its renovation loans payable, mortgage payable and line of credit.

On July 22, 2014, HRLDC was incorporated as a not-for-profit corporation under the laws of the State and is exempt from income taxes under Section 501(c)(3) of the Code. On December 2, 2014 (the "closing date"), HRLDC entered into a NMTC financing agreement with various entities for the purpose of receiving financing to renovate and expand HRHC's flagship health center in Peekskill, NY (the "Qualified Purpose") in the following premises: (a) 1037 Main Street, Peekskill NY; (b) 1031 Main Street, Peekskill, NY, (c) 55 Bank Street Peekskill, NY (the "Property"). The NMTC structure consists of NMTC investors and other lenders that provide qualified equity investments ("QEI") to designated community development entities ("CDEs"), who, in turn, provide debt financing to qualified active low-income community businesses ("QALICB"). An NMTC program permits taxpayers, who have made quality equity investments in CDEs, to receive a credit against their federal income taxes.

On December 2, 2014, HRHC made a loan (the "Leverage Loan") to the Investment Fund amounting to $10,633,600 with a maturity date of September 1, 2043, bearing an interest rate of 1%. Meanwhile, pursuant to an operating agreement, NMTC investor US Bancorp Community Development Corporation ("USBCDC") made a capital contribution (the "Fund Equity Investment") to the Investment Fund amounting to $7,109,325, $1,702,925 of which represents bridge equity. The Investment Fund used the combined proceeds of the Leverage Loan and the Fund Equity Investment to make a QEI into two CDEs: PCDC Empire State Health Opportunities Fund IV LLC (the "PCDC CDE") and Impact CDE 48, LLC (the "Capital Impact CDE") amounting to $10 million and $6 million, respectively, in exchange for a 99.99% ownership in each CDE. The CDEs used substantially all of the funds provided by the QEI to make four separate loans to HRLDC for the abovementioned qualified purpose as required by the terms of the agreement and are identified on pages 28 and 29 as Promissory Note A, Promissory Note B, Promissory Note C, and Promissory Note D.

This structure will stay in effect for a period of seven years, until December 1, 2021 when the NMTC period expires. Built within the agreements is a put option for the USBCDC to sell 100% of its ownership of the Investment Fund at a purchase price in an amount equal to the sum of $1,000 to HRHC. If USBCDC exercises the put option, HRHC will then become owner of the Investment Fund and will then indirectly own $15,580,000 worth of QLICI notes to HRLDC. HRHC may forgive such debt with no tax consequences to itself and HRLDC because they are both tax exempt entities. At the time of the NMTC compliance period, HRHC will have $4,420,000 of outstanding PCDC loan.

The Center has entered into a Guaranty of Payment, Performance, and Completion agreement with PCDC CDE and Capital Impact CDE and have guaranteed payment and performance of all obligations (except for payment of principal under the loan) and the completion of the improvements that will make the project free of any mechanic's liens or other liens for the provision of labor, materials, or other goods or services to the project.

Accrued interest payable in the amount of $16,829 as of December 31, 2019 is included in accounts payable and accrued expenses on the consolidated statement of financial position.

As a requirement of the NMTC financing agreement, the Center established interest-bearing fee reserve accounts related to CDE expenses arising under the notes listed above, which are included in debt service reserve funds on the consolidated statement of financial position. The debt service funds balance related to this NMTC financing agreement amounted to $110,078 as of December 31, 2019.

The notes are secured by the assignment of leases and rents and security agreements issued by the Center for the benefit of the lenders.

Note 14 - Capital lease obligations

The following is a summary of equipment held under capital leases:

Equipment	$	4,429,942
Less accumulated amortization		3,385,024
Total	$	1,044,918

The Center was liable under terms of capital lease obligations for the following minimum lease payments:

2020	$	435,476
2021		201,876
2022		110,703
2023		108,399
2024		28,055
Total minimum lease payments		884,509
Less amount representing interest		56,477
Present value of net minimum lease payments		828,032
Less current maturities of capital lease obligations		387,911
Capital lease obligations, less current maturities	$	440,121

Note 15 - Interest in net assets of Hudson River HealthCare Foundation

Amounts reported in the consolidated statement of financial position include interest in the net assets of the Foundation and net assets with donor restrictions represent monies raised by the Foundation on behalf of the Center. The interest is adjusted annually to reflect the changes in the net assets of the Foundation. The Foundation has no variance power over the funds, which will be distributed upon request by the Center. During the year ended December 31, 2019, the net assets of the Foundation increased by $286,903, which has been recorded in the consolidated statement of activities and changes in net assets. As of December 31, 2019, the Center's interest in the net assets of the Foundation amounted to $2,095,035.

Note 16 - DHHS grants

For the year ended December 31, 2019, the Center recognized grant revenue from the DHHS as follows:

Grant number	Grant period	Total grant	Total revenue
6 H80CS00313-17-20	2/1/18 - 1/31/19	$ 18,891,175	$ 2,303,817
6 H80CS00313-18-21	2/1/19 -1/31/20	21,840,253	17,904,781
6 H76HA00029-28-04	5/1/18 - 4/30/19	984,400	411,872
5 H76HA00029-29-00	5/1/19 - 4/30/20	1,085,180	715,354
1 P06HA31454-01-00	9/1/17 - 8/31/18	91,000	21,715
1 P06HA32355-01-00	9/1/18 - 8/31/19	115,000	90,902
6H79TI080627-02M001	9/30/18 - 9/29/19	1,025,000	373,320
6H79TI080627-03M002	9/30/19 - 9/29/20	525,000	78,771
6H79SP082069-03M001	9/30/18 - 9/29/19	187,869	141,572
3H79SP080203-03S1	9/30/19 - 9/29/20	225,000	46,908
G25RH32436-01-03	9/30/18 - 12/31/19	200,000	189,746
5 H76HA31534-02-00	1/1/19 - 12/31/19	375,528	375,528
6 NU65PS004891-04-02	7/1/18 - 6/30/19	347,599	334,409
Total			$ 22,988,695

Note 17 - Patient services, net

The Center recognizes patient services revenue associated with services provided to patients who have Medicaid, Medicare, Third Party Payor and Managed Care plans coverage on the basis of contractual rates for services rendered. For uninsured self-pay patients that do not qualify for charity care, the Center recognizes revenue on the basis of its standard rates for services provided or on the basis of discounted rates if negotiated or provided by the Center's policy. Charity care services are computed using a sliding fee scale based on patient income and family size. On the basis of historical experience, a significant portion of the Center's uninsured patients will be unable or unwilling to pay for the services provided. Thus, the Center records a provision for bad debts related to uninsured patients in the period the services are provided. Patient services revenue, net of contractual allowances and discounts (but before the provision for bad debts), recognized in the period from these major payor sources, is as follows:

Medicaid	$ 23,324,467
Medicare	11,428,688
Medicaid managed care	59,824,823
Other third party payors	10,299,922
Self pay	4,050,454
New York State Medicaid managed care wraparound	46,382,703
Medical Home	3,650,321
New York State uncompensated care	11,180,136
Total	$ 170,141,514

Medicaid and Medicare revenue is reimbursed to the Center at the net reimbursement rates as 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.

Note 18 - Contract services and other grants

For the year ended December 31, 2019, contract services and other grants revenues consist of the following:

New York State Department of Health	
AIDS Institute - HCV	$ 270,123
AIDS Institute - NYS PrEP HIV	178,963
AIDS Institute - NYS PrEP HIV Lower Hudson River	119,308
AIDS Institute - NYS PrEP HIV Mid-Hudson Valley	115,077
AIDS Institute - NYS PrEP STD Clinics	126,336
Cancer Screening	73,128
Comprehensive Adolescent Pregnancy Prevention	458,399
Family Planning	1,538,762
Health Home Development Funds	2,669,617
Hepatitis C	342,738
HIV Prevention Programs	10,416
HIV Primary Care Atrium	122,986
HIV Primary Care Retention and Adherence Services	133,857
Migrant & Seasonal Farmworkers	262,686
Preventive Dental	25,398
Rural Health Network	175,000
SDH	1,611,055
Sexual Risk Avoidance Education	50,877
WIC Program	1,263,828
Others	433,191
Department of Youth & Community Development	39,500
Dormitory Authority State of NY	72,857
Albany Medical College - Ryan White Part D	46,744
Broadway Cares	20,000
Community Health Care Association of New York State	
AmeriCorps Program	75,070
Bureau of Primary Health Care Migrant Stream Coordinator Program	90,574
Navigator Program	20,814
Community Healthcare Network	44,064
Community Service Society	59,355
Department of Social Services/Human Resources Administration	12,500
District Attorney of Richmond County	157,864
Family Planning	17,153
Food Bank of NYC	5,025
Fund for Public Health	55,000
Good Samaritan Medical Center	
MLK Residency Program	265,923

(continued)

Health Quest Systems, Inc.		
Kingston Residency Program		561,269
Health Research, Inc.		894,431
Human Resource Administration		37,045
Iris House: A Center for Women Living with HIV, Inc.		250,440
Jewish Community Center of Staten Island		78,084
MITRE Corporation		930,550
Montefiore Hudson Valley Collaborative LLC		518,400
New York State Division of Criminal Justice Services		11,287
New York City Department of Health and Mental Hygiene		696,419
New York State Department of Environmental Conservation		5,313
NYS Office of Alcoholism and Substance Abuse		403,326
NYU/Lutheran Medical Center		107,509
Orange County Community Mental Health Center		
Migrant Workers Prevention		50,000
Public Health Solutions		3,444,316
Research Foundation for Mental Hygiene, Inc.		429,147
Research Foundation of New York for SUNY at Stony Brook		
Suffolk Project for AIDS Resource Coordination		14,510
Robin Hood Foundation		724,458
SouthSide Hospital		347,233
St. John's Community Benefit Grant		230,000
Stated Island Performing Provider System, LLC		1,258,578
Staten Island Partnership Community Wellness		282,940
Suffolk Care Collaborative DSRIP Stony Brook		836,522
Suffolk County Community Benefit Grant		12,000,000
Suffolk County Community Benefit Grant-Rent		3,716,430
Stony Brook University Hospital - Patient Activation Measure		492,569
Suffolk County TB & STD		479,423
United Way of New York City		75,143
United Way of Suffolk County - Ryan White		431,270
Westchester County Department of Health		
Ryan White Part A Adherence		299,489
Westchester Medical Center Residency		30,000
Refuah Health Center, Inc.		632,468
Others		1,740,974
Total operating	$	42,973,731
Nonoperating		
NYS Department of Health		
Capital Restructuring Financing Program (CRFP) - Brentwood	$	6,143,803
Capital Restructuring Financing Program (CRFP) - Patchogue		12,781,499
Capital Restructuring Financing Program (CRFP) - NYC		113,397
	$	19,038,699

Note 19 - Related party transactions

The Center is affiliated with the Foundation through minority board membership. The Foundation's administration operates out of the Center's office. As of December 31, 2019, the Foundation owed $65,207 to the Center, which is included in other receivables in the consolidated statement of financial position.

The Center and the Foundation are financially interrelated organizations. Accordingly, the Center records as an asset its interest in the net assets of the Foundation, exclusive of any assets over which the Foundation is granted variance power (see Note 15). As of December 31, 2019, there are no assets over which the Foundation has been granted variance power.

As an affiliate of HITCH, the Center has entered into a memorandum of agreement with the other partners under which, the Center may have to advance certain amounts to HITCH. Furthermore, as stipulated in the memorandum of agreement, the Center made contributions to HITCH amounting to $31,728. As of December 31, 2019, the Center owed HITCH a total amount of $31,728 which is included in the accounts payable and accrued expenses in the consolidated statement of financial position. These transactions are reported under professional fees in the consolidated statement of functional expenses.

The Center provided services to and earned revenue from the ACO amounting to $507,918 in 2019.

On December 2, 2014, HRLDC entered into an operating lease agreement with HRHC for the lease of the Property. Under the agreement, HRHC shall pay base rent on a quarterly basis every March 1, June 1, September 1, and December 1 commencing in March 2016 through December 2044. The base rent for the year ended December 31, 2019 amounted to $202,000. The future amounts are as follows: $202,000 from 2020 to 2021; $504,000 for 2022; and $684,000 from 2023 to 2044.

On December 2, 2014, HRLDC entered into an equipment lease agreement with HRHC for the lease of certain equipment. Under the agreement, HRHC shall pay $3,000 on a quarterly basis every March 1, June 1, September 1 and December 1 commencing on March 1, 2016 through January 1, 2022. The total rental payment for the year ended December 31, 2019 amounted to $12,000.

In November 2014, HRHC entered into an operating agreement with nine other entities as members of Community Health Independent Practice Association ("CHIPA") for the purpose of arranging for the delivery or provision of health services in accordance with and for such compensation as may be established by contract between CHIPA and one or more of the Managed Care Organizations. During 2017, 14 members joined CHIPA, increasing membership to twenty-two members as of the year ended December 31, 2019. As a member organization, HRHC contributed $48,664 cumulatively through December 2019. Revenue is to be recognized based on the results of the shared savings and care management services rendered based on the contracts between CHIPA and the Center as a participating provider. As of December 31, 2019, there has been no revenue earned by CHIPA under its Managed Care Organization's agreements.

Through an operating agreement, the Organization holds a 4.76% membership interest in IDUHA IPA, LLC ("IDUHA") which is a limited liability company formed in the State of New York to deliver or provide healthcare, social services and/or hard reduction services through clinical integration and collaboration with other members of IDUHA. The Organization's investment in IDUHA amounted to $30,000 as of December 31, 2020.

Effective January 1, 2018, HRHC and CBHCare IPA, LLC entered into a Shared Risk Agreement through which HRHC guarantees CBHCare IPA, LLC's financial obligation under the Shared Risk Agreement, subject to a certain maximum amount as defined under the agreement.

Note 20 - Pension plan

The Center maintains a defined contribution pension plan covering substantially all full-time employees who meet certain eligibility requirements. The amount contributed to the plan is a fixed percentage of participants' compensation. In 2019, the amount contributed to the plan for participants from the Center's New York City Division was calculated based on a range of percentages of the employees' Social Security Taxable Wage Base depending on the employees' hire date. Pension expense amounted to $5,038,596 for the year ended December 31, 2019.

CHASI has a deferred contribution pension plan covering all eligible full-time employees who have completed two years of service. Contributions made to the plan by CHASI are on a discretionary basis; contributions for the year ended December 31, 2019 amounted to $59,794.

The plan contributions made by the Corporation are included in salaries and related benefits in the consolidated statement of activities and changes in net assets.

Approximately 11% of the Center's employees participate in the 1199 SEIU Health Care Employees Pension Fund, with Employer Identification Number ("EIN") 133604862 plan number 001. The Center's contribution to the plan is based on a percentage of salary for each eligible employee. Contributions, which are based on varying rates for the hours worked by the employees, totaled $246,681 for the year ended December 31, 2019. The Center is only required to pay the aforementioned contribution for the duration of the collective bargaining agreement which expired on September 30, 2018. The Center is currently in negotiation with the 1199 SEIU Health Care Employees for the renewal of the collective bargaining agreement. The Center is not required to pay a surcharge to the plan in 2019.

Government regulations impose certain requirements relative to multi-employer plans. If the Center were to terminate its participation in the multi-employer plan and withdraw from such plan, it could result in the Center having an obligation to the plan for a portion of any unfunded benefit obligation. As of December 31, 2019, the plan's administrator reported that the plan was in the green Pension Protection zone status. Furthermore, as of the January 1, 2019 valuation date, the plan was 83.56% funded based on actuarially-determined plan asset values and 77.08% funded based on unaudited fair market value of the plan assets. The plan pension officer stated that the plan was neither in the endangered status nor in critical status in the 2019 plan year, and that the plan has not adopted a funding improvement plan or a rehabilitation plan as of December 31, 2019.

The Center does not anticipate withdrawal from the plan, nor is the Center aware of any expected plan termination.

Note 21 - Concentration of credit risk

Approximately 11% of the Center's employees are members of the 1199 SEIU Health Care Employees (the "union"). The Center's contract with the union will expire on September 30, 2021. The Corporation's other employees are not represented by a union.

Note 22 - Commitments and contingencies

The Center provides medical and prescription insurance coverage for all eligible employees. Under the terms of the insurance policy, the Center is at risk for covered claims submitted, not to exceed $150,000 per person per year. The Center is indemnified for claims in excess of $1,000,000 in the aggregate by the stop-loss insurance policy coverage. As of December 31, 2019, the Center has recorded $1,650,000 of claims liability in relation to the medical and prescription insurance; it is included in accounts payable and accrued expenses in the consolidated statement of financial position.

The Center 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 amount in question.

The Corporation leases space under noncancelable operating leases. Rent expense for the year ended December 31, 2019 amounted to $7,684,143. Facilities leased under noncancelable operating leases require future minimum payments as follows:

2020	$ 6,387,591
2021	5,251,152
2022	4,119,576
2023	3,207,047
2024	2,219,363
Thereafter	8,121,844
Total	$ 29,306,573

The Center has executed a deferred compensation agreement with a key employee, which requires future annual contributions totaling approximately $43,000 per year. Investments in these accounts, including any gains or losses, remain subject to the creditors of the Center until they are distributed upon termination of employment as defined in the agreement. The investment consists of the cash surrender value of a life insurance policy amounting to $1,021,945, which is recorded in the consolidated statement of financial position as part of the deferred compensation asset and liability.

The Center established an unfunded 457(b) Deferred Compensation Plan (the "457(b) Plan") which is an eligible deferred compensation plan under Section 457(b) of the Code. The 457(b) Plan provides deferred compensation benefits for a select group of management or highly compensated employees within the meaning of Employee Retirement Income Security Act ("ERISA") section 201 (2). The Center also established a rabbi trust (the "Trust") with the intention of making contributions to the Trust to provide a source of funds to assist the Center in meeting its liabilities under the 457(b) Plan. As of December 31, 2019, the assets of the Trust consisted of various life insurance policies on the participating employees with a cash surrender value of $2,901,520, which is recorded in the consolidated statement of financial position as part of the deferred compensation asset and liability.

BPC has established a 457(b) Deferred Compensation Plan which is an eligible deferred compensation plan under Section 457(b) of the Code. The plan participants include certain key management personnel. The agreement calls for BPC to make contributions to the plan based on the participants' gross salaries, as well as annual discretionary contributions. The plan assets are held in a trust, which as of December 31, 2019, consisted of various mutual funds (see Note 6) with a fair value of $331,944, which is recorded in the consolidated statement of financial position as part of the deferred compensation asset and liability.

The Center has established a discretionary 162 performance bonus plan (the "162 Bonus Plan") for certain eligible employees. The 162 Bonus Plan is exempt from ERISA and is intended to be exempt from Section 409A of the Code under the short-term deferral exception. The 162 Bonus Plan includes a base contribution of 8% of the participant's compensation for the first plan year; base contribution for subsequent plan years shall be determined by the board of directors of the Center. The Center may also make discretionary contributions to the 162 Bonus Plan for any plan year. Participants will be 100% vested in contributions made to the 162 Bonus Plan. For the year ended December 31, 2019, the Center contributed $307,959 before tax to the 162 Bonus Plan; the amount contributed net of tax was $205,303. The contribution is included in salaries and related benefits in the consolidated statement of activities and changes in net assets.

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 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.

Note 23 - Subsequent events

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

In June 2020, the Center's board of directors resolved to dissolve Brightpoint Search LLC within 60 days from June 22, 2020.

In April 2020, CBHCare IPA LLC made a capital distribution of $499,500 to HRV and $55,500 to the minority interest holder.

Supplementary Information

Hudson River HealthCare, Inc. and Subsidiaries

Consolidating Statement of Financial Position
December 31, 2019

	Assets					
	Hudson River HealthCare, Inc.	Solutions 4 Community Health, Inc.	Hudson River Healthcare Local Development Corporation	HRHCare Ventures, LLC	CBHCare IPA, LLC	Brightpoint Care, Inc.
Current assets						
Cash and cash equivalents	$ 30,033,517	$ 2,572,217	$ 73,564	$ 58,713	$ 1,911,379	$ 6,819,450
Restricted cash	-	-	-	-	-	-
Board-designated cash	-	-	-	-	-	1,407
Patient services receivable, net	23,880,722	-	-	-	-	-
DHHS grants receivable, net	2,972,967	-	-	-	-	-
Contracts and other grants receivable, net	21,107,439	-	-	-	-	-
Other receivables	11,216,676	998,562	17,833	-	-	-
Prepaid expenses and other assets	3,212,345	140,007	2,267	-	5,160	132,716
Health home receivable, net	6,853,055	-	-	-	-	1,371,404
Total current assets	99,276,721	3,710,786	93,664	58,713	1,916,539	8,324,977
Investments	85,590,814	-	-	-	-	-
Interest in net assets of investment in						
Hudson River HealthCare Foundation	2,095,035	-	-	-	-	-
CBHCare IPA, LLC	-	-	-	1,619,794	-	-
Hudson River Ventures	1,660,586	-	-	-	-	-
Community Health Association of Staten Island	348,799	-	-	-	-	-
Community Health Independent Practice Association (CHIPA)	48,664	-	-	-	-	-
IDUHA IPA LLC	2,500	-	-	-	-	-
Brightpoint Laboratories LLC	628,150	-	-	-	-	-
Solutions 4 Community Health, Inc.	1,581,257	-	-	-	-	-
Community Care Management Partners, LLC (CCMP)	-	-	-	-	-	1,162,670
Subvention receivable	-	-	-	-	-	192,857
Property and equipment, net	78,749,971	138,391	13,618,629	-	-	12,439,720
Security deposits and other	1,653,542	14,117	-	-	-	393,549
Debt service reserve	-	-	110,078	-	-	-
Long-term loans receivable	10,633,600	-	-	-	-	-
Deferred compensation	3,923,465	-	-	-	-	331,944
Total	$ 286,193,104	$ 3,863,294	$ 13,822,371	$ 1,678,507	$ 1,916,539	$ 22,845,717

Hudson River HealthCare, Inc. and Subsidiaries

Consolidating Statement of Financial Position
December 31, 2019

	Assets					
	Brightpoint Search, LLC	Community Health Action of State Island, Inc.	Brightpoint Laboratories, LLC	Caribbean Women's Health Association, Inc.	Eliminations	Total consolidated
Current assets						
Cash and cash equivalents	$ 56,566	$ 2,990,735	$ 277,039	$ 243,160	$ -	$ 45,036,340
Restricted cash	-	236	-	-	-	236
Board-designated cash	-	-	-	-	-	1,407
Patient services receivable, net	-	-	-	-	-	23,880,722
DHHS grants receivable, net	-	-	-	-	-	2,972,967
Contracts and other grants receivable, net	-	3,754,641	-	761,239	-	25,623,319
Other receivables	-	-	-	-	(6,727,739)	5,505,332
Prepaid expenses and other assets	282,858	20,868	49,559	4,856	(1,189,812)	2,660,824
Health home receivable, net	-	272,641	-	-	-	8,497,100
Total current assets	339,424	7,039,121	326,598	1,009,255	(7,917,551)	114,178,247
Investments	-	-	-	-	-	85,590,814
Interest in net assets of investment in						
Hudson River HealthCare Foundation	-	-	-	-	-	2,095,035
CBHCare IPA, LLC	-	-	-	-	(1,619,794)	-
Hudson River Ventures	-	-	-	-	(1,660,586)	-
Community Health Association of Staten Island	-	-	-	-	(348,799)	-
Community Health Independent Practice Association (CHIPA)	-	-	-	-	-	48,664
IDUHA IPA LLC	-	27,500	-	-	-	30,000
Brightpoint Laboratories LLC	-		-	-	(628,150)	-
Solutions 4 Community Health, Inc.	-	-	-	-	(1,581,257)	-
Community Care Management Partners, LLC (CCMP)	-	-	-	-	-	1,162,670
Subvention receivable	-	-	-	-	-	192,857
Property and equipment, net	1,171	2,403,204	23,192	-	-	107,374,278
Security deposits and other	2,325	103,975	286,586	15,394	-	2,469,488
Debt service reserve	-	-	-	-	-	110,078
Long-term loans receivable	-	-	-	-	-	10,633,600
Deferred compensation	-	-	-	-	-	4,255,409
Total	$ 342,920	$ 9,573,800	$ 636,376	$ 1,024,649	$ (13,756,137)	$ 328,141,140

Hudson River HealthCare, Inc. and Subsidiaries

Consolidating Statement of Financial Position
December 31, 2019

	Liabilities, Net Assets and Equity (Deficiency)					
	Hudson River HealthCare, Inc.	Solutions 4 Community Health, Inc.	Hudson River Healthcare Local Development Corporation	HRHCare Ventures, LLC	CBHCare IPA, LLC	Brightpoint Care, Inc.
Current liabilities						
Accounts payable and accrued expenses	$ 18,573,021	$ 206,717	$ 16,829	$ -	$ 4,933	$ 57,531
Accrued compensation	16,105,882	81,708	-	-	-	410,958
Health home payables	8,022,187	-	-	-	-	-
Health Home Development Fund advances	10,111,372	-	-	-	-	-
Due to related parties	-	1,993,612	199,143	17,921	150,184	4,247,946
Current maturities of long-term debt	993,875	-	-	-	-	-
Line of credit	4,279,252	-	-	-	-	230,000
Current maturities of capital lease obligations	387,911	-	-	-	-	-
Total current liabilities	58,473,500	2,282,037	215,972	17,921	155,117	4,946,435
Line of credit	-	-	-	-	-	2,769,999
Deferred rent	612,590	-	-	-	-	899,199
Long-term debt, less current maturities	1,883,723	-	15,580,000	-	-	-
Capital lease obligations, less current maturities	415,439	-	-	-	-	24,682
Other long-term liabilities	2,312,161	-	-	-	-	456,993
Deferred compensation	3,923,465	-	-	-	-	331,944
Total liabilities	67,620,878	2,282,037	15,795,972	17,921	155,117	9,429,252
Commitments and contingencies						
Net assets (deficit)						
Without donor restrictions	216,477,191	-	(1,973,601)	830,586	869,794	13,416,465
With donor restrictions	2,095,035	-	-	-	-	-
Total net assets (deficit)	218,572,226	-	(1,973,601)	830,586	869,794	13,416,465
Equity						
Common stock	-	10	-	-	-	-
Retained earnings	-	1,581,247	-	-	-	-
Total equity	-	1,581,257	-	-	-	-
Additional paid in capital	-	-	-	830,000	750,000	-
Total net assets (deficit) and equity	218,572,226	1,581,257	(1,973,601)	1,660,586	1,619,794	13,416,465
Noncontrolling interest in subsidiary	-	-	-	-	141,628	-
Total net assets (deficit), equity and noncontrolling interest in subsidiary	218,572,226	1,581,257	(1,973,601)	1,660,586	1,761,422	13,416,465
Total	$ 286,193,104	$ 3,863,294	$ 13,822,371	$ 1,678,507	$ 1,916,539	$ 22,845,717

Hudson River HealthCare, Inc. and Subsidiaries

Consolidating Statement of Financial Position
December 31, 2019

	Liabilities, Net Assets and Equity (Deficiency)					
	Brightpoint Search, LLC	Community Health Action of State Island, Inc.	Brightpoint Laboratories, LLC	Caribbean Women's Health	Eliminations	Total consolidated
Current liabilities						
Accounts payable and accrued expenses	$ 847,636	$ 598,555	$ 26,056	$ 152,178	$ (1,211,578)	$ 19,271,878
Accrued compensation	129,894	461,326	51,510	77,641	-	17,318,919
Health home payables	-	-	-	-	-	8,022,187
Health Home Development Fund advances	-	-	-	-	-	10,111,372
Due to related parties	29,233	340,772	15,552	-	(6,705,973)	288,390
Current maturities of long-term debt	-	22,254	-	177,936	-	1,194,065
Line of credit	-	-	-	-	-	4,509,252
Current maturities of capital lease obligations	-	-	-	-	-	387,911
Total current liabilities	1,006,763	1,422,907	93,118	407,755	(7,917,551)	61,103,974
Line of credit	-	-	-	-	-	2,769,999
Deferred rent	-	-	-	-	-	1,511,789
Long-term debt, less current maturities	-	202,285	-	-	-	17,666,008
Capital lease obligations, less current maturities	-	-	-	-	-	440,121
Other long-term liabilities	-	-	-	-	(2,312,161)	456,993
Deferred compensation	-	-	-	-	-	4,255,409
Total liabilities	1,006,763	1,625,192	93,118	407,755	(10,229,712)	88,204,293
Commitments and contingencies						
Net assets (deficit)						
Without donor restrictions	(338,560)	7,948,608	(373,093)	616,894	633,082	238,107,366
With donor restrictions	-	-	-	-	-	2,095,035
Total net assets (deficit)	(338,560)	7,948,608	(373,093)	616,894	633,082	240,202,401
Equity						
Common stock	-	-	-	-	(10)	-
Retained earnings	-	-	-	-	(1,581,247)	-
Total equity	-	-	-	-	(1,581,257)	-
Additional paid in capital	-	-	998,250		(2,578,250)	-
Total net assets (deficit) and equity	(338,560)	7,948,608	625,157	616,894	(3,526,425)	240,202,401
Noncontrolling interest in subsidiary	(325,283)	-	(81,899)	-	-	(265,554)
Total net assets (deficit), equity and noncontrolling interest in subsidiary	(663,843)	7,948,608	543,258	616,894	(3,526,425)	239,936,847
Total	$ 342,920	$ 9,573,800	$ 636,376	$ 1,024,649	$ (13,756,137)	$ 328,141,140

Hudson River HealthCare, Inc. and Subsidiaries

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

	Hudson River HealthCare, Inc.						
	Without donor restrictions	With donor restrictions	Total	Solutions 4 Community Health, Inc.	Hudson River Healthcare Local Development Corporation	HRHCare Ventures, LLC	CBHCare IPA, LLC
Revenue							
Patient services (net of contractual allowances and discounts)	$ 170,141,514	$ -	$ 170,141,514	$ -	$ -	$ -	$ -
DHHS grant revenue	22,988,695	-	22,988,695	-	-	-	-
Health home revenue	64,309,511	-	64,309,511	-	-	-	-
Health home administrative fee	2,855,757	-	2,855,757	-	-	-	-
Contract services and other grants	33,146,904	-	33,146,904	-	-	-	-
Donated vaccines	5,909,045	-	5,909,045	-	-	-	-
Management fees	-	-	-	4,136,889	-	-	-
340B pharmacy revenue	27,949,267	-	27,949,267	-	-	-	-
Other revenue	7,584,892	-	7,584,892	-	214,000	364,634	591,630
Total revenue	334,885,585	-	334,885,585	4,136,889	214,000	364,634	591,630
Expenses							
Salaries and related benefits	160,331,403	-	160,331,403	274,180	-	-	-
Other than personnel services	148,287,509	-	148,287,509	3,336,373	5,813	-	186,274
Interest	461,902	-	461,902	-	200,298	-	-
Total expenses	309,080,814	-	309,080,814	3,610,553	206,111	-	186,274
Changes in net assets prior to depreciation and amortization and nonoperating activities	25,804,771	-	25,804,771	526,336	7,889	364,634	405,356
Depreciation and amortization	10,761,552	-	10,761,552	59,275	580,194	-	207
Changes in net assets prior to nonoperating activities	15,043,219	-	15,043,219	467,061	(572,305)	364,634	405,149
Nonoperating activities							
Contract services - capital projects	18,925,302	-	18,925,302	-	-	-	-
Change in interest in Hudson River Healthcare Foundation	-	286,903	286,903	-	-	-	-
Unrealized gain on investments	10,134,528	-	10,134,528	-	-	-	-
Total nonoperating revenue	29,059,830	286,903	29,346,733	-	-	-	-
Change in net assets	44,103,049	286,903	44,389,952	467,061	(572,305)	364,634	405,149
Less change in net assets attributable to noncontrolling interest	-	-	-	-	-	-	(40,515)
Change in net assets attributable to Hudson River Healthcare, Inc. and Subsidiaries	$ 44,103,049	$ 286,903	$ 44,389,952	$ 467,061	$ (572,305)	$ 364,634	$ 364,634

Hudson River HealthCare, Inc. and Subsidiaries

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

	Brightpoint Care, Inc.	Brightpoint Search, LLC	Community Health Action of Staten Island, Inc.	Brightpoint Laboratories, LLC	Caribbean Women's Health Association, Inc.	Eliminations	Total consolidated
Revenue							
Patient services (net of contractual allowances and discounts)	$ -	$ -	$ -	$ -	$ -	$ -	$ 170,141,514
DHHS grant revenue	-	-	-	-	-	-	22,988,695
Health home revenue	15,108,480	-	1,039,706	-	-	-	80,457,697
Health home administrative fee	-	-	-	-	-	-	2,855,757
Contract services and other grants	-	-	9,160,095	-	666,732	-	42,973,731
Donated vaccines	-	-	-	-	-	-	5,909,045
Management fees	-	-	-	-	-	(122,419)	4,014,470
340B pharmacy revenue	-	-	-	-	-	-	27,949,267
Other revenue	839,854	1,800,510	499,778	-	33,413	(2,644,489)	9,284,222
Total revenue	15,948,334	1,800,510	10,699,579	-	700,145	(2,766,908)	366,574,398
Expenses							
Salaries and related benefits	8,361,257	1,937,591	7,106,820	183,288	315,986	-	178,510,525
Other than personnel services	8,158,381	191,328	2,935,990	269,596	257,800	(2,679,852)	160,949,212
Interest	153,422	-	23,057	-	-	-	838,679
Total expenses	16,673,060	2,128,919	10,065,867	452,884	573,786	(2,679,852)	340,298,416
Changes in net assets prior to depreciation and amortization and nonoperating activities	(724,726)	(328,409)	633,712	(452,884)	126,359	(87,056)	26,275,982
Depreciation and amortization	1,491,737	(1,219)	313,504	2,108	-	-	13,207,358
Changes in net assets prior to nonoperating activities	(2,216,463)	(327,190)	320,208	(454,992)	126,359	(87,056)	13,068,624
Nonoperating activities							
Contract services - capital projects	-	-	113,397	-	-	-	19,038,699
Change in interest in Hudson River Healthcare Foundation	-	-	-	-	-	-	286,903
Unrealized gain on investments	-	-	-	-	-	-	10,134,528
Total nonoperating revenue	-	-	113,397	-	-	-	29,460,130
Change in net assets	(2,216,463)	(327,190)	433,605	(454,992)	126,359	(87,056)	42,528,754
Less change in net assets attributable to noncontrolling interest	-	160,323	-	81,899	-	-	201,707
Change in net assets attributable to Hudson River Healthcare, Inc. and Subsidiaries	$ (2,216,463)	$ (166,867)	$ 433,605	$ (373,093)	$ 126,359	$ (87,056)	$ 42,730,461

Hudson River HealthCare, Inc. and Subsidiaries

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

	Hudson River HealthCare, Inc.						
	Without donor restrictions	With donor restrictions	Total	Solutions 4 Community Health, Inc.	Hudson River Healthcare Local Development Corporation	HRHCare Ventures, LLC	CBHCare IPA, LLC
Net assets and equity							
Net assets (deficit), beginning	$ 172,374,142	$ 1,808,132	$ 174,182,274	$ 1,114,196	$ (1,401,296)	$ 465,952	$ 505,160
Changes in net assets	44,103,049	286,903	44,389,952	467,061	(572,305)	364,634	364,634
Net assets (deficit), end	216,477,191	2,095,035	218,572,226	1,581,257	(1,973,601)	830,586	869,794
Additional paid-in capital	-	-	-	-	-	830,000	750,000
Noncontrolling interest in subsidiary	-	-	-	-	-	-	141,628
Net assets (deficit) and equity, end	$ 216,477,191	$ 2,095,035	$ 218,572,226	$ 1,581,257	$ (1,973,601)	$ 1,660,586	$ 1,761,422

Hudson River HealthCare, Inc. and Subsidiaries

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

	Brightpoint Care, Inc.	Brightpoint Search, LLC	Community Health Action of Staten Island, Inc.	Brightpoint Laboratories, LLC	Caribbean Women's Health Association, Inc.	Eliminations	Total consolidated
Net assets and equity							
Net assets (deficit), beginning	$ 15,632,928	$ (171,693)	$ 7,515,003	$ -	$ 490,535	$ (861,119)	$ 197,471,940
Changes in net assets	(2,216,463)	(166,867)	433,605	(373,093)	126,359	(87,056)	42,730,461
Net assets (deficit), end	13,416,465	(338,560)	7,948,608	(373,093)	616,894	(948,175)	240,202,401
Additional paid-in capital	-	-	-	998,250	-	(2,578,250)	-
Noncontrolling interest in subsidiary	-	(325,283)	-	(81,899)	-	-	(265,554)
Net assets (deficit) and equity, end	$ 13,416,465	$ (663,843)	$ 7,948,608	$ 543,258	$ 616,894	$ (3,526,425)	$ 239,936,847

See Independent Auditor's Report.

Community Health Action of Staten Island

Statement of Functional Expense
Year Ended December 31, 2019

	Program services	General and administrative	Fundraising	Total
Salaries and wages	$ 5,271,982	$ 411,064	$ 1,370	$ 5,684,416
Fringe benefits	1,343,839	78,236	329	1,422,404
Professional fees	736,491	32,189	82,373	851,053
Consumable supplies	526,286	41,025	-	567,311
Occupancy	557,827	48,146	39,279	645,252
Insurance	16,584	39,248	-	55,832
Repairs, maintenance and equipment rental	202,536	35,930	-	238,466
Telephone	124,656	6,703	-	131,359
Travel, conferences and meetings	125,444	4,779	-	130,223
Patient transportation	57,371	-	-	57,371
Dues and subscriptions	52,324	23,120	-	75,444
Printing and postage	20,911	4,018	-	24,929
Interest	-	23,057	-	23,057
Other	158,412	338	-	158,750
Total	9,194,663	747,853	123,351	10,065,867
Depreciation and amortization	289,061	24,443	-	313,504
Total functional expenses	$ 9,483,724	$ 772,296	$ 123,351	$ 10,379,371

See Independent Auditor's Report.

Hudson River HealthCare, Inc. and Subsidiaries

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

Federal grantor/pass-through grantor/program or cluster title	Federal CFDA number	Pass-through grantor's number	Passed through to subrecipients	Hudson River HealthCare, Inc.	Community Health Action of Staten Island, Inc.	Consolidated
U.S. Department of Health and Human Services						
Direct Programs						
Health Center Program Cluster						
Health Center Program (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, and Public Housing Primary Care)	93.224	N/A	$ 105,854	$ 5,712,203	$ -	$ 5,712,203
Grants for New and Expanded Services under the Health Care Center Program	93.527	N/A	262,896	14,865,145	-	14,865,145
Sub-total: Health Center Program Cluster			368,750	20,577,348	-	20,577,348
Passed through Refuah Health Center, Inc.:						
Health Center Program Cluster						
Health Center Program (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, and Public Housing Primary Care)	93.224	H8CS00281	-	126,114	-	126,114
Grants for New and Expanded Services under the Health Care Center Program	93.527	H8CS00281	-	506,354	-	506,354
Sub-total: Health Center Program Cluster			-	632,468	-	632,468
Total Health Center Program Cluster			368,750	21,209,816	-	21,209,816
Direct Programs						
HIV Prevention Activities Non-Governmental Organization Based	93.939		-	-	334,409	334,409
Passed through Iris House: A Center for Women Living with HIV, Inc.						
HIV Prevention Activities Non-Governmental Organization Based	93.939	CDC-RFA-PS15-1505	-	250,440	-	250,440
Total 93.939			-	250,440	334,409	584,849
Direct Programs						
Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease	93.918	N/A	-	1,621,046	-	1,621,046
Telehealth Network Grants	93.211	N/A	-	189,746	-	189,746
Substance Abuse and Mental Health Services Administration						
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	N/A	-	640,571	-	640,571
Passed through New York State Department of Health						
Maternal and Child Health Services Block Grant to the States	93.994	C027025; C027522; C030203; C32115GG; C32352GG	-	351,369	-	351,369
Passed through Staten Island University Hospital						
Maternal and Child Health Services Block Grant to the States	93.994	Not Available	-	858		858
Total 93.994			-	352,227	-	352,227
Passed through New York City Department of Health and Mental Hygiene						
Immunization Cooperative Agreements	93.268	N/A	-	636,821	-	636,821

(continued)

Hudson River HealthCare, Inc. and Subsidiaries

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

Federal grantor/pass-through grantor/program or cluster title	Federal CFDA number	Pass-through grantor's number	Passed through to subrecipients	Hudson River HealthCare, Inc.	Community Health Action of Staten Island, Inc.	Consolidated
Passed through New York State Department of Health						
Preventive Health and Health Services Block Grant	93.991	C030203	-	27,989	-	27,989
Sexual Risk Avoidance Education	93.325	C34615GG	-	50,877	-	50,877
Preventive Health and Health Services Block Grant funded solely with Prevention and Public Health Funds ("PPHF")	93.758	C030203	-	81,620	-	81,620
Family Planning Services	93.217	C027025	-	76,938	-	76,938
Passed through Staten Island University Hospital						
Family Planning Services	93.217	Not Available	-	858	-	858
Total 93.217			-	77,796	-	77,796
Medicaid Cluster						
Passed through New York State Department of Health						
Medical Assistance Program	93.778	C32115GG	-	178,926	-	178,926
Passed through Community Health Care Association of New York State ("CHCANYS")						
Medical Assistance Program	93.778	C34568GG	-	20,814	-	20,814
Passed through Jewish Community Center of Staten Island, Inc.						
Medical Assistance Program	93.778	Not Available	-	-	27,845	27,845
Total 93.778			-	199,740	27,845	227,585
Total Medicaid Cluster			-	199,740	27,845	227,585
Passed through Community Health Care Association of New York State ("CHCANYS")						
Technical and Non-Financial Assistance to Health Centers	93.129	U58CS06809	-	90,574	-	90,574
Passed through Public Health Solutions						
Special Projects of National Significance	93.928	18-SCD-860	-	10,000	-	10,000
HIV Emergency Relief Project Grants	93.914	H89HA00015, 18-TPT-630, 18-CCR-630, 15-MCT-991; 19-MCT-991	-	299,489	940,148	1,239,637
Passed through United Way of Long Island						
HIV Emergency Relief Project Grants	93.914	18407; 19407; 18436; 19436; 18MAI12; 19MAI12	-	431,270	-	431,270
Total 93.914			-	730,759	940,148	1,670,907

(continued)

Hudson River HealthCare, Inc. and Subsidiaries

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

Federal grantor/pass-through grantor/program or cluster title	Federal CFDA number	Pass-through grantor's number	Passed through to subrecipients	Hudson River HealthCare, Inc.	Community Health Action of Staten Island, Inc.	Consolidated
Passed through Health Research Inc.						
HIV Care Formula Grants	93.917	5167-04; 5167-05	-	-	222,788	222,788
Passed through Research Foundation of the State University of New York at Stony Brook						
Coordinated Services and Access to Research for Women, Infants, Children, and Youth (Ryan White Program Part D Women, Infants, Children and Youth WICY Program)	93.153	H12HA24880	-	14,510	-	14,510
Passed through Albany Medical College						
Coordinated Services and Access to Research for Women, Infants, Children, and Youth (Ryan White Program Part D Women, Infants, Children and Youth WICY Program)	93.153	428671	-	46,744	-	46,744
Total 93.153			-	61,254	-	61,254
Passed through Research Foundation for Mental Hygiene, Inc.						
Opioid STR	93.788	5H79TI080223-02	-	-	222,939	222,939
Passed through Health Research Inc.						
Opioid STR	93.788	6049-01; 6049-02; 5723-02	-	-	221,400	221,400
Passed through Research Foundation for Mental Hygiene, Inc.						
Opioid STR	93.788	H79T1081718 and Others Not Available	-	206,208	-	206,208
Total 93.788			-	206,208	221,400	427,608
Passed through Jewish Community Center of Staten Island, Inc.						
Children's Health Insurance Program ("CHIP")	93.767	Not Available	-	-	4,740	4,740
Total U.S. Department of Health and Human Services			368,750	26,437,484	1,974,269	28,411,753
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	DOH01-C30451GG-3450000	-	4,323,313	-	4,323,313
Supplemental Nutrition Assistance Program (SNAP) Cluster						
Passed through United Way of New York City						
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	CC00221GG	-	-	31,250	31,250
Total Supplemental Nutrition Assistance Program ("SNAP") Cluster			-	-	31,250	31,250
Total U.S. Department of Agriculture			-	4,323,313	31,250	4,354,563
U.S. National Corporation for Service						
Passed through Community Health Care Association of New York State ("CHCANYS")						
AmeriCorps	94.006	C028557; C028377	-	64,162	-	64,162
Passed through Health Federation of Philadelphia						
AmeriCorps	94.006	19EDHPA001	-	10,908	-	10,908
Total 94.006			-	75,070	-	75,070
Total U.S. National Corporation for Service			-	75,070	-	75,070
Total expenditures of federal awards			$ 368,750	$ 30,835,867	$ 2,005,519	$ 32,841,386

See Notes to Schedule of Expenditures of Federal Awards.

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

Note 1 - Basis of presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Hudson River HealthCare, Inc. and Subsidiaries (the "Corporation") under programs of the federal government for the year ended December 31, 2019. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal* Awards (the "Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of the Center, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the 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 Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Corporation elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 3 - Nonmonetary assistance

Nonmonetary assistance is reported in the Schedule at the fair value of the WIC checks and vaccinations received. The total federal share of the food instruments distributed by the Corporation amounted to $3,056,425. The total federal share of the vaccinations distributed by the Corporation amounted to $636,821.

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
Hudson River HealthCare, Inc. and Subsidiaries

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 Hudson River HealthCare, Inc. and Subsidiaries (the "Corporation") (a nonprofit organization), which comprise the consolidated statement of financial position as of December 31, 2019, and the related consolidated statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated July 21, 2020. The financial statements of Solutions 4 Community Health, Inc., Hudson River Healthcare Local Development Corporation, HRHCare Ventures, LLC, CBHCare IPA, LLC, Brightpoint Care, Inc., Brightpoint Search, LLC, Brightpoint Laboratories, LLC and Caribbean Women's Health Association, Inc. were not audited in accordance with *Government Auditing Standards* and, accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with Solutions 4 Community Health, Inc., Hudson River Healthcare Local Development Corporation, HRHCare Ventures, LLC, CBHCare IPA, LLC, Brightpoint Care, Inc., Brightpoint Search, LLC, Brightpoint Laboratories, LLC and Caribbean Women's Health Association, Inc.

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 opinion 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 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 Corporation'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.

New York, New York
July 21, 2020

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

To the Board of Directors
Hudson River HealthCare, Inc. and Subsidiaries

Report on Compliance for Each Major Federal Program

We have audited Hudson River HealthCare, Inc. and Subsidiaries' (the "Corporation") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Corporation's major federal programs for the year ended December 31, 2019. The Corporation's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the 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, 2019.

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 the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

New York, New York
July 21, 2020

Hudson River HealthCare, Inc. and Subsidiaries

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

Section I - Summary of Auditor's Results

Consolidated Financial Statements:

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	___ yes ✓ no
• Significant deficiency(ies) identified?	___ yes ✓ none reported
Noncompliance material to consolidated financial statements noted?	___ yes ✓ no

Federal Awards:

Internal control over major programs:	
• Material weakness(es) identified?	___ yes ✓ no
• Significant deficiency(ies) identified?	___ 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 2 CFR 200.516(a)?	___ yes ✓ no

Identification of major programs:

CFDA Number(s)	Name of Federal Program
	United States Department of Health and Human Services:
93.918	Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease
93.914	HIV Emergency Relief Project Grants
	United States Department of Agriculture:
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children

Dollar threshold used to distinguish between type A and B programs:	$985,242
Auditee qualified as low-risk auditee?	✓ yes ___ no

Hudson River HealthCare, Inc. and Subsidiaries

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

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None

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