

**Whitney M. Young, Jr. Health Center, Inc.
and Foundation**

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

December 31, 2019 and 2018

Whitney M. Young, Jr. Health Center, Inc. and Foundation

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Independent Auditor's Report

To the Board of Directors
Whitney M. Young, Jr. Health Center, Inc. and Foundation

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Whitney M. Young, Jr. Health Center, Inc. and Foundation (the "Organization"), which comprise the consolidated statements of financial position as of December 31, 2019 and 2018, and the related consolidated statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. The financial statements of the Foundation 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 Organization'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 Organization'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 Organization as of December 31, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 6, 2020 on our consideration of the Organization'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 Organization'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 Organization's internal control over financial reporting and compliance.



New York, New York
May 6, 2020

Whitney M. Young, Jr. Health Center, Inc. and Foundation

**Consolidated Statements of Financial Position
December 31, 2019 and 2018**

	<u>Assets</u>	
	<u>2019</u>	<u>2018</u>
Current assets		
Cash	\$ 5,420,634	\$ 5,294,664
Short-term investments	4,985,878	3,297,050
Patient accounts receivable, net	950,489	1,226,108
340B pharmacy program receivable	591,844	753,713
Grants and contracts and contributions receivable	685,379	935,530
Prepaid expenses and other current assets	327,949	315,590
Total current assets	<u>12,962,173</u>	<u>11,822,655</u>
Long-term investments	9,862,206	6,828,275
Deferred compensation	389,880	349,608
Property and equipment, net	6,683,328	6,235,557
Security deposits	162,350	162,350
	<u>17,097,764</u>	<u>13,575,790</u>
Total	<u>\$ 30,059,937</u>	<u>\$ 25,398,445</u>
	<u>Liabilities and Net Assets</u>	
Current liabilities		
Accounts payable and accrued expenses	\$ 401,251	\$ 889,967
Accrued payroll and employee benefits	1,316,288	1,281,893
Due to third-party payors	110,672	236,911
Refundable advances	1,364,298	2,211,299
Total current liabilities	3,192,509	4,620,070
Noncurrent liabilities		
Deferred rent	274,440	144,900
Asset retirement obligation	25,075	25,075
Deferred compensation	389,880	349,608
Total liabilities	<u>3,881,904</u>	<u>5,139,653</u>
Commitments and contingencies		
Net assets		
Without donor restrictions	25,877,344	20,168,583
With donor restrictions	300,689	90,209
Total net assets	<u>26,178,033</u>	<u>20,258,792</u>
Total	<u>\$ 30,059,937</u>	<u>\$ 25,398,445</u>

See Notes to Consolidated Financial Statements.

Whitney M. Young, Jr. Health Center, Inc. and Foundation
Consolidated Statement of Activities and Changes in Net Assets
Year Ended December 31, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenue			
Patient services (net of contractual allowances and discounts)	\$ 11,195,556	\$ -	\$ 11,195,556
DHHS grants	6,490,673	-	6,490,673
Contract services and other grants	3,669,939	-	3,669,939
In-kind contributions	587,229	-	587,229
Contributions	56,041	285,281	341,322
340B pharmacy program	5,444,565	-	5,444,565
Investment return, net	1,179,992	-	1,179,992
Other	36,828	-	36,828
Net assets released from restrictions	74,801	(74,801)	
Total revenue	<u>28,735,624</u>	<u>210,480</u>	<u>28,946,104</u>
Expenses			
Salaries and related benefits	13,793,639	-	13,793,639
Other than personnel services	8,484,291	-	8,484,291
Depreciation and amortization	748,933	-	748,933
Total expenses	<u>23,026,863</u>	<u>-</u>	<u>23,026,863</u>
Changes in net assets	5,708,761	210,480	5,919,241
Net assets			
Beginning	<u>20,168,583</u>	<u>90,209</u>	<u>20,258,792</u>
End	<u>\$ 25,877,344</u>	<u>\$ 300,689</u>	<u>\$ 26,178,033</u>

See Notes to Consolidated Financial Statements.

Whitney M. Young, Jr. Health Center, Inc. and Foundation
Consolidated Statement of Activities and Changes in Net Assets
Year Ended December 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue			
Patient services (net of contractual allowances and discounts)	\$ 10,858,751	\$ -	\$ 10,858,751
DHHS grants	6,217,375	-	6,217,375
Contract services and other grants	2,650,298	-	2,650,298
In-kind contributions	519,600	-	519,600
Contributions	72,268	140,303	212,571
340B pharmacy program	4,895,224	-	4,895,224
Investment return, net	(232,785)	-	(232,785)
Other	61,088	-	61,088
Net assets released from restrictions	98,927	(98,927)	-
Total revenue	25,140,746	41,376	25,182,122
Expenses			
Salaries and related benefits	13,518,893	-	13,518,893
Other than personnel services	8,639,984	-	8,639,984
Depreciation and amortization	707,602	-	707,602
Total expenses	22,866,479	-	22,866,479
Changes in net assets	2,274,267	41,376	2,315,643
Net assets			
Beginning	17,894,316	48,833	17,943,149
End	<u>\$ 20,168,583</u>	<u>\$ 90,209</u>	<u>\$ 20,258,792</u>

See Notes to Consolidated Financial Statements.

Whitney M. Young, Jr. Health Center, Inc. and Foundation

**Consolidated Statement of Functional Expenses
Year Ended December 31, 2019**

	Program Services				Total Program Services	General and Administrative	Fundraising	Total
	Medical	Dental	Behavioral Health	Pharmacy				
Salaries and wages	\$ 6,673,378	\$ 1,113,248	\$ 1,289,642	\$ -	\$ 9,076,268	\$ 2,223,848	\$ 69,541	\$ 11,369,657
Fringe benefits and payroll taxes	1,436,904	239,875	285,975	-	1,962,754	452,286	8,942	2,423,982
Consultants and contractual services	296,303	446,987	4,475	-	747,765	189,572	-	937,337
Medical, dental and pharmacy supplies	356,509	176,555	179,346	2,921,810	3,634,220	3,223	-	3,637,443
Donated vaccines	587,227	-	-	-	587,227	-	-	587,227
Professional fees	137,261	23,976	131,927	-	293,164	18,078	-	311,242
Translation services	96,346	1,002	-	-	97,348	-	-	97,348
Occupancy	163,941	119,396	157,739	32,078	473,154	134,315	13,918	621,387
Insurance	51,994	8,622	14,242	-	74,858	44,815	-	119,673
Repairs and maintenance and miscellaneous equipment	290,153	26,440	95,581	-	412,174	46,520	94	458,788
Telephone, cable and cell phones	124,579	19,219	27,689	-	171,487	-	1,132	172,619
Printing, publications, copier and postage	31,376	3,765	5,241	-	40,382	15,941	7,549	63,872
Office, housekeeping and food supplies	48,317	6,580	21,807	-	76,704	30,437	8,779	115,920
Information technology and data processing	223,316	7,899	74,746	-	305,961	249,619	4,284	559,864
Advertising and promotion	34,879	318	2,658	-	37,855	25,901	2,763	66,519
Office expenses	21,238	32,182	44,232	-	97,652	7,166	-	104,818
Travel, conferences, conventions and meetings	76,172	5,318	25,405	-	106,895	32,475	844	140,214
Dues and licenses	14,383	1,136	4,034	125	19,678	77,194	172	97,044
Bad debt	153,499	120,316	51,059	-	324,874	-	-	324,874
Other	8,283	684	1,708	220	10,895	54,957	2,250	68,102
Depreciation and amortization	303,167	157,774	141,116	-	602,057	146,876	-	748,933
Total functional expenses	\$ 11,129,225	\$ 2,511,292	\$ 2,558,622	\$ 2,954,233	\$ 19,153,372	\$ 3,753,223	\$ 120,268	\$ 23,026,863

See Notes to Consolidated Financial Statements.

Whitney M. Young, Jr. Health Center, Inc. and Foundation

**Consolidated Statement of Functional Expenses
Year Ended December 31, 2018**

	Program Services				Total Program Services	General and Administrative	Fundraising	Total
	Medical	Dental	Behavioral Health	Pharmacy				
Salaries and wages	\$ 6,044,634	\$ 1,493,029	\$ 1,357,737	\$ -	\$ 8,895,400	\$ 1,940,201	\$ 72,424	\$ 10,908,025
Fringe benefits and payroll taxes	1,490,870	334,505	341,455	-	2,166,830	434,668	9,370	2,610,868
Consultants and contractual services	278,463	460,665	7,657	-	746,785	300,669	3,000	1,050,454
Medical, dental and pharmacy supplies	353,308	234,181	199,791	2,669,112	3,456,392	2,614	-	3,459,006
Donated vaccines	519,600	-	-	-	519,600	-	-	519,600
Professional fees	162,435	22,032	186,414	-	370,881	18,701	-	389,582
Translation services	112,967	90	75,109	-	188,166	-	-	188,166
Occupancy	141,127	106,847	145,395	35,683	429,052	142,339	16,759	588,150
Insurance	48,620	9,792	15,265	-	73,677	41,856	-	115,533
Repairs and maintenance and miscellaneous equipment	290,408	60,769	102,879	-	454,056	62,561	369	516,986
Telephone, cable and cell phones	66,712	21,457	29,071	-	117,240	37,254	1,142	155,636
Printing, publications, copier and postage	43,310	6,984	7,475	-	57,769	55,570	5,937	119,276
Office, housekeeping and food supplies	68,511	9,703	21,103	-	99,317	26,132	7,796	133,245
Information technology and data processing	195,684	12,465	103,488	-	311,637	166,517	6,553	484,707
Advertising and promotion	50,124	202	2,703	-	53,029	13,864	3,022	69,915
Office expenses	36,547	34,737	3,748	267	75,299	11,599	-	86,898
Travel, conferences, conventions and meetings	64,025	9,917	11,350	-	85,292	21,240	1,749	108,281
Dues and licenses	13,855	4,606	4,025	-	22,486	67,722	-	90,208
Third-party settlements	179,809	-	-	-	179,809	-	-	179,809
Bad debt	114,502	81,642	72,924	-	269,068	-	-	269,068
Other	15,674	223	1,440	10	17,347	98,092	25	115,464
Depreciation and amortization	335,066	129,112	130,816	-	594,994	112,575	33	707,602
Total functional expenses	\$ 10,626,251	\$ 3,032,958	\$ 2,819,845	\$ 2,705,072	\$ 19,184,126	\$ 3,554,174	\$ 128,179	\$ 22,866,479

See Notes to Consolidated Financial Statements.

Whitney M. Young, Jr. Health Center, Inc. and Foundation

**Consolidated Statements of Cash Flows
Years Ended December 31, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities		
Cash received from patient services and pharmacy program	\$ 16,951,370	\$ 13,157,877
Cash received from contracts and other grants	9,619,803	10,477,111
Cash received for restricted donations	285,281	140,303
Cash received from other	36,828	61,088
Cash paid to employees	(13,759,244)	(13,385,381)
Cash paid to vendors	(8,268,597)	(7,982,951)
Interest paid	-	(4,922)
	<u>4,865,441</u>	<u>2,463,125</u>
Cash flows from investing activities		
Purchase of investments	(3,542,767)	(2,603,840)
Purchase of property and equipment	<u>(1,196,704)</u>	<u>(317,897)</u>
	<u>(4,739,471)</u>	<u>(2,921,737)</u>
Cash flows from financing activities		
Payment of long-term debt	<u>-</u>	<u>(333,430)</u>
	<u>-</u>	<u>(333,430)</u>
Net increase (decrease) in cash	125,970	(792,042)
Cash, beginning	<u>5,294,664</u>	<u>6,086,706</u>
Cash, end	<u>\$ 5,420,634</u>	<u>\$ 5,294,664</u>

Whitney M. Young, Jr. Health Center, Inc. and Foundation

**Consolidated Statements of Cash Flows
Years Ended December 31, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
Reconciliation of changes in net assets to net cash provided by operating activities		
Changes in net assets	\$ 5,919,241	\$ 2,315,643
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Depreciation and amortization	748,933	976,670
Investment return, net	(1,179,992)	232,785
Deferred rent	129,540	46,979
Changes in operating assets and liabilities		
Patient accounts receivable	275,619	(589,318)
340B pharmacy program receivable	161,869	30,507
Grants and contracts and contributions receivable	250,151	833,577
Prepaid expenses and other current assets	(12,359)	(74,707)
Accounts payable and accrued expenses	(488,716)	(108,829)
Accrued payroll and employee benefits	34,395	133,512
Due to third-party payors	(126,239)	(2,037,287)
Refundable advances	(847,001)	703,593
	<u>\$ 4,865,441</u>	<u>\$ 2,463,125</u>
Interest paid	<u>\$ -</u>	<u>\$ (4,922)</u>

See Notes to Consolidated Financial Statements.

Whitney M. Young, Jr. Health Center, Inc. and Foundation

Notes to Consolidated Financial Statements December 31, 2019 and 2018

Note 1 - Organization

Whitney M. Young, Jr. Health Center, Inc. (the "Center") is a Federally Qualified Health Center ("FQHC") that operates healthcare centers in Albany and Rensselaer counties, New York. The Center provides a broad range of health services to a largely medically underserved population.

Whitney M. Young, Jr. Foundation (the "Foundation") was created solely and exclusively to solicit contributions to support the Center. The Center is the sole member of the Foundation and is, therefore, considered the parent 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.

Note 2 - Significant accounting policies

Basis of presentation

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America.

The accompanying consolidated financial statements include the accounts of the Center and Foundation (collectively, the "Organization"). All intercompany transactions and account balances have been eliminated in consolidation.

Adoption of new accounting pronouncements

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

The Organization adopted FASB ASU 2018-08, *Not-for-Profit Entities, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The ASU clarifies and improves guidance for contributions received and contributions made, and provides guidance to organizations on how to account for certain exchange transactions. This change is preferable in that

Whitney M. Young, Jr. Health Center, Inc. and Foundation

Notes to Consolidated Financial Statements December 31, 2019 and 2018

it clarifies whether to account for transactions as contributions or as exchange transactions. In addition, it clarifies whether a contribution is conditional. As a result, it enhances comparability of financial information among not-for-profit entities. The change in accounting principle was adopted on a modified prospective basis in 2019. As a result, there was no cumulative-effect adjustment to opening net assets without donor restrictions or opening net assets with donor restrictions as of January 1, 2019. The adoption of ASU 2018-08 did not affect the Organization's consolidated statements of activities and changes in net assets.

The Organization adopted FASB ASU 2016-18, *Statement of Cash Flows: Restricted Cash*. This ASU requires that a statement of cash flows explain the change during the period in the total cash, cash equivalents, and amounts generally described as restricted cash or restricted cash and cash equivalents. The adoption of ASU 2016-18 did not affect the Organization's consolidated statements of cash flows.

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

Reclassifications

Certain prior year amounts have been reclassified to conform to the current year presentation.

Use of estimates

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

Classification of net assets

The Organization reports information regarding its consolidated financial position and activities according to the following two categories:

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

Net assets with donor restrictions: are subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by 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 statements of activities and changes in net assets. Net assets with donor restrictions amounted to \$300,689 and \$90,209 at December 31, 2019 and 2018, respectively.

Whitney M. Young, Jr. Health Center, Inc. and Foundation

Notes to Consolidated Financial Statements December 31, 2019 and 2018

Cash and cash equivalents

The Organization maintains its cash and cash equivalents in bank deposit accounts that, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts. All highly liquid investments with maturities of three months or less when purchased are considered to be cash equivalents.

Investments

Investments are comprised of mutual funds, common stocks, exchange traded funds, bonds, U.S. Treasury and agency securities and collective investment funds that are valued at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Purchases and sales of securities are recorded on a trade-date basis. Interest income, realized and unrealized gains and losses are recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

Investment return, net is reported in the statements of activities and changes in net assets and consists of interest and dividend income and realized and unrealized gains and losses.

Patient services receivable

The collection of receivables from third-party payors and patients is the Center's primary source of cash for operations and is critical to its operating performance. The primary collection risks relate to uninsured patient accounts and patient accounts for which the primary insurance payor has paid, but patient responsibility amounts (deductibles and copayments) remain outstanding. Patient receivables from third-party payors are carried at a net amount determined by the original charge for the service provided, less an estimate made for contractual adjustments or discounts provided to third-party payors.

Receivables due directly from patients are carried 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. Management determines the allowance for doubtful accounts by identifying troubled accounts and by historical experience applied to an aging of accounts. The Center considers accounts past due when they are outstanding beyond 60 days with no payment. The Center generally does not charge interest on past due accounts. Patient receivables are written off against the allowance for doubtful accounts when deemed uncollectible. Recoveries of receivables previously written off are recorded as a reduction of bad debt expense when received.

Grants and contracts receivable

Grants and contracts receivable consist of costs under the grant and contract agreements that were incurred prior to year-end for which payment has not been received. 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 considers all grants and contracts as collectible.

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 3 to 40 years. Leasehold improvements are amortized over the shorter of the useful life of the asset or the lease term. Expenditures over \$5,000 are capitalized. 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.

Whitney M. Young, Jr. Health Center, Inc. and Foundation

Notes to Consolidated Financial Statements December 31, 2019 and 2018

Construction in progress is recorded at cost. The Organization 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.

Impairment of long-lived assets

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

Deferred rent

The Organization occupies space under leases containing escalation clauses and/or incentives that require normalization of the rental expense over the life of the leases. The resulting deferred rent is reflected in the accompanying consolidated statements of financial position.

Contributions

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

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

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

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At December 31, 2019, the Organization has received grants and contracts from governmental entities, accounted for as exchange transactions, in the aggregate amount of \$3,491,549 that have not been recorded in the accompanying consolidated financial statements. These grants and contracts require the Organization to complete certain performance obligations during specified periods. If such performance obligations are not provided during the specified periods, the governmental entities are not obligated to expend the funds allotted under the contracts.

Grants and contracts revenue

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

Patient services revenue

Patient care service revenue is reported at the amount that reflects the consideration to which the Center expects to be entitled in exchange for providing patient care. These amounts are due from patients, third-party payors (including health insurers and government programs), and others and include variable consideration for retroactive revenue adjustments due to settlement of audits, reviews, and investigations. Generally, the Center 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 Center. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected (or actual) charges. The Center believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Generally, performance obligations satisfied over time relate to patients receiving services in the Center's outpatient centers. The Center measures the performance obligation from the commencement of an outpatient service, to the point when it is no longer required to provide services to that patient, which is generally at the time of completion of the outpatient services. Revenue for performance obligations satisfied at a point in time is generally recognized when services are provided to patients and the Center does not believe it is required to provide additional goods or services related to the provision of healthcare services.

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

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

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

Medicare - Outpatient services are paid using prospectively determined rates.

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

Other - Payment agreements with certain commercial insurance carriers, health maintenance 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. Because of investigations by governmental agencies, various health care organizations have received requests for information and notices regarding alleged noncompliance with those laws and regulations, which, in some instances, have resulted in organizations entering into significant settlement agreements. Compliance with such laws and regulations may also be subject to future government review and interpretation, as well as significant regulatory action, including fines, penalties, and potential exclusion from the related programs. There can be no assurance that regulatory authorities will not challenge the Center's compliance with these laws and regulations, and it is not possible to determine the impact (if any) such claims or penalties would have upon the Center. In addition, the contracts the Center has with commercial payors also provide for retroactive audit and review of claims.

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

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

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

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

The Center is open to all patients, regardless of their ability to pay. In the ordinary course of business, the Center renders services to patients who are financially unable to pay for healthcare. The Center provides care to these patients who meet certain criteria under its sliding fee discount policy without charge or at amounts less than the established rates. Charity care services are computed using a sliding fee scale based on patient income and family size. The Center maintains records to identify and monitor the level of sliding fee discount it provides. For uninsured self-pay patients that do not qualify for charity care, the Center recognizes revenue on the basis of its standard rates for services provided or on the basis of discounted rates, if negotiated or provided by policy. On the basis of historical experience, a significant portion of the Center's uninsured patients will be unable or unwilling to pay for the services provided. Thus, the Center records an explicit concession to uninsured patients in the period the services are provided based on historical experience.

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

Based on the cost of patient services, charity care and community benefit for the years ended December 31 amounted to the following:

	<u>2019</u>	<u>2018</u>
Charity care	\$ 355,000	\$ 380,000
Community benefit	\$ 5,800,000	\$ 5,800,000

Such amounts determined to qualify as charity care are not reported as revenue. The Center has not changed its charity care or uninsured discount policies during fiscal years 2019 and 2018.

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

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

340B pharmacy program receivable and revenue

The Center participates in Section 340B of the Public Health Service Act ("PHS Act"), *Limitation on Prices of Drugs Purchased by Covered Entities* through its agreement with certain unaffiliated pharmacies. Participation in this program allows the Center to purchase pharmaceuticals at discounted rates for prescriptions to eligible patients. Revenue for performance obligations satisfied at a point in time is generally recognized when goods are provided to the Center's pharmacy patients 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 \$5,444,565 and \$4,895,224 for the years ended December 31, 2019 and 2018, respectively, and pharmacy receivable of \$591,844 and \$753,713 as of December 31, 2019 and 2018, respectively.

Because all of its performance obligations relate to 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 pharmacy revenue consist primarily of pharmacy sales that occur as the patient purchases the prescription, 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 prescriptions 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.

Meaningful use incentives

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

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transitional schedule. Some of the Center's providers have met the criteria for participation and the Center has earned \$17,000 and \$34,000 from the Medicaid incentive program as of December 31, 2019 and 2018, respectively. This amount is included in other revenue.

Concentrations of credit risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash, patient services receivable and grants and contracts receivable. The Organization places its cash with high-quality financial institutions. The Organization 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 credit risk is limited because the receivables are reported at their outstanding unpaid balances reduced by an allowance for doubtful accounts when applicable. The Organization estimates doubtful accounts based on historical bad debts, factors related to specific payors' ability to pay and current economic trends.

In-kind contributions

Donated vaccines are recognized in the accompanying consolidated financial statements based on fair value at the date of donation. In 2019 and 2018, donated vaccines received amounted to \$587,229 and \$519,600, respectively.

Interest earned on federal funds

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

Functional expenses

The costs of providing program and other activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among program services, general and administrative and fundraising services benefited. Such allocations are determined by management on an equitable basis. The expenses that are allocated are salaries, wages and fringe benefits and travel, which are allocated on the basis of time and effort; occupancy and facility costs and depreciation and amortization, which are allocated on the basis of square footage; medical and dental supplies, which are allocated on the basis of percentage of gross patient revenue; and professional fees, consultants and contractual services, information, technology and data processing and telephone, cable and cell phones, which are allocated on the basis of full time equivalent.

Performance indicator

The consolidated statements of activities and changes in net assets include changes in net assets without donor restrictions as the performance indicator. Changes in net assets with donor restrictions are excluded from the performance indicator.

Deferred compensation

The Organization has a deferred compensation arrangement for certain employees. Funds are held in a group annuity contract issued by an insurance company. At December 31, 2019 and 2018, the fair value of the group annuity contract was \$389,880 and \$349,608, respectively.

The contract issuer is contractually obligated to repay the principal and interest at a specified interest rate that is guaranteed. The crediting rate is based on a formula established by the contract issuer but may not be less than 0%. The crediting rate is reviewed on a quarterly basis for resetting.

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Tax status

The Center and the Foundation were incorporated as not-for-profit corporations under the laws of the State of New York and are exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Therefore, there is no provision for income taxes. The Organization has no unrecognized tax benefits at December 31, 2019 and 2018. The Organization's federal and state income tax returns prior to fiscal year 2016 are closed and management continually evaluates expiring statutes of limitations, audits, proposed settlements, changes in tax law and new authoritative rulings.

The Organization recognizes interest and penalties associated with tax matters as operating expenses, and include accrued interest and penalties with accrued expenses in the consolidated statements of financial position.

Subsequent events

The Organization has evaluated subsequent events through May 6, 2020, which is the date the consolidated financial statements were available to be issued.

Note 3 - Patient accounts receivable, net

Patient accounts receivable, net, consist of the following at December 31:

	2019	2018
Medicaid	\$ 150,548	\$ 126,453
Medicaid Managed Care	494,652	484,388
Medicare	81,511	77,238
Self-pay	422,219	372,578
Private insurance	103,036	98,709
New York Safety Net Pool / Uncompensated Care	140,921	450,105
Subtotal	1,392,887	1,609,471
Less allowance for doubtful accounts	442,398	383,363
Total	<u>\$ 950,489</u>	<u>\$ 1,226,108</u>

The Center's allowance for doubtful accounts was approximately 32% and 24% of patient services receivable at December 31, 2019 and 2018, respectively. The Center had \$265,839 and \$264,917 of write-offs for the years ended December 31, 2019 and 2018, respectively. Patient receivable bad debt for the year ended December 31, 2019 was based on patient-specific impairment events. The Center has not changed its charity care or uninsured discount policies during fiscal years 2019 and 2018.

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Note 4 - Investments

At December 31, 2019 and 2018, investments consist of the following:

	2019		2018	
	Cost	Fair value	Cost	Fair value
Mutual funds	\$ 409,308	\$ 768,086	\$ 872,606	\$ 1,241,558
Exchange traded funds	1,460,414	1,529,699	919,394	892,174
Common stocks	2,660,878	2,984,185	1,568,943	1,662,417
Corporate bonds	1,918,671	2,032,232	1,798,351	1,848,928
U.S. government securities	7,282,343	7,320,315	4,288,922	4,207,534
Collective investment funds	175,046	213,567	275,264	272,714
Total	\$ 13,906,660	\$ 14,848,084	\$ 9,723,480	\$ 10,125,325

The Organization invests in various investment securities. Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

Note 5 - Fair value measurements

The Organization values its financial assets 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 prioritizes observable and unobservable inputs 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 or liabilities. 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 or liabilities; quoted prices in inactive markets; or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with observable market data.

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

In determining fair value, the Organization utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible as well as considers counterparty credit risk in its assessment of fair value.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2019 and 2018.

Mutual funds and exchange-traded funds: Valued at the daily closing price as reported by the fund on the active market on which the individual mutual funds are traded.

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Common stocks: Valued at the closing price reported on the active market on which the individual securities are traded.

Corporate bonds: Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings.

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

Collective investment funds: Valued at net asset value (NAV) of units of a bank collective trust. The NAV is based on the fair value of the underlying investments held by the fund less its liabilities.

Group annuity contract: Valued at fair value by the insurance company by discounting related cash flows based on current yields of similar instruments with comparable durations considering the credit-worthiness of the issuer.

The following tables set forth by level, within the fair value hierarchy, the Organization's investments as of December 31, 2019 and 2018:

	Assets at fair value as of December 31, 2019			
	Level 1	Level 2	Level 3	Total
Mutual funds				
Stock funds	\$ 452,975	\$ -	\$ -	\$ 452,975
Bond funds	79,259	-	-	79,259
Money market funds	235,853			235,853
Exchange traded funds				
Equity funds	1,529,699	-	-	1,529,699
Common stocks				
Biotechnology	-	-	-	-
Energy	163,162	-	-	163,162
Entertainment	74,484	-	-	74,484
Financial	372,230	-	-	372,230
Healthcare	275,227	-	-	275,227
Industrial	212,862	-	-	212,862
Insurance	123,390	-	-	123,390
Pharmaceutical	112,049	-	-	112,049
Retail	544,146	-	-	544,146
Technology	907,445	-	-	907,445
Telecommunications	88,907	-	-	88,907
Transportation	110,282	-	-	110,282
Corporate bonds				
Investment grade	-	2,032,232	-	2,032,232
U.S. government securities	-	7,320,315	-	7,320,315
Collective investment funds	-	213,567	-	213,567
Total	\$ 5,281,970	\$ 9,566,114	\$ -	\$ 14,848,084

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	Assets at fair value as of December 31, 2018			
	Level 1	Level 2	Level 3	Total
Mutual funds				
Stock funds	\$ 359,253	\$ -	\$ -	\$ 359,253
Bond funds	604,943	-	-	604,943
Money market funds	277,362			277,362
Exchange traded funds				
Equity funds	892,174	-	-	892,174
Common stocks				
Biotechnology	-	-	-	-
Energy	123,918	-	-	123,918
Entertainment	107,457	-	-	107,457
Financial	124,918	-	-	124,918
Healthcare	74,693	-	-	74,693
Industrial	56,198	-	-	56,198
Insurance	124,656	-	-	124,656
Pharmaceutical	63,650	-	-	63,650
Retail	258,195	-	-	258,195
Technology	564,823	-	-	564,823
Telecommunications	51,943	-	-	51,943
Transportation	111,966	-	-	111,966
Corporate bonds	-			
Investment grade	-	1,848,928	-	1,848,928
U.S. government securities	-	4,207,534	-	4,207,534
Collective investment funds	-	272,714	-	272,714
Total	\$ 3,796,149	\$ 6,329,176	\$ -	\$ 10,125,325

There were no transfers among levels during the years ended December 31, 2019 and 2018. In such instances, the transfer is reported at the beginning of the reporting period.

The following tables set forth by level, within the fair value hierarchy, the Organization's deferred compensation as of December 31, 2019 and 2018:

	Deferred compensation at fair value as of December 31, 2019			
	Level 1	Level 2	Level 3	Total
Group annuity contract	\$ -	\$ -	\$ 389,880	\$ 389,880

	Deferred compensation at fair value as of December 31, 2018			
	Level 1	Level 2	Level 3	Total
Group annuity contract	\$ -	\$ -	\$ 349,608	\$ 349,608

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The following table sets forth a summary of changes in the fair value of the Organization's level 3 assets for the years ended December 31, 2019 and 2018.

	<u>2019</u>	<u>2018</u>
Balance, beginning	\$ 349,608	\$ 359,591
Unrealized (losses) gains	<u>40,272</u>	<u>(9,983)</u>
Balance, end	<u>\$ 389,880</u>	<u>\$ 349,608</u>

The following table represents the Organization's level 3 group annuity contract, the valuation techniques used to measure the fair values as of December 31, 2019 and 2018, respectively, and the significant unobservable inputs:

<u>Investment</u>	<u>Fair value 2019</u>	<u>Fair value 2018</u>	<u>Principal valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Range of significant input values</u>	<u>Weighted average</u>
Group annuity contract	\$ 389,880	\$ 349,608	Discounted cash flow	Discount rate Duration (years)	3% - 4%	4%

Management determines the fair value measurement valuation policies and procedures, including those for Level 3 measurements. The Organization's Board of Directors assesses and approves these policies and procedures. Management uses the pricing data provided by the insurance carrier and evaluates a variety of factors including review of methods and assumptions used by the insurance carrier, recently executed transactions, existing contract, economic conditions, industry and market developments, and overall credit ratings.

Note 6 - Property and equipment, net

Property and equipment, net consists of the following:

	<u>2019</u>	<u>2018</u>
Land	\$ 11,001	\$ 11,001
Building	2,444,558	2,448,127
Building and leasehold improvements	7,574,594	7,206,015
Vehicles	174,948	174,948
Equipment	1,538,294	1,568,185
Furniture and fixtures	189,328	176,653
Software	<u>424,959</u>	<u>367,564</u>
Subtotal	12,357,682	11,952,493
Less accumulated depreciation and amortization	(5,678,785)	(5,759,893)
Add construction in progress	<u>4,431</u>	<u>42,957</u>
Total	<u>\$ 6,683,328</u>	<u>\$ 6,235,557</u>

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

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Depreciation and amortization expense amounted to \$748,933 and \$707,602 in 2019 and 2018, respectively.

Note 7 - Line of credit

The Center has a revolving line of credit with a bank in the amount of \$750,000 that bears interest at a rate equal to the bank's prime rate plus 0.5%. The line of credit is secured by the Organization's personal property, fixtures and deposits. At December 31, 2019 and 2018, there was no outstanding balance.

Note 8 - Net assets with donor restrictions

Net assets with donor restrictions at December 31, 2019 and 2018 consist of contributions received from the following organizations and individuals for specific programs and activities.

	2019			
	Balance January 1, 2019	2019 Additions	Released from Restrictions	Balance December 31, 2019
Various donors - Whitney on Wheels Initiative	\$ -	\$ 252,800	\$ 10,000	\$ 242,800
McCarthy Charities - Dental Operatory Equipment - Troy site	-	10,000	10,000	-
Various donors - Campaign for Smiles	77,032	-	50,286	26,746
Various donors - Childhood Literacy	677	100	748	29
Various donors - School Based Restorative / Access to Care	10,000	17,381	1,381	26,000
Various donors - Children's Dental Program	-	5,000	2,151	2,849
The Community Foundation for the Greater Capital District - Capacity Building Ambassador Program	2,500	-	235	2,265
Total	\$ 90,209	\$ 285,281	\$ 74,801	\$ 300,689
	2018			
	Balance January 1, 2018	2018 Additions	Released from Restrictions	Balance December 31, 2018
Review Foundation - Mobile Dental	\$ 457	\$ -	\$ 457	\$ -
Various donors - Campaign for Smiles	28,917	125,303	77,188	77,032
Various donors - Childhood Literacy	4,457	-	3,780	677
Susan G. Komen - Breast Health	6,154	-	6,154	-
Various donors - School Based Restorative / Access to Care	6,348	10,000	6,348	10,000
MVP Health Care - Dental Clinic	-	5,000	5,000	-
The Community Foundation for the Greater Capital District - Capacity Building Ambassador Program	2,500	-	-	2,500
Total	\$ 48,833	\$ 140,303	\$ 98,927	\$ 90,209

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Note 9 - Patient services revenue (net of contractual allowances and discounts)

The composition of patient services revenue by major payor sources for the year ended December 31, 2019 and 2018 is as follows:

	<u>2019</u>	<u>2018</u>
Medicaid	\$ 2,286,946	\$ 2,000,903
Medicaid Managed Care	6,046,244	5,941,708
Medicare	847,574	793,947
Self-pay	471,867	456,376
Private insurance	962,680	1,060,460
New York Safety Net Pool / Uncompensated Care	<u>580,245</u>	<u>605,357</u>
Total	<u>\$ 11,195,556</u>	<u>\$ 10,858,751</u>

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

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Note 10 - DHHS grants

For the years ended December 31, 2019 and 2018, the Organization recognized grant revenue from the DHHS as follows:

Grant number	Grant Period	Total grant	Revenue recognized
6 H80CS00433-17-08	04/01/18 - 03/31/19	\$ 5,829,963	\$ 2,014,382
6 H80CS00433-18-07	04/01/19 - 03/31/20	5,968,311	3,761,623
6 H76HA00032-28-01	05/01/18 - 04/30/19	381,620	120,952
5 H76HA00032-29-00	05/01/19 - 04/30/20	381,620	203,357
6H79SM080547-01M001	09/30/18 - 09/29/19	485,000	270,393
6H79SM080547-02M001	09/30/19 - 09/29/20	485,000	119,966
Total DHHS revenue 2019			<u><u>\$ 6,490,673</u></u>

Grant number	Grant Period	Total grant	Revenue recognized
3 H80CS00433-16-07	04/01/17 - 03/31/18	\$ 5,517,288	\$ 1,673,630
6 H80CS00433-17-08	04/01/18 - 03/31/19	5,829,963	3,815,581
6 H76HA00032-27-01	05/01/17 - 04/30/18	393,576	142,920
6 H76HA00032-28-01	05/01/18 - 04/30/19	381,620	260,668
6 H79TI025895-04	09/30/17 - 09/29/18	470,004	246,995
6H79SM080547-01M001	09/30/18 - 09/29/19	485,000	77,581
Total DHHS revenue 2018			<u><u>\$ 6,217,375</u></u>

Note 11 - Availability and liquidity

The following represents the Organization's financial assets at December 31, 2019 and 2018:

	2019	2018
Financial assets at year end		
Cash	\$ 5,420,634	\$ 5,294,664
Short-term investments	4,985,878	3,297,050
Patient accounts receivable, net	950,489	1,226,108
340B pharmacy program receivable	591,844	753,713
Grants and contracts and contributions receivable	<u>685,379</u>	<u>935,530</u>
Total financial assets	12,634,224	11,507,065
Less amounts not available to be used within one year		
Net assets with donor restrictions	<u>300,689</u>	<u>90,209</u>
Financial assets available to meet general expenditures over the next twelve months	<u><u>\$ 12,333,535</u></u>	<u><u>\$ 11,416,856</u></u>

Whitney M. Young, Jr. Health Center, Inc. and Foundation

Notes to Consolidated Financial Statements December 31, 2019 and 2018

The Center's goal is generally to maintain liquid financial assets to meet 90 days of operating expenses (approximately \$6.3 million). As part of its liquidity plan, excess cash is invested in short-term investments, including money market accounts and certificates of deposit. The Center has a \$750,000 bank revolving line of credit to meet cash flow needs. As of December 31, 2019, there was no outstanding balance on this line of credit and there were no other outstanding bank debts.

As of December 31, 2019, the Center has commitments to expand operations in the communities it serves with new and expanded health care facilities and offices, the costs of which will approximate \$2.2 million in property development and health care facility build-out costs to be paid from operations. Additional 2020 financial commitments include investments into existing infrastructures and properties to improve patient care and patients' access to new services such as telemedicine technology. A new electronic health record computer system will be installed in 2020, the costs of which will be approximately \$600,000.

The Center also maintains long-term investments held in securities traded on the open markets of \$9.7 million as of December 31, 2019. These investment reserves are intended to fund future information technologies to include data warehouse creation (estimated at \$600,000) to help to manage value based payment ("VBP") contracts with various managed care organizations ("MCOs"). Further, additional cash reserves will be needed to meet the reserve requirements that New York State Department of Health ("DOH") and Department of Financial Services ("DFS") and the MCOs require for participation in downside risk bearing VBP arrangements. The standard reserve amount is expected to be sixty days of premiums attached to the patients in the MCOs (estimated at \$3,040,000).

Note 12 - Pension plan

The Organization has a defined contribution pension plan covering substantially all employees. The Organization makes a matching contribution equal to 200% of the employee's elective annual contributions up to a maximum limit of 2% of the employee's compensation after the employee reaches six months of service with no age requirement. Contributions total \$372,654 and \$345,060 for the years ended December 31, 2019 and 2018, respectively.

Note 13 - Related party transactions

In March 2015, the Center became one of five members of a limited liability company known as Alliance for Better Health Care, LLC ("the Alliance"). The Alliance was formed in response to a New York State Department of Health, DHHS-CMS supported initiative called the Delivery System Reform Incentive Payment Program ("DSRIP"). The shared goals of DSRIP and the Alliance are to achieve the so-called "Triple Aim" of improving patient care, improving the overall health and wellness of the communities served, and reducing health care costs. The Alliance has a DSRIP contract with the State of New York with the potential to earn up to \$237 million over the five-year DSRIP period, which was extended for another year through to March 31, 2021, and an additional \$13 million might be made available as part of certain high-performance pools. Based on the terms of the agreement between the Center and the Alliance, DSRIP funds are to be disbursed to the Alliance's members based on participation in each DSRIP project, as well as each member's individual performance in relation to the DSRIP metrics, to be determined by the Alliance, not based on each member's ownership in the Alliance. The Alliance operating agreement did not require the Center to contribute capital to the venture nor does it require any future investment in the operation of the company. Based on the preceding circumstances, there is no determinable value assigned to the Center's investment in the Alliance, and no investment value is included in the Organization's consolidated financial statements.

Whitney M. Young, Jr. Health Center, Inc. and Foundation

Notes to Consolidated Financial Statements December 31, 2019 and 2018

During the years ended December 31, 2019 and 2018, the Organization recorded \$1,910,612 and \$493,937, respectively, in grant revenue related to its DSRIP contract with the Alliance, which is included in grant revenue in the Organization's consolidated statements of activities and changes in net assets. The Organization recorded \$1,364,298 and \$2,211,299 as refundable advances on the consolidated statements of financial position as of December 31, 2019 and 2018, respectively.

Note 14 - Commitments and contingencies

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 under 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 reimbursing the agencies for the amounts in question.

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 purchases professional and general liability insurance with a maximum limit of \$3,000,000, to cover medical malpractice claims not covered by the FTCA. There are no known claims or incidents that may result in the assertion of additional claims arising from services provided to patients as of December 31, 2019 and 2018.

On October 10, 2019, the Center reached a new collective bargaining agreement with its union, which covers approximately 17% of the Organization's employees. The agreement became effective July 1, 2019 and expires on June 30, 2022. The agreement provides for across the board salary increases of 3% effective July 1, 2019, and effective July 1, 2021, an across the board increase of 2.25%, and if health insurance premiums do not increase more than 10% over the 2021 premiums, an additional 0.5% will be added to the annual increase for a total possible increase of 2.75%.

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

In July 2015, the New York State Attorney General's Medicaid Fraud Control Unit ("MFCU") commenced an investigation of the Center's Methadone Maintenance Treatment Program ("MMTP"). MFCU concluded its investigation in November 2016, and determined that the Center

Whitney M. Young, Jr. Health Center, Inc. and Foundation

Notes to Consolidated Financial Statements December 31, 2019 and 2018

failed to comply with the New York Opioid Treatment Program regulations, Title 14 NYCRR Part 828. There were also other minor issues of non-compliance related to the operation of the MMTP. As a result, MFCU calculated an overpayment due to the Medicaid program of \$1,264,172, which is reflected on the statements of financial position as due to third-party payors. The Center entered into a settlement agreement with MFCU on December 29, 2017, and made full payment of the amount owed to the Medicaid program in the amount of \$1,250,000 on January 23, 2018.

After an internal review in 2017, it was determined the Center was overpaid on certain claims by one of its third-party payors of \$917,287, which was paid in full on November 20, 2018.

On April 9, 2018, the Center self-disclosed to the New York State Office of the Medicaid Inspector General ("OMIG") that on March 29, 2018, it discovered an employee that was included on the OMIG Excluded Provider List since January 2007. The Center calculated the overpayment by the Medicaid program of \$49,809, which was paid in full to the New York State Department of Health on July 20, 2018.

After an internal review in 2018, the Center discovered a provider that was not properly credentialed to provide services under the Medicare program. The Center calculated the overpayment by the Medicare program of approximately \$100,000, which was recouped by Medicare in 2019.

The Organization entered into various lease agreements for the use of space that have been classified as operating leases and expire on various dates through to 2029. Rent expense paid for the years ended December 31, 2019 and 2018 was \$361,053 and \$291,864, respectively.

As of December 31, 2019, the Organization is obligated to make future minimum payments in each of the subsequent five years and thereafter as follows:

2020	\$	223,104
2021		235,722
2022		242,581
2023		242,891
2024		200,951
Thereafter		<u>352,307</u>
Total	\$	<u>1,497,556</u>

Note 15 - Subsequent events

Business disruption

In early 2020, an outbreak of a novel strain of coronavirus that causes COVID-19 emerged globally. As a result, events have occurred, including mandates from federal, state and local authorities that have caused business disruption leading to a significant decline in patient visits. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of this impediment. Therefore, while the Organization expects this matter to negatively impact the Organization's financial condition, results of operations and cash flows, the extent of the financial impact and duration cannot be reasonably estimated at this time.

Potential merger

During March 2020, the Organization entered into a Letter of Intent with a local health care provider to perform due diligence efforts to explore a possible merger.

Supplementary Information

Whitney M. Young, Jr. Health Center, Inc. and Foundation

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

Federal Grantor/ Pass-through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Passed through to Subrecipients	Total Federal Expenditures
U.S. Department of Health and Human Services:				
Direct Programs:				
Health Centers Cluster:				
Consolidated Health Centers (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, and Public Housing Primary Care)	93.224	N/A	\$ -	\$ 1,347,582
Affordable Care Act (ACA) Grants for New and Expanded Services under the Health Center Program	93.527	N/A	-	4,428,423
Total Health Centers Cluster			-	5,776,005
Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease	93.918	N/A	-	324,309
Substance Abuse and Mental Health Services - Projects of Regional and National Significance	93.243	N/A	-	390,359
Passed through New York State Department of Health: Maternal and Child Health Services Block Grant to the States	93.994	DOH01-C32426GG-3450000	-	18,419
Refugee and Entrant Assistance - State Administered Programs	93.566	C-029900	-	61,069
Total U.S. Department of Health and Human Services			-	6,570,161
U.S. Department of Agriculture:				
Passed through New York State Department of Health: Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	DOH01-C30463GG-3450000	-	1,782,230
Total U.S. Department of Agriculture			-	1,782,230
Total Expenditures of Federal Awards			\$ -	\$ 8,352,391

See Notes to Schedule of Expenditures of Federal Awards.

Whitney M. Young, Jr. Health Center, Inc. and Foundation

**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 Whitney M. Young, Jr. Health Center, Inc. (the "Center") under programs of the federal government for the year ended December 31, 2019. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of the Center, it is not intended to and does not present the financial position, changes in net assets or cash flows of the Center.

Note 2 - Summary of significant accounting policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Center has elected not to use the 10% 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 Special Supplemental Nutrition Program for Women, Infants, and Children ("WIC") checks and Electronic Benefits Transfer ("EBT") / NY WIC cards received. The total federal share of the food instruments distributed by the Center amounted to \$1,238,052 and is included in the Schedule.

Independent Auditor's Report on Internal Control over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards*

To the Board of Directors
Whitney M. Young, Jr. Health Center, Inc.

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 Whitney M. Young, Jr. Health Center, Inc. (the "Center") and Foundation (the "Organization"), which comprise the consolidated statements of financial position as of December 31, 2019 and 2018, and the related consolidated statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated May 6, 2020. The financial statements of Whitney M. Young, Jr. Foundation 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 Whitney M. Young, Jr. Foundation.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Center's internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Center's internal control. Accordingly, we do not express an opinion on the effectiveness of the Center's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the 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 Center's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Center's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Center's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



New York, New York
May 6, 2020

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

To the Board of Directors
Whitney M. Young, Jr. Health Center, Inc.

Report on Compliance for Each Major Federal Program

We have audited Whitney M. Young, Jr. Health Center, Inc.'s (the "Center") 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 Center's major federal programs for the year ended December 31, 2019. The Center's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with 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 Center's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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 Center's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Center's compliance.

Opinion on Each Major Federal Program

In our opinion, the Center complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2019.

Report on Internal Control Over Compliance

Management of the Center is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Center's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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 Center's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a 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
May 6, 2020

Whitney M. Young, Jr. Health Center, Inc. and Foundation

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

Section I - Summary of Auditor's Results

Financial Statements:

Type of report the auditor issued on whether the consolidated 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 financial statements noted?

yes no

Federal Awards:

Internal control over major federal programs:

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

Type of auditor's report issued on compliance for major federal programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

yes no

Identification of major federal programs:

CFDA Number(s)

Name of Federal Program

10.557

U.S. Department of Agriculture:
Special Supplemental Nutrition Program
for Women, Infants, and Children

Dollar threshold used to distinguish between type A and B programs:

\$750,000

Auditee qualified as low-risk auditee?

yes no

Whitney M. Young, Jr. Health Center, Inc. and Foundation

**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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