Asthma Program Extension Proposal

Tax ID number for Ryan-NENA: 13-2884976

Description of the Organization, Project Goals, Activities, Leadership, and how proposed Project fits in organizational mission.

The Ryan-NENA Community Health Center was founded in 1968 (then called the NENA Comprehensive Health Center), in order to bring high quality, affordable health care to residents of the Lower East Side (LES) of Manhattan. In 1988, NENA joined with the William F. Ryan Community Health Center, and was renamed under the auspices of the Ryan Network, adopting the shared mission that health care is a *right*, not a privilege. As part of the Ryan Network, Ryan-NENA continued its commitment to the provision of accessible health care.

Today, Ryan-NENA continues to primarily serve members of the LES community, while welcoming patients from all over Manhattan and surrounding boroughs, many of whom work or obtain services in the LES community. Ryan-NENA offers a full range of comprehensive health services, including pediatrics, adolescent health, adult medicine, women's health (including family planning and Ob/Gyn), dental, ophthalmology/optometry, medical specialty services, mental health (including psychiatry), nutrition counseling, health education, a Women Infants and Children (WIC) Supplemental Food Program, laboratory, radiology, and 24-hour phone access to practitioners. Ryan-NENA also participates in the Network's pharmaceutical plan, which allows uninsured patients to purchase medications with a low copayment; uninsured homeless patients receive them for free. The Network absorbs the uncovered prescription drug costs for these patients. The Ryan-NENA Community Health Center's annual budget is approximately $11.5 million; the total Ryan Network budget is approximately $44 million, which includes Ryan-NENA, as well as 15 other Ryan service sites. *Please see attached, the William F. Ryan Community Health Center's letter of incorporation and audited financial statements.*

The Ryan-NENA Community Health Center is located at 279 East 3rd Street (between Avenues C and D) in the Lower East Side of Manhattan, an area where nearly 1 in 4 residents is living below the poverty level (NYCDOHMH). Of the 10,878 patients that Ryan-NENA served in 2013, 92 percent live at or below 200 percent of the federal poverty line, and nearly 40 percent are from the

10009 zip code, in the immediate area around the Con Edison plant at 14th Street and Avenue C. Communities with significant poverty levels, such as those served by Ryan-NENA, experience health disparities relating to asthma; children living below 200 percent of the federal poverty level in New York City are twice as likely to be diagnosed with asthma as those in wealthier households.[1] Racial and ethnic minorities are also disproportionately affected, with Black and Hispanic children under 12 years old experiencing triple the rates of asthma diagnoses as White children.[2] Nearly 1,200 patients at Ryan-NENA have been diagnosed with asthma, a number that includes more than 10 percent of NENA's total patient population. Uncontrolled asthma is a driver for avoidable emergency department (ED) visits, especially among children. This problem is especially prevalent in New York City, which has significantly higher rates of ED visits due to uncontrolled asthma compared to the rest of the State.[3] Exposure to pollution (such as particulates) are a common and serious trigger for asthma exacerbation; the New York City Environmental Public Health Tracker rates the Lower East Side as having worse outdoor air quality than Manhattan and New York City as a whole, defined by levels of fine particulate matter in the air.[4] Asthma can be controlled by taking anti-inflammatory medicines which require regular check-ups and management. With control, most asthmatics can lead normal, active, healthy lives.[5] Good medical management of asthma can prevent many asthma-related hospitalizations, and patients can work with health care providers to better control their asthma.

In order to help Ryan-NENA patients and the surrounding community improve their health, the Center is requesting funding ***to continue and extend its Asthma Care Team Program for an additional 15 months, through March 2016***. Due to the vacancy of the Asthma Care Team Coordinator position, which has been previously reported, the Program currently has projected funding that will be unallocated at the end of the current grant period ending December, 2014; this application seeks to rollover these unallocated funds, which will provide approximately three (3) additional months of funding for the Program. In addition, this application requests additional funding to continue the Program for a further 12 months, for a continuation period of 15 months

[1] NYCDOHMH, NYC Vital Signs, *Preventing and Treating Childhood Asthma in NYC*, July 2012.
[2] *Id.*
[3] New York State Department of Health, *Prevention Agenda*, 2012.
[4] New York City Environmental Public Health Tracker, Environment & Health Data Portal, *Report: Lower East Side: Asthma and the Environment*; air quality defined as (PM2.5) – (µg/m3).
[5] Asthma Initiative, NYCDOHMH.

in total. Even with the vacancy of the Coordinator position since July, however, the Care Team has reached hundreds of LES residents during its initial fifteen months of operation, and with additional funding, could continue to make crucial inroads into assisting populations on the Lower East Side with asthma management. The Asthma Care Team's main goals are to 1) help asthmatic patients take control of their health and wellbeing, and 2) screen and find new cases of asthma in the target area. The overall goal of the Program is to help impacted LES community residents gain control over their asthma, thus improving their health and ameliorating quality of life problems.

The Asthma Care Team, as part of its current activities, has provided 26 screening events and 47 workshops over the first fifteen months of its operation, reaching over 1,600 individuals thus far, including 1,230 reached in workshops and 449 reached during screening events. During these in-reach and external events, the Team distributes information concerning asthma, and assesses individuals to determine the symptoms and severity of their asthma using a peak flow meter. Depending on the results of the peak flow test, which measures how well air is breathed out of the lungs and may indicate whether asthma symptoms are in control or worsening, a member of the Care Team explains the readings to the individual and informs them of recommended "next steps." During the workshops, Care Team members explain asthma and its symptoms, and demonstrate proper medication use. Workshops address these conditions and provide local residents with information and action plans to reduce health impact. During the first fifteen months of the project, the Team has also provided 120 targeted asthma kits to high-need, low-income patients, and conducted 416 Asthma Control Tests (ACTs) on asthmatic patients (a standardized assessment tool of asthma's impairment which can be measured and tracked overtime). Based on the strong response from the community and the clearly identified need, Ryan-NENA proposes extending the program an additional 15 months, and modifying the previously set deliverables as follows:

Proposed Deliverables for Extended Program (through March 2016)				
Original Deliverables (7/01/2013 – 12/30/2014)	**Modified Deliverables (7/01/2013 – 3/31/2016)**	**Timeline**	**Site/Staff**	**Current Progress (through October 2014)**
32 on-site and off-site free asthma screening events	**72 on-site and off-site free asthma screening events and/or workshops**	At least three events each month	LPN/RN	26 asthma screening events

1,200 individuals screened for asthma during free screening events	**1,080 individuals screened for asthma during free screening events**	15 individuals per screening event	LPN/RN	449 individuals screened for asthma during free screening events
150 new Asthmatic patients at Ryan-NENA	**Ryan-NENA proposes removing this as a deliverable, as it is difficult to ascertain whether the Asthma Care Team is a direct and proximate cause of attracting new patients to the Center.**			
750 new and current Asthmatic patients to receive targeted asthma kits	**300 Asthmatic patients to receive targeted asthma kits**	Distribute about 20 kits each month to high need, low-income patients	LPN/RN	120 new and current Asthmatic patients received targeted asthma kits
5,500 Asthma Control Tests (ACTs) conducted on each patient	**870 Asthma Control Tests (ACTs) conducted on enrolled patients**	Depending on when the new patient begins being seen at Ryan-NENA, they will receive between one and six ACTs	Provider conducting test. LPN/RN gathering and analyzing data.	416 Asthma Control Tests (ACTs) conducted on patients
750 before and after surveys conducted	**Ryan-NENA proposes removing this as a deliverable, as improvement in health can be more accurately and clinically tracked through Asthma Control Tests, which indicate whether the patient has their asthma under control.**			

As seen above, Ryan-NENA is requesting a modification in several of the deliverables. Original projections were determined to be unrealistic, and reaching such numbers would not allow current Asthma Care Team members to spend the focused, individualized attention, especially including one-on-one case management needs, that patients require for optimal outcomes. The new modified deliverables reflect more realistic and appropriate goals, that are designed to be reached by the end of the new extended project period, in March, 2016. In addition, the Program recommends removal of two previously identified deliverables: increasing new asthmatic patients at Ryan-NENA, and administering before and after surveys. In terms of the first deliverable, experience demonstrated that it was difficult to assess during new patient intake if patients were joining Ryan-NENA because of the Program; staff also found that the Program was very useful to current Ryan-NENA patients, who were unable to maintain control of their asthma and could benefit from the extra attention. Program staff believe that attraction of new patients alone does not demonstrate the effectiveness or reach of the Program. As for the second deliverable, before and after surveys are not as demonstrative as the ACTs in determining whether patients are on a positive trend in maintaining control of their asthma. In addition, surveys would be difficult to compare in aggregate data form, as some participants exit the program after only meeting with the RN/LPN a few times, while others benefit from a more long-term intervention. This limits the usefulness of the surveys in determining the strengths and weaknesses of the Program, and determining future areas of improvement.

Based on the needs identified during the first fifteen months of the Program, the Asthma Care Team will also focus more heavily on reaching the community through workshops and screening events in the next year period, in order to address priority needs that have been identified, including 1) ensuring that individuals are aware of their asthma status and are taking an active role in their healthcare to maintain control, and 2) providing medication demonstrations in the community. The Team has discovered that the majority of individuals encountered use their asthma medication incorrectly, and thus, experience exacerbated symptoms and decreased quality of life. Indeed, many individuals report that correct medication usage has never been explained to them by either their primary care provider or their pharmacist, and are left to self-determine the proper use and dosage for themselves. Thus, they do not receive the full benefits of their medication. Many individuals have reported ceasing to use their asthma medication entirely, as they no longer believe that it works for them. By addressing these concerns, Care Team Members are able to greatly improve the quality of life for these individuals by giving them the tools to effectively evaluate, medicate, and control their condition and experience an improved quality of life.

As part of the proposed expansion program, the Care Team will also continue to work to coordinate patient care, remind patients of upcoming appointments, and overall, help patients navigate the health care system by creating an individualized treatment plan based on the each individual's triggers, symptoms and the medications they have been prescribed. Newly diagnosed patients will continue to receive asthma kits, which include a peak flow meter, a calendar to help track appointments, a spacer tool that assists with optimal medication delivery directly to the lungs, and educational materials on asthma. To help identify unknown cases of asthma, Ryan-NENA will expand its provision of on-site and off-site free asthma screenings and referrals for care to Ryan-

NENA patients and members of the Lower East Side community. These screenings/workshops have been, and will continue to be, available at partner organizations in the neighborhood and at Ryan-NENA during specified hours, including evenings and weekends as necessary. During the initial fifteen months of the Program, partnerships have been utilized with the following organizations/agencies, to provide events at: Jacob Riis Houses, University Settlement, Good Ol' Lower East Side (GOLES), the Manhattan Charter School for Curious Minds, PS 15, Grand Street Settlement, the Baruch Elders Service Team (B.E.S.T. Program), Jacob Riis Child Care Center, the Boys' Club After School Program, the Sirovich Senior Center, Henry Street Settlement, Meltzer Houses, and the Hispanic Federation. If expanded for an additional 15 months, the Asthma Care Team will continue to reach out to and foster new collaborative relationships with other Community Based Organizations (CBOs) to ensure maximum reach of the Program to all those in the Lower East Side who might need asthma care coordination resources. Program staff are also currently in talks with Campos Plaza, in the immediate vicinity of the Con Edison plant, and Jacob Riis Houses, for additional collaborations, including a series of workshops to be held in the area. Contact has been established with the Campos Plaza Tenant Association, and efforts continue to be made to collaborate on providing workshops and other services.

The development of the individualized treatment plan includes a comprehensive review of how asthma affects an individual's body, the triggers which instigate symptoms of asthma, and how to reduce or eliminate triggers, as well as recognize the ones which affect each individual. Patients need to know and recognize the symptoms of asthma, and what to do once the symptoms occur. The sooner a patient can identify an on-coming attack, the sooner the patient will be able to work to prevent symptoms from worsening. The patient and provider must identify the appropriate treatment among the various medications available. Ryan-NENA staff will also provide free screening services both on-site and off-site at partner organizations and appropriate health fairs. Individuals identified as having asthma will be referred for care at Ryan-NENA for follow-up services, including one-on-one case management to tailor individual treatment plans, including developing an Asthma Action Plan, and a referral to the Center for ongoing care. The Care Team will link families to primary care and help patients overcome any barriers they face to asthma control.

During the first fifteen months of the Program, the Asthma Care Team has provided nearly 125 one-on-one case management sessions. There has already proved to be a high need for such services in the community, especially with the recent changes that have occurred as part of the Affordable Care Act (ACA). Care Team members have uncovered that as part of the new ACA changes, insurance companies have also changed their formularies so that primary care providers are often prescribing medications to their patients that are no longer covered by their new insurance plans. Consequently, patients believe they are unable to receive covered asthma medication, and elect to go without treatment. However, the Asthma Care Team has been able to assist the patients in communicating with both their primary care providers and pharmacists to determine alternate medications that are covered, and to assist patients in getting access to medications and back on an asthma management care plan.

The Care Team is overseen by Kathy Gruber, Executive Director, who has been at the Ryan Center since 1981 and provides administrative leadership for the Asthma Care Team members. Over the course of the last 25 years, Ms. Gruber has played a major role in reviving the Ryan-NENA Community Health Center to become a major provider of comprehensive high quality primary health care in Manhattan's Lower East Side. Ms. Gruber is a member of the Advisory Committee of the Center's School Based Health Programs and a member of both the Finance and Nominating Committees of the Community Health Care Association of New York State (CHCANYS). During her tenure at Ryan-NENA, Ms. Gruber has been a member of the Health Advisory Committee of University Settlement and the Lower Manhattan Healthcare Coalition. In 2013, she was elected to the Executive Committee of LES Ready, a coalition of 26 community groups and organizations that came together in response to Hurricane Sandy. Shalene Ortiz, the Asthma Care Team assistant, is a bilingual (Spanish) Licensed Practical Nurse (LPN) that works with the team to achieve program goals. Currently, the position of Asthma Care Team Coordinator (RN) is vacant, but aggressive recruitment is ongoing to fill this position, and to continue providing services through this high-need program. Indeed, Ryan-NENA is committed to the success of the Asthma Care Team Program and believes that it serves a crucial need in the LES community.

As a complement to Ryan-NENA's current range of education and outreach services to patients, the Asthma Care Team provides patients with much-needed care management services, helping patients and community residents with new asthma diagnoses and/or who are unable to manage their asthma. As mentioned above, the Care Team also provides appointment reminders, asthma care kits, support services, and assistance navigating the health care system. Implementation of the Program thus far has revealed that these services are very much in demand within the surrounding community, and that a large need exists for the targeted asthma care coordination services. As such, Ryan-NENA is requesting additional funding in order to support the Program for an additional 15 months, through March, 2016, to ensure that this demand is met and all Lower East Side residents are able to take advantage of these care coordination services.

Monitoring and Data Analysis.

In order to quantify effectiveness, the project includes monitoring of a number of data parameters, including monitoring each individual's asthma control (frequency of symptoms, attacks, hospitalization, and medication use) throughout the duration of the Program via Asthma Control Tests.

Although only in effect for fifteen months thus far, the Program has already seen a quantifiable need demonstrated through the Asthma Control Tests, which are administered each time the patient meets with Program staff. An analysis conducted midway through the initial program period demonstrated that eighty-three percent (83%) of patients who completed an Asthma Control Test (ACT) received a score of 19 or below, indicating that their asthma may not be under control. Significantly, the effectiveness of the Program can already be seen on a preliminary basis. For those patients that had been enrolled for at least five months in the Program, and have received four or more ACTs from which we can analyze whether any correlative effect has taken place, the majority (75%) have already seen a positive trend in the results of their ACT, and half have seen the values of their ACT test move from 19 or below (indicating possibly uncontrolled asthma) to scores of 20 or above (indicating likely well-controlled asthma). The proposed extension would allow additional time to ensure that as many patients as possible are able to benefit from long-term intervention facilitated by the Program.

Patients seen at the Center and diagnosed with asthma are followed by a practitioner in keeping with the guidelines of the National Heart Lung and Blood Institute and operating in a team based model. Nurses and other staff members work with patients and families to educate them on appropriate asthma control and proper use of asthma-related devices. Pediatric patients are generally given Asthma Action Plans, which are scanned into the electronic medical record, and are reassessed every three to four months. At schools where Ryan-NENA operates School Based Health Centers (PS 188 and PS 64), the Nurse Practitioner currently follows up with the patients to ensure their asthma is stable and to treat them for exacerbations. Patients needing pulmonary consult are referred to Mt. Sinai Beth Israel, Ryan-NENA's back up hospital.

Proposed Extension Project Timeline

Time Period	Activity	Staff Responsible
January 2014 (*or upon notification of funding)*	Recruit highly qualified candidate for the Asthma Care Team Coordinator position (RN)	Executive Director, Ryan-NENA
Ongoing	Continue to identify existing patients who would benefit from more dedicated services (i.e., patients who currently do not have their asthma under control)	RN, Project Manager; LPN, Project Assistant
Ongoing	Continue to conduct screenings on-site and at existing community based partner sites	RN, Project Manager; LPN, Project Assistant
Ongoing	Maintain existing relationships and create new partnership with organizations in the community for screening services	RN, Project Manager; LPN, Project Assistant
Ongoing	Continue meeting with new asthmatic patients, as well as current patients who are not in control of their asthma (one on one case management)	RN, Project Manager; LPN, Project Assistant
Ongoing	Ongoing evaluation of Program, including chart reviews, patient surveys, and monthly meetings with the Care Team	RN, Project Manager

Detailed Project Budget.

The proposed Asthma Care Team will markedly improve the level of care that asthmatic patients receive, and improve coordination of services. As discussed earlier, the Program currently has unallocated funds due to the recent vacancy of the Asthma Care Team Coordinator position. This application seeks to rollover and re-budget the remaining unallocated funds, estimated to total approximately $56,500 by the end of December, 2014, to continue the program, in addition to requesting new funding to extend the Program for a total of 15 months. The personnel included in the budget include 1) the Asthma Care Team Coordinator, an RN (preferably also a Certified

Asthma Educator); 2) a Program Assistant, Shalene Ortiz, LPN; 3) the Center's Community Relations Coordinator, Jillian Moya (*in-kind support*); and 4) Ryan's Medical Director, Dr. Carolyn Chu, who will provide clinical oversight to the Program (*in-kind support*). Program materials will include educational pamphlets to inform patients and the community on how to manage their asthma, and items to distribute to patients as needed, including spacers and peak flow meters to distribute to patients, and two tablet computers to allow the Asthma Care Team to web-enable patients, thus enabling better communication between individuals and the Care Team, during outreach and/or workshop events.

Program Budget	Total Cost	Rollover Funds	Requested Support	In-Kind Support
Personnel (including fringe benefits)	**$222,225**	**$33,000**	**$171,500**	**$17,725**
1.25 FTE **Asthma Care Team Coordinator, RN** (1 FTE over 15 months)	$122,500	$16,500	$104,500	$1,500
1.25 FTE **Shalene Ortiz, LPN** (1 FTE over 15 months)	$85,000	$16,500	$67,000	$1,500
0.125 FTE **Jillian Moya, Community Relations Coordinator** (.10 FTE over 15 months)	$5,250	$0	$0	$5,250
.05 FTE **Carolyn Chu, Medical Director, Ryan**	$9,475	$0	$0	$9,475
Program Materials	**$12,000**	**$8,000**	**$1,000**	**$3,000**
Equipment	**$15,000**	**$8,000**	**$0**	**$7,000**
Staff Training	**$5,000**	**$5,000**	**$0**	**$0**
Sub-total	**$254,225**	**$54,000**	**$172,500**	**$27,725**
Indirect Costs (10% of budget)	$25,422	$2,500	$2,500	$20,422
Total Budget	**$279,647**	**$56,500**	**$175,000**	**$48,147**

Other Funding and Sustainability.

Third-party revenue obtained from providing medical services to new patients will help bolster the Program to ensure the continuation of services. As with all of its grant-funded activities, Ryan diligently seeks alternative funding for all programs providing services to the Centers' patients. Ryan has previously received support for similar care coordination services and will continue these efforts to ensure future sustainability.

IRS Department of the Treasury
Internal Revenue Service
P.O. Box 2508
Cincinnati OH 45201

In reply refer to: 0248562351
July 29, 2008 LTR 4168C E0
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BODC: TE

WILLIAM F RYAN COMMUNITY HEALTH
CENTER INC
110 W 97TH ST
NEW YORK NY 10025-6450106

010475

Employer Identification Number: 13-2884976
Person to Contact: Mrs. Glisson
Toll Free Telephone Number: 1-877-829-5500

Dear Taxpayer:

This is in response to your request of July 18, 2008, regarding your tax-exempt status.

Our records indicate that a determination letter was issued in June 1977, that recognized you as exempt from Federal income tax, and discloses that you are currently exempt under section 501(c)(03) of the Internal Revenue Code.

Our records also indicate you are not a private foundation within the meaning of section 509(a) of the Code because you are described in section 509(a)(2).

Donors may deduct contributions to you as provided in section 170 of the Code. Bequests, legacies, devises, transfers, or gifts to you or for your use are deductible for Federal estate and gift tax purposes if they meet the applicable provisions of sections 2055, 2106, and 2522 of the Code.

If you have any questions, please call us at the telephone number shown in the heading of this letter.

Sincerely yours,

Michele M. Sullivan

Michele M. Sullivan, Oper. Mgr.
Accounts Management Operations I

WILLIAM F. RYAN COMMUNITY HEALTH CENTER, INC.

AUDITED FINANCIAL STATEMENTS

DECEMBER 31, 2013 AND 2012

BCA WATSON RICE LLP
CERTIFIED PUBLIC ACCOUNTANTS

WILLIAM F. RYAN COMMUNITY HEALTH CENTER, INC.
DECEMBER 31, 2013 AND 2012

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
William F. Ryan Community Health Center, Inc.
New York, New York

Report on the Financial Statements

We have audited the accompanying financial statements of William F. Ryan Community Health Center, Inc., which comprise the balance sheets as of December 31, 2013 and 2012, and the related statements of operations, changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

INDEPENDENT AUDITOR'S REPORT – CONTINUED

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of William F. Ryan Community Health Center, Inc. as of December 31, 2013 and 2012, 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.

BCA Watson Rice LLP

New York, New York
June 2, 2014

WILLIAM F. RYAN COMMUNITY HEALTH CENTER, INC.
BALANCE SHEETS
DECEMBER 31, 2013 AND 2012

	2013	2012
Assets		
Current Assets		
Cash	$ 19,185,384	$ 15,061,654
Patient services receivable - net (Note 3)	2,373,600	3,550,742
DHHS grants receivable	67,033	46,325
Contracts receivable (Note 4)	1,174,928	988,137
Prepaid expenses and other current assets (Note 15)	950,404	955,707
Total Current Assets	23,751,349	20,602,565
Property and Equipment - Net (Notes 5 and 15)	48,458,953	47,840,332
Due from Related Parties (Note 13)	4,962,537	5,676,368
Deferred Compensation Account (Note 14)	-	1,553,027
Total Assets	$ 77,172,839	$ 75,672,292
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued expenses	$ 4,174,224	$ 4,429,244
Accrued compensation	2,315,985	2,291,730
Current portion of loans payable (Note 6)	68,727	82,512
Total Current Liabilities	6,558,936	6,803,486
Long-term Liabilities		
Loans payable (Note 6)	3,124,156	4,192,883
Deferred compensation account (Note 14)	-	1,553,027
Obligations under capital lease (Note 15)	28,649,941	28,438,947
Total Liabilities	38,333,033	40,988,343
Net Assets		
Unrestricted	38,723,319	33,897,077
Temporarily restricted (Note 10)	116,487	786,872
Total Net Assets	38,839,806	34,683,949
Total Liabilities and Net Assets	$ 77,172,839	$ 75,672,292

See notes to financial statements.

WILLIAM F. RYAN COMMUNITY HEALTH CENTER, INC.
STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2013

	Unrestricted	Temporarily Restricted	Total
Revenues			
DHHS grants (Note 7)	$ 10,665,513	$ -	$ 10,665,513
Patient services - net (Note 8)	28,160,212	-	28,160,212
Contract services (Note 9)	6,845,452	-	6,845,452
Contributions	53,961	-	53,961
Other (Note 14)	1,727,236	-	1,727,236
Net assets released from restrictions	670,385	(670,385)	-
Total Revenues	48,122,759	(670,385)	47,452,374
Expenses			
Salaries and benefits	27,845,731	-	27,845,731
Other than personnel services	11,228,423	-	11,228,423
Interest	1,402,867	-	1,402,867
Total Expenses	40,477,021	-	40,477,021
Operating Income Prior to Depreciation and Amortization	7,645,738	(670,385)	6,975,353
Depreciation and Amortization	2,819,496	-	2,819,496
Changes in Net Assets	4,826,242	(670,385)	4,155,857
Net Assets, Beginning of Year	33,897,077	786,872	34,683,949
Net Assets, End of Year	$ 38,723,319	$ 116,487	$ 38,839,806

See notes to financial statements.

WILLIAM F. RYAN COMMUNITY HEALTH CENTER, INC.
STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2012

	Unrestricted	Temporarily Restricted	Total
Revenues			
DHHS grants (Note 7)	$ 8,396,019	$ -	$ 8,396,019
Patient services - net (Note 8)	26,408,192	-	26,408,192
Contract services (Note 9)	7,075,689	1,105,000	8,180,689
Contributions	56,499	-	56,499
Fundraising - net of $125,871 expenses	113,357	-	113,357
Other	920,970	-	920,970
Net assets released from restrictions	532,384	(532,384)	-
Total Revenues	43,503,110	572,616	44,075,726
Expenses			
Salaries and benefits	27,448,233	-	27,448,233
Other than personnel services	10,274,756	-	10,274,756
Interest	1,491,422	-	1,491,422
Total Expenses	39,214,411	-	39,214,411
Operating Income Prior to Depreciation and Amortization	4,288,699	572,616	4,861,315
Depreciation and Amortization	2,838,676	-	2,838,676
Operating Income	1,450,023	572,616	2,022,639
Non Operating Income - Gain on Sale of Land (Note 5)	3,073,785	-	3,073,785
Changes in Net Assets	4,523,808	572,616	5,096,424
Net Assets, Beginning of Year	29,373,269	214,256	29,587,525
Net Assets, End of Year	$ 33,897,077	$ 786,872	$ 34,683,949

See notes to financial statements.

WILLIAM F. RYAN COMMUNITY HEALTH CENTER, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2013

	Program Services	General and Administrative	Total
Salaries and wages	$ 15,973,563	$ 4,945,724	$ 20,919,287
Fringe benefits	5,624,424	1,302,020	6,926,444
Consultants and contractual services	2,355,457	846,752	3,202,209
Professional fees	83,025	126,265	209,290
Laboratory - outside services	249,391	-	249,391
Pharmaceuticals	130,310	-	130,310
Radiology	63,856	-	63,856
Travel, conferences and meetings	108,111	152,261	260,372
Occupancy	608,063	110,662	718,725
Consumable supplies	2,302,321	204,461	2,506,782
Repairs and maintenance	891,040	156,981	1,048,021
Insurance	150,315	76,164	226,479
Telephone	358,289	117,656	475,945
Printing, publications and postage	191,444	31,808	223,252
Personnel recruitment	573,690	153,710	727,400
Interest	1,192,467	210,400	1,402,867
Other	575,126	611,265	1,186,391
	31,430,892	9,046,129	40,477,021
Depreciation and amortization	2,396,572	422,924	2,819,496
	$ 33,827,464	$ 9,469,053	$ 43,296,517

See notes to financial statements.

WILLIAM F. RYAN COMMUNITY HEALTH CENTER, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2012

	Program Services	General and Administrative	Total
Salaries and wages	$ 15,482,579	$ 5,336,684	$ 20,819,263
Fringe benefits	5,348,165	1,280,805	6,628,970
Consultants and contractual services	1,816,620	561,083	2,377,703
Professional fees	11,712	276,553	288,265
Laboratory - outside services	253,064	-	253,064
Pharmaceuticals	274,483	-	274,483
Radiology	58,265	-	58,265
Travel, conferences and meetings	168,978	32,888	201,866
Occupancy	575,601	94,515	670,116
Consumable supplies	2,719,827	209,857	2,929,684
Repairs and maintenance	620,003	109,140	729,143
Insurance	97,632	121,335	218,967
Telephone	312,360	104,115	416,475
Printing, publications and postage	190,601	40,002	230,603
Personnel recruitment	382,612	122,328	504,940
Interest	1,267,709	223,713	1,491,422
Other	426,692	694,490	1,121,182
	30,006,903	9,207,508	39,214,411
Depreciation and amortization	2,412,875	425,801	2,838,676
	$ 32,419,778	$ 9,633,309	$ 42,053,087

See notes to financial statements.

WILLIAM F. RYAN COMMUNITY HEALTH CENTER, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2013 AND 2012

	2013	2012
Cash Flows from Operating Activities		
Changes in net assets	$ 4,155,857	$ 5,096,424
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation and amortization	2,819,496	2,838,676
Provision for doubtful accounts	42,640	46,748
Gain on sale of land	-	(3,073,785)
(Increase) decrease in operating assets:		
Patient services receivable	1,134,502	856,525
DHHS grants receivable	(20,708)	(46,325)
Contracts receivable	(186,791)	(2,372)
Due from related parties	713,831	572,130
Prepaid expenses and other current assets	5,303	552,298
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	(255,020)	581,384
Accrued compensation	24,255	(54,197)
Net cash provided by operating activities	8,433,365	7,367,506
Cash Flows from Investing Activities		
Net purchase of property and equipment	(3,227,123)	(983,631)
Proceeds from sale of land	-	4,461,947
Net cash (used in) provided by investing activities	(3,227,123)	3,478,316
Cash Flows from Financing Activities		
Net payment of loans	(1,082,512)	(3,036,519)
Net Increase in Cash	4,123,730	7,809,303
Cash, Beginning of Year	15,061,654	7,252,351
Cash, End of Year	$ 19,185,384	$ 15,061,654
Supplemental Disclosure of Cash Flow Information		
Interest paid	$ 1,402,611	$ 1,490,995

See notes to financial statements.

WILLIAM F. RYAN COMMUNITY HEALTH CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012

1. ORGANIZATION

William F. Ryan Community Health Center, Inc. (the "Center") operates freestanding diagnostic and treatment centers, located in Manhattan, licensed under Article 28 and Article 31 of the New York State Health Law. The Center provides a broad range of health services to a largely medically underserved population.

The U.S. Department of Health and Human Services ("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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Basis of Presentation

The Center reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

These classes are defined as follows:

Unrestricted net assets – Net assets that are not subject to donor-imposed restrictions.

Temporarily restricted net assets – Net assets subject to donor-imposed restrictions that will be met either by actions of the Center and/or passage of time.

Permanently restricted net assets – Net assets subject to donor-imposed restrictions that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Center.

Currently, the Center has no permanently restricted net assets.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Cash

The Center maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Center has not experienced any losses on such accounts.

Patient Services Receivable

Patient services receivable is reported at its outstanding unpaid principal balances reduced by an allowance for doubtful accounts. The Center estimates doubtful accounts based on historical bad debts, factors related to specific payer's ability to pay, and current economic trends. The Center writes off patient services receivable against the allowance when a balance is determined to be uncollectible.

Property and Equipment

Property and equipment is recorded at cost. Depreciation and amortization are recorded on the straight-line basis over the estimated useful lives of the assets, which range from 5 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.

Assets under capital lease are recorded at the present value of the minimum lease payments and are amortized on a straight-line basis over the term of the lease. The amortization expense on assets under capital lease is included with amortization expense on owned assets.

Interest cost on borrowings incurred during the new construction or upgrade of qualifying assets are capitalized. Capitalized interest is added to the cost of the underlying assets and is amortized over the term of the lease.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Revenue Recognition

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

Revenue from government grants and contracts designated for use in specific activities is recognized in the period when the expenditures have been incurred in compliance with the grantor's restrictions. Grants and contracts awarded for the acquisition of long-lived assets are reported as unrestricted non-operating revenue, in the absence of donor stipulations to the contrary, during the calendar year in which the assets are acquired. Cash received in excess of revenue recognized is recorded as refundable advances. At December 31, 2013, the Center has received conditional grants and contracts from governmental entities in the aggregate amount of $10,444,312 that have not been recorded in these financial statements. These grants and contracts require the Center to provide certain healthcare services during specified future periods. If such services are not provided during the periods, the governmental entities are not obligated to expend the funds allotted under the grants and contracts.

Patient services revenue is reported at estimated net realizable amounts from patients, third-party payors, and others for services rendered and includes estimated retroactive revenue adjustments due to future audits, reviews, and investigations. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered, and such amounts are adjusted in future periods as adjustments become known or as years are no longer subject to such audits, reviews, and investigations. Self-pay revenue is recorded at published charges with charitable allowances deducted to arrive at net self-pay revenue. All other patient services revenue is recorded at published charges with contractual allowances deducted to arrive at patient services, net.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Charity Care

The Center provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because the Center does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue.

The Center's estimated costs for charity care were $6,080,079 for 2013 and $5,243,979 for 2012. The cost of charity includes the direct and indirect cost of providing charity care services. The cost is estimated based on the New York State methodology. Funds received from the New York State Indigent Care Pool to offset charity services provided totaled $2,767,753 and $2,361,735 in 2013 and 2012, respectively. The charity care component of the indigent care pool payments is estimated by utilizing the approved Medicaid cost per visit and multiplying it by the approved visits to calculate charity care/bad debt operating cost less bad debt expense.

Functional Allocation of Expenses

The costs of providing for the Center's programs and other activities have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services that are benefited.

Use of Estimates

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

Income Taxes

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

Accounting principles generally accepted in the United States of America requires the management to evaluate tax position taken or expected to be taken by the Center in a tax return and to recognize a tax liability or an asset if the Center has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service (IRS). The Center does not believe its financial statements include any uncertain tax positions.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Recently Adopted Accounting Standards

In July 2011, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2011-07, *Presentation and Disclosure of Patient Service Revenue Provision for Bad Debts, and the Allowance for Doubtful Accounts for Certain Health Care Entities*. The new guidance requires the Center to change the presentation of its statement of operations by reclassifying the provision for bad debts associated with patient services revenue (net of contractual allowances and discounts). Additionally, the Center is required to provide enhanced disclosures about its policies for recognizing revenue and assessing bad debts, as well as qualitative and quantitative information about changes in the allowance for doubtful accounts. The new guidance was adopted by the Center as of January 1, 2012.

3. PATIENT SERVICES RECEIVABLE

Patient services receivable consists of:

	2013	2012
Medicaid	$ 1,994,843	$ 2,063,354
Medicare	255,826	230,260
Private insurance	122,931	61,370
Self-pay	180,365	149,042
New York State Uncompensated Care	-	1,184,441
	2,553,965	3,688,467
Less allowance for doubtful accounts	(180,365)	(137,725)
	$ 2,373,600	$ 3,550,742

4. CONTRACTS RECEIVABLE

Contracts receivable consists of:

	2013	2012
New York State Department of Health:		
AIDS Institute - Multi-service Agency	$ 216,995	$ 139,071
Women, Infants and Children Program	197,437	203,422
High School Health Program	140,191	131,046
HEAL NY Phase 16	14,601	349,417
New York City Department of Health and Mental Hygiene:		
HIV Care Services Program	400,452	95,919
Health Research, Inc.:		
Women's Supportive Services	14,573	30,592
Continuum Health Partners	168,531	-
Other	22,148	38,670
	$ 1,174,928	$ 988,137

5. PROPERTY AND EQUIPMENT

Property and equipment consists of:

	2013	2012
Land	$ 76,145	$ 76,145
Building and improvements, including assets under capital lease of $28,451,884 in 2013 and 2012	43,748,787	43,729,190
Leasehold improvements	18,886,651	18,792,451
Furniture and equipment	10,449,164	10,289,712
	73,160,747	72,887,498
Less accumulated depreciation and amortization	(28,323,719)	(25,504,223)
Construction-in-progress	3,621,925	457,057
	$ 48,458,953	$ 47,840,332

During 2010, interest costs related to the capital lease amounting to $502,825 incurred during the construction period, have been capitalized as part of the assets under capital lease. Accumulated amortization included in the accumulated depreciation and amortization associated with assets under capital lease was $2,074,617 and $1,481,869 at December 31, 2013 and 2012, respectively.

5. PROPERTY AND EQUIPMENT – CONTINUED

In the event 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.

In May 2012, the Center sold its land located at East 3rd Street, New York, New York, and recognized a gain on sale amounting to $3,073,785.

6. LOANS PAYABLE

On October 16, 2009 (the "Closing Date"), the Center entered into a loan agreement with Afia Foundation, Inc. ("Afia") with a maximum principal amount of $6,500,000, to be advanced by Afia to the Center on a monthly basis commencing on October 16, 2009 in monthly installments of $1,000,000, to be used by the Center to pay for the costs of the construction, renovation and build out and equipping and furnishing of the Center's tenant leasehold improvements at 801 Amsterdam Avenue, New York, New York.

The loan has a term of 20 years and bears interest at the United States Prime Rate as listed in the Eastern print edition of the Wall Street Journal ("U.S. Prime Rate") plus 1% as of the Closing Date. On each anniversary of the Closing Date, the interest rate shall be reset to the rate equal to the U.S. Prime Rate plus 1%, which shall never exceed 7% per annum. During the first twelve (12) months after the Closing Date, the Center shall pay interest only on the loan commencing December 1, 2009 and continuing on the first business day of each month through and including November 1, 2010. Principal and interest on the loan shall thereafter be paid by the Center to Afia on the first business day of each month commencing on December 1, 2010 and continuing thereafter on the first business day of each month until the loan has been repaid in full so as to fully amortize the loan by December 1, 2030. As permitted under the loan agreement, the Center made additional principal pre-payment of $1 million and $2 million without penalty in 2013 and 2012, respectively. As of December 31, 2013 and 2012, this loan has a balance of $3,192,883 and $4,275,395, respectively.

Also on October 16, 2009, the Center entered into a separate loan agreement with Afia with a principal amount of $1,000,000, to pay for the costs of the implementation of the Electronic Medical Records ("EMR") project on behalf of the Center and used by Ryan-NENA Community Health Center.

The loan has a term of 20 years and bears interest at the U. S. Prime Rate plus 1% as of the Closing Date. On each anniversary of the Closing Date, the interest rate shall be reset to the rate equal to the U. S. Prime Rate plus 1%, which shall never exceed 7% per annum. Principal and interest on the loan shall be paid by the Center on the first business day of each month commencing on December 1, 2009 and continuing thereafter on the first business day of each month until the loan has been repaid in full so as to amortize the loan by December 1, 2029. The Center fully paid the loan in 2012 without penalty.

6. LOANS PAYABLE – CONTINUED

The future scheduled maturities of loans payable are as follows:

Year Ending December 31,		
2014	$	68,727
2015		71,706
2016		74,814
2017		78,056
2018		81,439
Thereafter		2,818,141
	$	3,192,883

7. DHHS GRANTS

For the years ended December 31, 2013 and 2012, the Center received the following grants from DHHS:

Grant Number	Grant Period	Total Grant Amount	2013 Unrestricted Revenue Recognized	2012 Unrestricted Revenue Recognized
6H80CS00061-12-07	12/01/12-11/30/13	$8,008,845	$ 7,434,368	$ 574,477
6H80CS00061-13-01	12/01/13-11/30/14	7,831,512	364,192	-
6H80CS00061-11-06	12/01/11-11/30/12	7,705,092	-	7,094,692
6H76HA00024-22-01	04/01/12-03/31/13	1,077,444	269,361	808,083
6H76HA00024-23-03	04/01/13-03/31/14	1,023,572	713,807	-
6H76HA00024-21-04	01/01/11-03/31/12	1,159,643	-	250,000
3U79SP016428-03S1	09/30/12-09/29/13	350,000	262,500	87,500
1U79SP020253-01	09/30/13-09/29/14	116,000	29,000	-
5U79SP016428-04	09/30/13-09/29/14	300,000	87,300	-
5U79SP016428-02	09/30/11-09/29/12	300,000	-	225,000
6H97HA19767-02-02	09/01/11-08/31/12	90,000	-	60,000
6H4MHP20311-02-04	09/01/11-08/31/13	667,093	216,308	408,612
6C12CS22028-01-03	07/01/11-12/31/13	97,357	48,677	37,655
6C8ACS23797-01-03	05/01/12-04/30/15	4,658,340	2,390,000	-
			11,815,513	9,546,019
Less: subgrants passed through to other organization			(1,150,000)	(1,150,000)
			$10,665,513	$ 8,396,019

8. PATIENT SERVICES

Patient services consists of:

	Gross Charges	Contractual and Charitable Allowances	Net Revenue 2013	Net Revenue 2012
Medicaid	$ 4,323,916	$ 684,667	$ 5,008,583	$ 5,348,239
Medicaid Managed Care	23,613,316	(18,704,054)	4,909,262	5,943,384
Medicare	4,399,626	(2,509,223)	1,890,403	1,780,840
Private insurance	1,993,285	(1,637,271)	356,014	501,391
Patient fees	5,258,887	(4,406,083)	852,804	934,960
	$ 39,589,030	$(26,571,964)	13,017,066	14,508,814
New York State Uncompensated Care			2,767,753	2,419,184
New York State and Child Health Plus Wraparound			10,498,666	7,948,421
Medicaid Managed Care Incentives			1,919,367	1,578,521
Patient services (net of contractual and charitable allowances)			28,202,852	26,454,940
Provision for doubtful accounts			(42,640)	(46,748)
Net patient services less provision for doubtful accounts			$ 28,160,212	$ 26,408,192

Medicaid and Medicare revenues are reimbursed to the Center at the net reimbursement rates as determined by each program. Reimbursement rates are subject to revisions under the provisions of regulations. Adjustments for such revisions are recognized in the calendar year received.

In 2012, net patient services revenue decreased approximately by $215,000 due to prior year retroactive adjustments (see Note 14).

9. CONTRACT SERVICES

For the years ended December 31, 2013 and 2012, contract services consists of the following:

	2013	2012
New York State Department of Health:		
Women, Infants and Children Program	$ 936,711	$ 1,057,733
High School Health Program	480,807	515,132
AIDS Institute - Multi-service Agency	846,308	948,846
HEAL NY Phase 16	344,003	797,173
Health Foundation	-	110,180
Health Research, Inc.:		
Women's Supportive Services	129,239	156,175
New York City Department of Health and Mental Hygiene:		
HIV Care Services Program	1,314,386	804,971
Vaccines for Children Program	1,119,123	1,303,442
Capital Budget for Equipment	-	481,979
Heal 17 Urban Institute	-	30,000
St. Lukes Roosevelt	275,000	325,000
Beth Israel	220,000	100,000
Continuum Health Partners	645,464	-
Entertainment Industry Foundation - Revlon Program	39,141	36,519
The Sophie Davis School Program	7,549	21,180
Avon Breast Cancer Center	24,300	24,300
ConEdison	112,500	-
Afia Foundation, Inc. (Note 13)	-	1,200,000
Peter Lucia Foundation	43,750	50,000
Other	307,171	218,059
	$ 6,845,452	$ 8,180,689

10. TEMPORARILY RESTRICTED NET ASSETS

As of December 31, 2013 and 2012, the amounts of $116,487 and $786,872, respectively, are temporarily restricted for the Center's Capital Development program, Development Proposal and the EMR project.

11. PENSION PLANS

The Center has a defined contribution pension plan covering substantially all nonunion full-time employees meeting certain eligibility requirements. Contributions to the plan are based on a percentage of salaries. In addition, the Center has adopted a supplemental executive retirement plan for selected key management personnel. There were $11,790 and $9,657 in pension plan forfeitures that the Center applied towards payments for the 2013 and 2012 year-end pension contribution, respectively. Pension expense amounted to $209,878 and $210,442 for the years ended December 31, 2013 and 2012, respectively.

Also, in connection with its collective bargaining agreement with 1199SEIU United Healthcare Workers East, the Center participates in a defined benefit pension plan. The plan covers substantially all of the Center's union employees. Pension expense amounted to $1,104,990 and $807,959 for the years ended December 31, 2013 and 2012, respectively.

12. MULTIEMPLOYER PENSION PLAN

The Center contributes to a multiemployer defined benefit pension plan under the terms of collective bargaining agreement that cover its union-represented employees. The risk of participating in this multiemployer plan is different from single-employer plan in the following aspects:

a. Assets contributed to the multiemployer plan by one employer may be used to provide benefits to employees of other participating employers.

b. If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers.

c. If the Center chooses to stop participating in the multiemployer plan, the Center may be required to pay the plan an amount based on the underfunded status of the plan, referred to as withdrawal liability.

12. MULTIEMPLOYER PENSION PLAN – CONTINUED

The Center's participation in the plan for the annual period ended December 31, 2013, is outlined in the table below. The "EIN/Pension Plan Number" column provides the Employee Identification Number ("EIN") and the three-digit plan number, if applicable. Unless otherwise noted, the most recent Pension Protection Act ("PPA") zone status available in 2013 and 2012 is for the plan's year-end at December 31, 2012, and December 31, 2011, respectively. The zone status is based on information that the Center received from the plan and is certified by the plan's actuary. Among other factors, plan in the red zone is generally less than 65% funded, plan in the yellow zone is less than 80% funded, and plan in the green zone is at least 80% funded. The "FIP/RP Status Pending/Implemented" column indicates plans for which a financial improvement plan ("FIP") or a rehabilitation plan ("RP") is either pending or has been implemented. The last column list the expiration date of the collective bargaining agreement to which the plan is subject. In addition, a memorandum of agreement was entered into between the Center and the Plan, whereby effective December 1, 2010, the full value of one percent (1%) of the three percent (3%) wage increase scheduled for December 1, 2010 shall be used to increase contribution rates necessary to support the National Benefit Fund and Pension Fund.

Pension Fund	EIN/ Pension Plan Number	Pension Protection Act Zone Status		FIP/RP Status Pending/ Implemented	Contributions by the Center		Surchage Imposed	Expiration Date of Collective Bargaining Agreement
		2013	2012		2013	2012		
1199SEIU Health Care Employees Pension Fund	13-3604862/ 001	Green	Green	No	$ 1,090,242	$ 814,462	No	4/30/2015

13. RELATED PARTY TRANSACTIONS

The Center is related to the Ryan/Chelsea-Clinton Community Health Center, Inc. ("RCC") through the existence of economic interest. The Center has paid for expenses on behalf of RCC since inception, and in 2004 issued a subvention certificate in the amount of $1,600,000. The Center evaluated the collectibility of the subvention certificate and, as a result, reserved the amount in 2004. In addition, the Center evaluated the collectibility of $622,341 due from RCC and reserved this amount in 2004. A subrecipient agreement exists between RCC and the Center whereby the Center provides federal awards as well as administrative, fiscal and support services to RCC. Federal funding totaling $1,150,000 was awarded to RCC for each of the years ended December 31, 2013 and 2012. Services provided related to this agreement amounted to $500,000 for each of the years ended December 31, 2013 and 2012.

13. RELATED PARTY TRANSACTIONS – CONTINUED

As of December 31, 2013 and 2012, the Center's receivable from RCC amounted to $4,914,617 and $5,628,639, respectively.

The Center and RCC are the corporate members of Afia acting through their individual board of directors. The Center received grants from Afia totaling $1,200,000 in 2012.

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 from Medicaid and Medicare are subject to audit by federal and state governments and other agencies. Upon audit, if discrepancies are discovered, the Center could be held responsible for refunding the amounts in question.

On February 28, 2013, the Center received a draft audit report from the Office of the Medicaid Inspector General ("OMIG") covering the completed review of payments made to the Center under the New York State Medicaid Program for the period March 1, 2007 to February 28, 2009. As a result, the Center reflected an estimate of $215,000 amount due to funding agency in 2012. On September 12, 2013, the Center received the final audit report from OMIG with a total amount due of $234,019 inclusive of interest. This amount was paid in full during 2013.

The Center has executed an elective deferred compensation agreement with a key employee in accordance with the supplemental executive retirement plan. Elective deferrals are accumulated based upon the contributions made by the Center, with respect to the key employee's plan account. 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 investments consist of cash and equities valued at the fair market value as of December 31, 2012. During 2013, the deferred compensation plan with the key employee was terminated. A waiver of distribution agreement was entered into by the Center and the key employee, whereby $915,011 held in the deferred compensation plan in excess of $1,000,000 is reverted to the Center.

14. COMMITMENTS AND CONTINGENCIES – CONTINUED

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.

The Center has been named in litigation claims in the normal course of its operations. These claims will, in the opinion of management, be fully covered by the Center's insurance coverage and will not have a material adverse effect upon the financial position of the Center.

15. LEASE AGREEMENT

On February 28, 2008, the Center entered into a 49 year lease agreement for office and clinical space (the "Leased Premises") in a building located at 801 Amsterdam Avenue, New York, New York.

At December 31, 2009, the lease was recorded as a capital lease at the present value of the future payments due under the lease, amounting to $27,949,059. The related liability under the capital lease amounting to $28,649,941 and $28,438,947 as of December 31, 2013 and 2012, respectively, is due in monthly installments for principal and interest until June 2058.

Under the terms of the lease, during the first four lease years, the Center shall pay 50% of fixed rent for the first eleven months of each of the first four lease years, and on the first day of the 12th month of each of the four lease years, the Center shall pay the balance of the fixed rent due for such lease year. In December 2008, the Center paid the lessor $2 million as prepaid rent, which shall cover the payments during the 12th month of each of the first four lease years. As of December 31, 2013 and 2012, prepaid rent has a balance $0 and of $482,740, respectively.

15. LEASE AGREEMENT – CONTINUED

The following is a schedule by years of future minimum lease payments under capital lease together with the present value of the minimum lease payments as of December 31, 2013:

Year Ending December 31,		
2014	$	1,132,888
2015		1,132,888
2016		1,132,888
2017		1,132,888
2018		1,268,719
Thereafter		61,220,377
Total minimum lease payments		67,020,648
Less amount representing interest		(38,370,707)
Present value of minimum lease payments	$	28,649,941

The Center also has an option to purchase the Leased Premises at any time after the tenth (10th) anniversary of the Commencement Date but prior to the twentieth (20th) anniversary of the Commencement Date, at a purchase price of $19,800,000.

16. SUBSEQUENT EVENTS

The Center evaluates events occurring after the date of the financial statements to consider whether or not the impact of such events needs to be reflected or disclosed in the financial statements. Such evaluation is performed through the date the financial statements were available to be issued, which was June 2, 2014 for these financial statements.