Consolidated Financial Statements and Supplementary Information and Accompanying Reports and Schedules Related to the Uniform Guidance

The New York and Presbyterian Hospital
Year Ended December 31, 2020
With Reports of Independent Auditors

Ernst & Young LLP

The New York and Presbyterian Hospital

Consolidated Financial Statements and Supplementary Information and Accompanying Reports and Schedules Related to the Uniform Guidance

Year Ended December 31, 2020

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Report of Independent Auditors

The Board of Trustees
The New York and Presbyterian Hospital

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of The New York and Presbyterian Hospital, which comprise the consolidated statements of financial position as of December 31, 2020 and 2019, and the related consolidated statements of operations, changes in net assets, and cash flows for the years then ended and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in conformity with U.S. generally accepted accounting principles; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free of 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 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 of material misstatement.

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of The New York and Presbyterian Hospital as of December 31, 2020 and 2019, and the consolidated results of its operations, changes in its net assets and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

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Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. We have not performed any procedures with respect to the audited consolidated financial statements subsequent to April 27, 2021. The consolidating statements of financial position and operations as of and for the year ended December 31, 2020, and the schedule of expenditures of federal awards for the year ended December 31, 2020, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are 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 audits 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. 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 also have issued our report dated April 27, 2021 on our consideration of The New York and Presbyterian Hospital'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 New York and Presbyterian Hospital'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 New York and Presbyterian Hospital's internal control over financial reporting and compliance.

Ernst & Young LLP

April 27, 2021, except for our report on the
Schedule of Expenditures of Federal Awards, for
which the date is January 28, 2022

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The New York and Presbyterian Hospital

Consolidated Statements of Financial Position

	December 31 2020	2019
	(In Thousands)	
Assets		
Current assets:		
Cash, cash equivalents and short-term investments:		
Cash and cash equivalents	**$ 647,337**	$ 359,292
Short-term investments	**3,171,416**	2,232,518
Total cash, cash equivalents and short-term investments	**3,818,753**	2,591,810
Patient accounts receivable – net	**899,671**	1,110,468
Other current assets	**431,448**	319,578
Assets limited as to use – current portion	**70,125**	63,415
Professional liabilities insurance recoveries receivable and related deposits – current portion	**101,556**	91,075
Beneficial interest in net assets held by related organizations – current portion	**93,903**	68,510
Due from related organizations – net	**31,288**	9,807
Total current assets	**5,446,744**	4,254,663
Assets limited as to use – noncurrent	**5,073,399**	4,028,298
Property, buildings and equipment – net	**5,197,641**	4,958,136
Operating lease assets	**436,880**	398,681
Other noncurrent assets – net	**51,082**	51,586
Professional liabilities insurance recoveries receivable and related deposits – noncurrent	**307,762**	328,166
Beneficial interest in net assets held by related organizations – noncurrent	**2,260,093**	2,101,494
Total assets	**$ 18,773,601**	$ 16,121,024

	December 31	
	2020	**2019**
	(In Thousands)	
Liabilities and net assets		
Current liabilities:		
Long-term debt – current portion	**$ 92,282**	$ 86,165
Operating lease liability – current portion	**59,619**	55,947
Accounts payable and accrued expenses	**1,039,146**	821,917
Accrued salaries and related liabilities	**667,720**	478,769
Pension and postretirement benefit liabilities – current portion	**25,228**	28,410
Professional and other insurance liabilities – current portion	**125,072**	117,945
Other current liabilities	**703,252**	214,262
Total current liabilities	**2,712,319**	1,803,415
Long-term debt	**4,095,488**	3,179,992
Operating lease liability	**395,571**	360,075
Professional and other insurance liabilities	**775,404**	718,481
Pension liability	**609,611**	268,506
Postretirement benefit liability	**74,312**	69,566
Other noncurrent liabilities	**1,052,090**	471,333
Total liabilities	**9,714,795**	6,871,368
Commitments and contingencies		
Net assets:		
Net assets without donor restrictions	**6,644,997**	7,027,580
Net assets with donor restrictions	**2,413,809**	2,222,076
Total net assets	**9,058,806**	9,249,656
Total liabilities and net assets	**$ 18,773,601**	$ 16,121,024

See accompanying notes.

The New York and Presbyterian Hospital

Consolidated Statements of Operations

	Year Ended December 31	
	2020	**2019**
	(In Thousands)	
Operating revenues		
Net patient service revenue	**$ 7,653,326**	$ 8,567,369
Other revenue	**1,461,767**	426,675
Total operating revenues	**9,115,093**	8,994,044
Operating expenses		
Salaries and wages	**4,633,335**	4,238,758
Employee benefits	**1,179,127**	1,101,633
Supplies and other expenses	**3,304,672**	2,769,378
Interest and amortization of deferred financing fees	**143,775**	117,040
Depreciation and amortization	**505,055**	466,107
Total operating expenses	**9,765,964**	8,692,916
Operating (loss) income	**(650,871)**	301,128
Investment return – net	**476,942**	605,209
Voluntary retirement program costs	**(34,173)**	(35,276)
Expected return on plan assets and other components of net periodic pension and postretirement cost	**20,669**	34,539
(Deficiency) excess of revenues over expenses	**(187,433)**	905,600
Other changes in net assets without donor restrictions:		
Net asset transfers to related parties	**(17,858)**	(7,230)
Other changes in net assets	**(216)**	221
Disaster Relief Fund receipts from Federal Emergency Management Agency for the purchase of fixed assets	**25,000**	–
Distributions from New York-Presbyterian Fund, Inc. for the purchase of fixed assets	**62,131**	91,873
Change in pension and postretirement benefit liabilities to be recognized in future periods	**(264,207)**	(196,048)
Change in net assets without donor restrictions	**$ (382,583)**	$ 794,416

See accompanying notes.

The New York and Presbyterian Hospital

Consolidated Statements of Changes in Net Assets

	Net Assets without Donor Restrictions	Beneficial Interest in Net Assets with Donor Restrictions Held by Related Organizations						Total Net Assets With Donor Restrictions	Total Net Assets
		Net Assets With Donor Restrictions	Plant Replacement	Specific Purpose	Endowment Earnings	Permanent Endowment	Total Beneficial Interest		
Net assets at January 1, 2019	$ 6,233,164	$ 48,010	$ 708,543	$ 851,055	$ 203,210	$ 260,227	$ 2,023,035	$ 2,071,045	$ 8,304,209
Change in net assets without donor restrictions	794,416	–	–	–	–	–	–	–	794,416
Net investment return – donor restricted	–	7,147	–	–	–	–	–	7,147	7,147
Net assets released from restrictions	–	(2,864)	–	–	–	–	–	(2,864)	(2,864)
Net assets released from restrictions for the purchase of fixed assets	–	(221)	–	–	–	–	–	(221)	(221)
Changes in beneficial interest in net assets held by related organizations	–	–	46,661	80,310	14,354	5,644	146,969	146,969	146,969
Changes in net assets	794,416	4,062	46,661	80,310	14,354	5,644	146,969	151,031	945,447
Net assets at December 31, 2019	7,027,580	52,072	755,204	931,365	217,564	265,871	2,170,004	2,222,076	9,249,656
Change in net assets without donor restrictions	**(382,583)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(382,583)**
Net investment return – donor restricted	**–**	**9,059**	**–**	**–**	**–**	**–**	**–**	**9,059**	**9,059**
Net assets released from restrictions	**–**	**(1,318)**	**–**	**–**	**–**	**–**	**–**	**(1,318)**	**(1,318)**
Changes in beneficial interest in net assets held by related organizations	**–**	**–**	**2,760**	**166,494**	**4,726**	**10,012**	**183,992**	**183,992**	**183,992**
Changes in net assets	**(382,583)**	**7,741**	**2,760**	**166,494**	**4,726**	**10,012**	**183,992**	**191,733**	**(190,850)**
Net assets at December 31, 2020	**$ 6,644,997**	**$ 59,813**	**$ 757,964**	**$ 1,097,859**	**$ 222,290**	**$ 275,883**	**$ 2,353,996**	**$ 2,413,809**	**$ 9,058,806**

See accompanying notes.

The New York and Presbyterian Hospital

Consolidated Statements of Cash Flows

	Year Ended December 31	
	2020	**2019**
	(In Thousands)	
Operating activities		
Change in net assets	**$ (190,850)**	$ 945,447
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	**505,055**	466,107
Amortization of deferred financing costs, deferred revenue, fair value adjustment to debt and mortgage discount	**4,117**	3,510
Disaster Relief Fund receipts from Federal Emergency Management Agency for the purchase of fixed assets	**(25,000)**	–
Distributions from New York-Presbyterian Fund, Inc. for the purchase of fixed assets	**(62,131)**	(91,873)
Net investment return–without donor restrictions, excluding interest and dividends	**(459,308)**	(567,541)
Equity in income from investee	**(1,518)**	(6,799)
Net asset transfers to related parties	**17,858**	7,230
Increase in debt for interest accretion	**1,098**	1,107
Changes in operating assets and liabilities:		
Patient accounts receivable – net	**210,797**	(112,762)
Other assets and operating lease assets	**(110,160)**	(40,887)
Beneficial interest in net assets held by related organizations	**(183,992)**	(146,969)
Accounts payable and accrued expenses	**217,229**	34,928
Accrued salaries and related liabilities	**188,951**	58,041
Due from related organizations – net	**(21,481)**	(26,329)
Other liabilities	**1,069,747**	(94,823)
Professional and other insurance liabilities and related insurance recoveries receivable and deposits	**73,973**	2,689
Pension and postretirement benefit liabilities	**342,669**	89,449
Net cash provided by operating activities	**1,577,054**	520,525
Investing activities		
Net purchases of investments and assets limited as to use	**(1,520,444)**	(560,042)
Acquisitions of property, buildings and equipment – net	**(630,713)**	(673,685)
Distribution from investee	**1,700**	5,000
Collections (advances) on loan to Silvercrest Center for Nursing and Rehabilitation	**500**	(17,609)
Net cash used in investing activities	**(2,148,957)**	(1,246,336)
Financing activities		
Repayments of long-term debt and line of credit advances	**(492,281)**	(79,881)
Proceeds from the issuance of long-term debt and line of credit advances	**1,300,000**	500,000
Payment of deferred financing costs	**(5,168)**	(5,843)
Net asset transfers to related parties	**(17,858)**	(7,230)
Disaster Relief Fund receipts from Federal Emergency Management Agency for the purchase of fixed assets	**25,000**	–
Distributions from New York-Presbyterian Fund, Inc. for the purchase of fixed assets	**62,131**	91,873
Net cash provided by financing activities	**871,824**	498,919
Net increase (decrease) in cash and cash equivalents and restricted cash and restricted cash equivalents	**299,921**	(226,892)
Cash and cash equivalents and restricted cash and restricted cash equivalents at beginning of year	**405,132**	632,024
Cash and cash equivalents and restricted cash and restricted cash equivalents at end of year	**$ 705,053**	$ 405,132
Supplemental disclosure of cash flow information		
Assets acquired under finance lease obligations	**$ 113,847**	$ 32,419

See accompanying notes.

The New York and Presbyterian Hospital

Notes to Consolidated Financial Statements

December 31, 2020

1. Organization and Basis of Presentation and Significant Accounting Policies

Organization and Basis of Presentation

The accompanying consolidated financial statements include the accounts of The New York and Presbyterian Hospital (referred to herein as "NYPH" when referencing the legal entity separate from its subsidiaries), NYP Community Programs, Inc. (Community Programs) and other consolidated entities as described below. NYPH is the sole member of Community Programs. The reporting entity resulting from the consolidation of these entities is referred to herein as the "Hospital." All significant intercompany balances and transactions have been eliminated in consolidation.

NYPH is a tax-exempt organization that was incorporated under New York State not-for-profit corporation law. NYPH is a major academic medical center operating at seven campuses comprised of 2,812 beds, providing a full range of inpatient and outpatient services, mainly to residents of the New York metropolitan area. The Board of Trustees of NYPH consists of persons who have first been elected as members of New York-Presbyterian Foundation, Inc. (Foundation, Inc.), a New York State not-for-profit corporation. Foundation, Inc. is related to a number of organizations.

Community Programs is the sole member of the following entities: Hudson Valley Hospital Center, Westchester Putnam Health Management System, Inc. and their subsidiaries (collectively referred to herein as NYP/Hudson Valley or Hudson Valley); NewYork-Presbyterian/Queens and its controlled affiliates (collectively referred to herein as NYP/Queens or Queens); and NewYork-Presbyterian/Brooklyn Methodist and its controlled affiliates (collectively referred to herein as NYP/Brooklyn Methodist or Methodist). NYP/Hudson Valley consists of a 128-bed acute care hospital located in Cortlandt Manor, Westchester County, New York, a fundraising foundation, a multi-specialty physician practice and certain other entities primarily formed to purchase and lease space. NYP/Queens consists of a 535-bed acute care hospital located in Queens County, New York, a multi-specialty physician practice and certain other entities. NYP/Brooklyn Methodist consists of a 591-bed acute care hospital located in Kings County, New York, physician practices and certain other entities.

1. Organization and Basis of Presentation and Significant Accounting Policies (continued)

Other entities included in the accompanying consolidated financial statements include the following:

- Lawrence Care, Inc. (LCI), the sole corporate member of Lawrence Community Health Services which operates a certified home health agency, a certified hospice program and a bereavement center. LCI has no corporate member and a majority of its Board of Directors consists of individuals concurrently participating in the supervision, control or management of NYPH.

- Lawrence Medical Associates, P.C. (d/b/a NewYork-Presbyterian Medical Group/Westchester) (NYPMG/W), a State of New York professional corporation exempt from federal income tax that was organized in 2009 and supports and furthers the charitable purposes of NYPH.

- NYP Sports Performance, LLC, incorporated on July 30, 2019 to operate facilities for the provision of services, training and skills development related to physical fitness, sports performance and wellbeing.

Although NYPH, Community Programs and the other entities described above have been consolidated for financial statement reporting purposes under applicable accounting requirements, there may be limitations on the use of one entity's funds by another member of the consolidated group resulting from the charitable nature of some of the entities or other factors.

Hudson Valley, Queens and Methodist are collectively referred to herein as the "Regional Hospitals".

Coronavirus Disease 2019 Pandemic and CARES Act Funding

On March 11, 2020, the World Health Organization designated the Coronavirus Disease 2019 (COVID-19) outbreak as a global pandemic. Federal, state and local government policies resulted in a substantial portion of the population remaining at home and forced the closure of certain businesses, which had an impact on the Hospital's patient volumes and revenues for most services. Through executive order, effective March 25, 2020, a New York State Mandate was issued to suspend all non-essential medical and surgical procedures and suspended elective procedures, which resumed at different dates during the year ended December 31, 2020. During this time, the Hospital has also experienced significant price increases in, and utilization of, medical supplies, particularly personal protective equipment, as global supply lines were disrupted by the pandemic.

1. Organization and Basis of Presentation and Significant Accounting Policies (continued)

In response to COVID-19, the Coronavirus Aid, Relief and Economic Security Act (the CARES Act) was signed into law on March 27, 2020. The CARES Act authorized funding to hospitals and other healthcare providers to be distributed through the Public Health and Social Services Emergency Fund (Provider Relief Fund). Payments from the Provider Relief Fund are to be used to prevent, prepare for, and respond to coronavirus, and shall reimburse the recipient for health care related expenses and/or lost revenues attributable to coronavirus and are not required to be repaid except where Provider Relief Funds received exceed the actual amounts of eligible health care related expenses and/or lost revenues as defined by the U.S. Department of Health and Human Services (HHS), provided the recipients attest to and comply with the terms and conditions. HHS distributions from the Provider Relief Fund include general distributions and targeted distributions, to support hospitals in high impact areas and rural providers, for service periods through December 31, 2020, and, if necessary, through June 30, 2021.

HHS has issued several Post-Payment Notices of Reporting Requirements and published responses to frequently asked questions (FAQs) regarding the Provider Relief Fund distributions. Additionally, on December 27, 2020, the Consolidated Appropriations Act, 2021 (CAA) was signed into law. The CAA appropriated additional funding for COVID-19 response and relief through the Provider Relief Fund and provided several changes to the administration of the Provider Relief Fund. The CAA clarified the methods available to calculate lost revenues and indicated that for any payment, including both general and targeted distributions, received by an eligible health care provider that is a subsidiary of a parent organization, the parent organization may allocate all or any portion of the distribution among any other eligible subsidiaries.

Through December 31, 2020, the Hospital received approximately $949.9 million in funding and recognized revenue of $910.9 million related to the Provider Relief Fund, which is included in other revenue in the accompanying 2020 consolidated statement of operations. The recognized revenue has been determined based on applicable accounting guidance, Post-Payment Notices of Reporting Requirements and FAQs that the Hospital has interpreted as being applicable to the accompanying consolidated financial statements. Subsequent to December 31, 2020, Post-Payment Notice of Reporting Requirements and additional FAQs have been released which have been considered in management's analysis. The unrecognized amount of the Hospital's Provider Relief Fund receipts is reported in other noncurrent liabilities in the accompanying consolidated statement of financial position at December 31, 2020. Management will continue to monitor communications from HHS applicable to the Provider Relief Fund reporting and data submission requirements.

1. Organization and Basis of Presentation and Significant Accounting Policies (continued)

The Hospital is also applying for reimbursement for qualifying expenses under the Federal Emergency Management Agency (FEMA) Disaster Relief Fund. In 2020, the Hospital submitted project worksheets totaling over $400.0 million under FEMA's expedited claim submission process and streamlined submission process and received reimbursement payment advances of approximately $129.4 million in 2020. The Hospital recognized $39.0 million as other revenue (for reimbursement of operating costs) and $25.0 million as FEMA receipts for capital expenditures (reported as a component of other changes in net assets without donor restrictions). Advances received that were not recognized as revenue (totaling approximately $65.4 million) are reported within other noncurrent liabilities in the accompanying 2020 consolidated statement of financial position. The Hospital will continue to finalize the project worksheets previously submitted to FEMA and intends to submit additional applications for funding for costs incurred in 2020; however, the ultimate amount that the Hospital may be reimbursed is uncertain.

To enhance liquidity, the Centers for Medicare & Medicaid Services (CMS) expanded and streamlined the process for its Accelerated and Advance Payment Program, pursuant to which providers could receive advance Medicare payments. This program allowed eligible health care facilities to request up to six months of advance Medicare payments for acute care hospitals or up to three months of advance Medicare payments for other health care providers. During April 2020, the Hospital received approximately $740.1 million of expedited payments for future services. The advance was initially scheduled to be recovered by Medicare commencing in June 2021. On October 1, 2020, the terms of the CMS accelerated payment program were revised such that the recovery of advances will commence in April 2021 (25% of submitted claims will be withheld for 11 months) and extend through October 2022 (50% of submitted claims will be withheld for the following six months), with any remaining balance due at that time and subject to interest. CMS advances under this program are included as a contract liability in other current liabilities ($277.5 million) and other noncurrent liabilities ($462.6 million) at December 31, 2020 in the accompanying consolidated statements of financial position.

Additionally, in March 2020, the Hospital entered into an additional line of credit of $200.0 million and drew down $200.0 million against this line, certain of which are revolving draws. Also in March 2020, the Hospital drew down $350.0 million on its previously existing lines of credit, with such amounts repaid in 2020 (see Note 5).

1. Organization and Basis of Presentation and Significant Accounting Policies (continued)

Under the CARES Act, the Hospital has elected to defer the payment of the employer portion of social security taxes totaling approximately $160.7 million that otherwise would have been due between March 27, 2020 and December 31, 2020. The CARES Act requires that 50% of the total deferred amount be paid by December 31, 2021, with the remaining balance due by December 31, 2022. The amount expected to be paid in 2021 is recorded as accrued salaries and the remaining balance expected to be paid in 2022 is included in other noncurrent liabilities in the accompanying consolidated statements of financial position at December 31, 2020.

Under the CARES Act, the Hospital is eligible to receive an employee retention credit, which is a credit against the employer portion of Social Security taxes for certain wages between March 13, 2020 and December 31, 2020. The CAA extended the employee retention credit through June 30, 2021, while also modifying the provisions of the credit. The Hospital is finalizing its application for the employee retention credit and, accordingly, no amounts were recorded in 2020.

Due to the evolving nature of the COVID-19 pandemic, the ultimate impact to the Hospital's operating results, including costs that may be incurred in the future and the level of utilization of the Hospital's services and resulting impact on net patient service revenue reported in the future, and its financial condition is presently unknown.

Significant Accounting Policies

The following is a summary of significant accounting policies:

Use of Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, such as collections on accounts receivable for services to patients, valuation of alternative investments, estimated settlements with third-party payors, professional liabilities and pension and postretirement benefit liabilities, and disclosures of contingent assets and liabilities at the date of the consolidated financial statements. Estimates also affect the amounts of revenue and expenses reported during the period. There is at least a reasonable possibility that certain estimates will change by material amounts in the near term.

1. Organization and Basis of Presentation and Significant Accounting Policies (continued)

Cash and Cash Equivalents and Short-term Investments: The Hospital classifies as cash equivalents all highly liquid financial instruments with a maturity of three months or less when purchased, excluding those held in short-term investments and assets limited as to use for funded depreciation and board designated purposes as such holdings are within investment portfolios. A reconciliation of amounts reported on the statements of financial position to the statements of cash flows as of and for the years ended December 31, 2020 and 2019 follows (in thousands):

	2020	2019
Cash and cash equivalents	**$ 647,337**	$ 359,292
Assets limited as to use – funds held under loan agreements: cash and cash equivalents	**10,359**	9,941
Assets limited as to use – funded self-insurance (professional liabilities): cash and cash equivalents	**33,672**	22,069
Assets limited as to use – donor restricted: cash and cash equivalents	**13,685**	13,830
Total cash and cash equivalents and restricted cash and restricted cash equivalents	**$ 705,053**	$ 405,132

Investments that are readily marketable and that are not classified as assets limited as to use are considered short-term investments and are classified as current assets. Short-term investments are used for cash management purposes and consist of cash and cash equivalents, fixed income securities, equity securities, hedge funds and pooled investments held by related parties. At December 31, 2020 and 2019, the Hospital's cash and cash equivalents include money market funds and interest-bearing accounts that are not fully insured by the U.S. government. The Hospital does not hold any money market funds with significant liquidity restrictions that would be required to be excluded from cash equivalents.

Receivables for Patient Care: Patient accounts receivable for which the Hospital receives payment under prospective payment formulae, cost reimbursement or negotiated rates, which cover the majority of patient services, are stated at the estimated net amounts receivable from payors, which are generally less than the established billing rates of the Hospital (see Note 2).

1. Organization and Basis of Presentation and Significant Accounting Policies (continued)

Supplies: Supplies, which are determined on the first-in, first-out method, are stated at the lower of cost or net realizable value. Supplies are used in the provision of patient care and are not held for sale. Supplies are included in other current assets in the accompanying consolidated statements of financial position at December 31, 2020 and 2019.

Investments and Investment Return: All investments are classified as trading investments and, excluding interests in common collective/commingled trusts, alternative investments and pooled investments held by related parties, are carried at fair value determined as described in Note 13. Common collective/commingled trusts and alternative investments are reported in the accompanying consolidated statements of financial position based upon net asset values derived from the application of the equity method of accounting.

Alternative investment interests generally are structured such that the Hospital holds a limited partnership interest or an interest in an investment management company, including hedge funds, private equity funds and private real estate funds. The Hospital's ownership structure does not provide for control over the related investees and the Hospital's financial risk is limited to the carrying amount reported for each investee, in addition to any unfunded capital commitment.

Individual investment holdings within the alternative investments include non-marketable and market-traded debt, equity and real asset securities and interests in other alternative investments. The Hospital may be exposed indirectly to securities lending, short sales of securities and trading in futures and forward contracts, options and other derivative products. Alternative investments often have liquidity restrictions under which the Hospital's capital may be divested only at specified times.

Financial information used by the Hospital to evaluate its alternative investments is provided by the investment manager or general partner and includes fair value valuations (quoted market prices and values determined through other means) of underlying securities and other financial instruments held by the investee, and estimates that require varying degrees of judgment. The financial statements of the investee companies are audited annually by independent auditors, although the timing for reporting the results of such audits for certain investee companies does not coincide with the Hospital's annual financial statement reporting.

1. Organization and Basis of Presentation and Significant Accounting Policies (continued)

Interests in pooled investments with related parties are reported based upon unitized net asset value (see Note 3). Assets held in the Hospital's defined benefit pension plans are carried at fair value (see Note 9).

There is uncertainty in the accounting for alternative investments arising from factors such as lack of active markets (primary and secondary), lack of transparency into underlying holdings and time lags associated with reporting by the investee companies. As a result, there is at least a reasonable possibility that estimates will change in the near term.

Investments received as a gift are recorded at fair value on the date of contribution. All investment transactions are recorded on the dates such trades take place. Realized gains and losses on sales of marketable securities are based on the average cost method. Interest income is recorded as earned. Dividends are recorded on the ex-dividend date. Investment return is included within the performance indicator in the accompanying consolidated statements of operations, unless restricted by donor or by law. Investment return is reported net of external and direct internal investment expenses, such as trustee fees, investment fund manager fees and salaries and related costs for the Hospital's investment management personnel.

Assets Limited as to Use: Assets so classified represent investments whose use is restricted for specific purposes under internal and/or external designation, terms of loan agreements and for self-insured professional liabilities. Assets limited as to use which are internally designated for funded depreciation represent amounts that will be expended in future periods for acquisitions of property, buildings and equipment. Assets limited as to use required to meet current liabilities are reported as current assets.

Beneficial Interest in Net Assets Held by Related Organizations: New York-Presbyterian Fund, Inc. (Fund, Inc.) was incorporated under New York State not-for-profit corporation law to solicit, receive and administer funds to be applied exclusively for charitable, educational and scientific purposes, primarily for the benefit of health care related charitable organizations. The directors of Fund, Inc. consist of persons who have first been elected as members of Foundation, Inc. Fund, Inc. is related to NYPH and a number of other organizations.

The Hospital recognizes its accumulated interest in the net assets held by Fund, Inc. and The New York Weill Cornell Medical Center Fund, Inc. (WCMC Fund) as beneficial interest in net assets held by related organizations in the accompanying consolidated statements of financial position and also recognizes the periodic changes in such interests in the accompanying consolidated statements of changes in net assets.

1. Organization and Basis of Presentation and Significant Accounting Policies (continued)

Related-Party Transactions: The entities comprising the Hospital provide various inter-entity services to their affiliated entities. The services consist of certain financial planning, information systems and telecommunications, general accounting, and other services. Charges for such services are based on the approximate cost to provide the services and are allocated between the entities based on an agreed-upon method which reflects the approximate level of usage by each entity. Such inter-entity charges and all intercompany balances between the entities comprising the Hospital eliminate in consolidation.

Property, Buildings and Equipment: Property, buildings and equipment purchased are initially recorded at cost. Assets acquired through acquisitions of businesses not previously under common control, gifts and bequests are initially recorded at appraised or fair value established at the date of the transaction. The carrying amounts of assets and the related accumulated depreciation are removed from the accounts when such assets are disposed of and any resulting gain or loss is included in operations. Depreciation of buildings, building improvements, and fixed equipment is recorded using the straight-line method over the estimated useful lives of the assets. Depreciation of NYPH movable equipment is recorded using the sum-of-the-years-digits method. Depreciation of the Regional Hospitals' movable equipment is recorded using the straight-line method over the estimated useful lives of the assets. Equipment under finance lease obligations and leasehold improvements are amortized using the straight-line method over the lesser of the estimated useful life of the asset or the lease term. Such amortization is included in depreciation and amortization in the accompanying consolidated statements of operations.

Deferred Financing Costs: Capitalized financing costs are included as a deduction to long-term debt in the accompanying consolidated statements of financial position and are amortized using the effective interest method over the term that the related debt is expected to be outstanding.

Classification of Net Assets: The Hospital separately accounts for and reports net assets with donor restrictions and net assets without donor restrictions. Net assets without donor restrictions are not externally restricted for identified purposes by donors or grantors. Net assets without donor restrictions include resources that the governing board may use for any designated purpose and resources whose use is limited by agreement between the Hospital and an outside party other than the donor or grantor.

1. Organization and Basis of Presentation and Significant Accounting Policies (continued)

Net assets with donor restrictions are those whose use by the Hospital has been limited by donors to a specific time frame or purpose, or have been restricted by donors as permanent endowments to be maintained in perpetuity. When donor restrictions expire, that is, when a time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported as net assets released from restriction.

The Hospital also recognizes governmental grants where commensurate value is not exchanged as contributions when conditions and restrictions are satisfied and reports such amounts within other revenue (see Note 11).

Operating Leases: Scheduled base rent increases under operating leases are recognized as rental expense on a straight-line basis over the lease term (see Note 6).

Program Services: The Hospital's program services consist of providing health care and related services, including graduate medical education. For the year ended December 31, 2020, expenses related to providing these services are summarized as follows (in thousands):

	Health Care and Related Services		Program Support and General Services		
	NYPH	Regional Hospitals	NYPH	Regional Hospitals	Total
Salaries and wages	$ 2,896,836	$ 1,000,537	$ 549,365	$ 186,597	$ 4,633,335
Employee benefits	728,748	292,058	109,683	48,638	1,179,127
Supplies and other expenses	1,959,367	773,029	458,775	113,501	3,304,672
Interest and amortization of deferred financing fees	111,555	7,189	19,527	5,504	143,775
Depreciation and amortization	320,722	60,324	115,472	8,537	505,055
	$ 6,017,228	$ 2,133,137	$ 1,252,822	$ 362,777	$ 9,765,964

1. Organization and Basis of Presentation and Significant Accounting Policies (continued)

For the year ended December 31, 2019, expenses related to providing these services are summarized as follows (in thousands):

	Health Care and Related Services		Program Support and General Services		
	NYPH	Regional Hospitals	NYPH	Regional Hospitals	Total
Salaries and wages	$ 2,653,295	$ 931,817	$ 476,940	$ 176,706	$ 4,238,758
Employee benefits	675,057	267,362	105,927	53,287	1,101,633
Supplies and other expenses	1,638,149	639,870	384,237	107,122	2,769,378
Interest and amortization of deferred financing fees	85,269	7,385	19,454	4,932	117,040
Depreciation and amortization	303,560	59,481	95,243	7,823	466,107
	$ 5,355,330	$ 1,905,915	$ 1,081,801	$ 349,870	$ 8,692,916

The accompanying consolidated financial statements report expense categories that are attributable to more than one health care service or support function. Costs not directly attributable to a function are allocated on a functional basis using internal records and estimates.

The Hospital maintains academic affiliations with two medical colleges: Columbia University Vagelos College of Physicians & Surgeons (Columbia VP&S) and The Joan and Sanford I. Weill Medical College of Cornell University (Weill Cornell Medical College) (collectively, the Schools). Transactions occur on a routine basis between the Hospital and the Schools, based upon arrangements between the parties.

Performance Indicator: The accompanying consolidated statements of operations include (deficiency) excess of revenues over expenses as the performance indicator. Excluded from the performance indicator are permanent transfers of assets to or from related entities, net assets released from restrictions and distributions received for the purchase of fixed assets, and the change in pension and postretirement benefit liabilities to be recognized in future periods. Transactions deemed by management to be ongoing, major or central to the provision of health care services are reported as operating revenues and operating expenses and are included in operating (loss) income. Investment return and certain transactions, which are peripheral or of an infrequent nature, are excluded from operating (loss) income.

1. Organization and Basis of Presentation and Significant Accounting Policies (continued)

Commencing October 2019, the Hospital offered a voluntary retirement option (VRO) to certain eligible employees aged 60 or older with a minimum of 15 years of total service (as defined). The VRO includes enhanced benefits including salary continuation and coverage for certain medical and other benefits. VRO costs incurred in 2020 and 2019 totaled approximately $34.2 million and $35.3 million, respectively, related to severance and other accrued amounts under the VRO.

Tax Status: The majority of the entities comprising the Hospital are Section 501(c)(3) organizations exempt from Federal income taxes on related income under Section 501(a) of the Internal Revenue Code (IRC). These entities are also exempt from New York State income taxes. NYPH, Community Programs, NYP/Queens and NYP/Brooklyn Methodist are exempt from New York City income taxes.

Certain subsidiaries of the Hospital are for-profit entities. Taxable operations and the potential for income taxes from these entities and from unrelated business activities of the tax exempt entities are not significant to the accompanying consolidated financial statements.

Reclassifications: Certain reclassifications have been made to the 2019 amounts previously reported in order to conform to the current year presentation.

Recent Accounting Pronouncements: In June 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update No. (ASU) 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. The main objective of ASU 2016-13 and related ASU updates is to provide financial statement users with more decision-useful information about the expected credit losses on financial instruments and other commitments to extend credit held by a reporting entity at each reporting date. The amendments affect loans, debt securities, trade receivables, net investments in leases, off balance sheet credit exposures, reinsurance receivables, and any other financial assets not excluded from the scope that have the contractual right to receive cash. The amendments in ASU 2016-13 are effective for the Hospital for fiscal years beginning after December 15, 2022. The Hospital is in the process of evaluating the impact of ASU 2016-13 on its consolidated financial statements.

1. Organization and Basis of Presentation and Significant Accounting Policies (continued)

In August 2018, the FASB issued ASU 2018-15, *Intangibles – Goodwill and Other – Internal-Use Software (Subtopic 350-40): Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract*, which aligns the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software (and hosting arrangements that include an internal use software license). The accounting for the service element of a hosting arrangement that is a service contract is not affected by the standard. ASU 2018-15 will require an entity (customer) in a hosting arrangement that is a service contract to follow the guidance in Subtopic 350-40 to determine which implementation costs to capitalize as an asset related to the service contract and which costs to expense. ASU 2018-15 also requires the entity (customer) to expense the capitalized implementation costs of a hosting arrangement that is a service contract over the term of the hosting arrangement, among other provisions. The amendments in ASU 2018-15 are effective for annual reporting periods beginning after December 15, 2020, and interim periods thereafter. Early adoption is permitted. The amendments should be applied either retrospectively or prospectively to all implementation costs incurred after the date of adoption. The Hospital has not completed the process of evaluating the impact of ASU 2018-15 on its consolidated financial statements.

The FASB has amended certain guidance related to various disclosures in ASU 2018-13, *Technical Corrections and Improvements to Financial Instruments – Overall (Subtopic 825-10) – Recognition and Measurement of Financial Assets and Financial Liabilities*, and ASU 2018-14, *Compensation – Retirement Benefits – Defined Benefit Plans – General (Subtopic 715-20) – Disclosure Framework – Changes to the Disclosure Requirements for Defined Benefit Plans.* ASU 2018-13 includes several disclosure changes involving transfers between the fair value levels and other updates related to fair value Level 3 investments. ASU 2018-13 also requires entities that use the practical expedient to measure the fair value of certain investments at their net asset values to disclose (1) the timing of liquidation of an investee's assets and (2) the date when redemption restrictions will lapse, but only if the investee has communicated this information to the entity or announced it publicly. The guidance in ASU 2018-14 requires all sponsors of defined benefit plans to provide certain new disclosures: the weighted-average interest crediting rate for cash balance plans and other plans with promised interest crediting rates and an explanation of the reasons for significant gains and losses related to changes in the benefit obligation for the period. Among other changes, ASU 2018-14 eliminates the required disclosure for all sponsors of defined benefit plans to

1. Organization and Basis of Presentation and Significant Accounting Policies (continued)

disclose the amounts in accumulated other comprehensive income expected to be recognized as components of net periodic benefit cost over the next fiscal year. The updates noted above have effective dates as follows with early adoption permitted: ASU 2018-13: fiscal years beginning after December 15, 2019, adopted by the Hospital in 2020 with no significant impact; and ASU 2018-14: fiscal years ending after December 15, 2021. The Hospital has not completed the process of evaluating the impact of ASU 2018-14 on its consolidated financial statements.

2. Net Patient Service Revenue

Net Patient Service Revenue and Accounts Receivable

Net patient service revenue is reported at the amount that reflects the consideration to which the Hospital expects to be entitled in exchange for providing patient care. These amounts are due from patients, third-party payors (including health insurers and government programs), and others and includes provisions for variable consideration (reductions to revenue) for retroactive revenue adjustments, including adjustments due to the settlement of ongoing and future audits, reviews, and investigations.

The Hospital uses a portfolio approach to account for categories of patient contracts as a collective group rather than recognizing revenue on an individual contract basis. The portfolios primarily consist of major payor classes for inpatient revenue and major types of services provided for outpatient revenue. Based on historical collection trends and other analyses, the Hospital believes that revenue recognized by utilizing the portfolio approach approximates the revenue that would have been recognized if an individual contract approach were used.

The Hospital's initial estimate of the transaction price for services provided to patients is determined by reducing the total standard charges related to the patient services provided by various elements of variable consideration, including contractual adjustments, discounts, implicit price concessions, and other reductions to the Hospital's standard charges. The Hospital determines the transaction price associated with services provided to patients who have third-party payor coverage on the basis of contractual or formula-driven rates for the services rendered. The estimates for contractual allowances and discounts are based on contractual agreements, the Hospital's discount policies and historical experience. For uninsured and under-insured patients who do not qualify for charity care, the Hospital determines the transaction price associated with

2. Net Patient Service Revenue (continued)

services on the basis of charges reduced by implicit price concessions. Implicit price concessions included in the estimate of the transaction price are based on the Hospital's historical collection experience for applicable patient portfolios. Under the Hospital's charity care policy, a patient who has no insurance or is under-insured and is ineligible for any government assistance program has his or her bill reduced to (1) the lesser of charges or the Medicaid diagnostic-related group for inpatient and (2) a discount from Medicaid fee-for-service rates for outpatient. Patients who meet the Hospital's criteria for free care are provided care without charge; such amounts are not reported as revenue.

Generally, the Hospital bills patients and third-party payors several days after the services are performed and/or the patient is discharged. Net patient service revenue is recognized as performance obligations are satisfied. Performance obligations are determined based on the nature of the services provided by the Hospital. Net patient service revenue for performance obligations satisfied over time is recognized based on the estimated expected payment at that point in time. The Hospital believes that this method provides a reasonable depiction of the transfer of services over the term of the performance obligation based on the services needed to satisfy the obligation. Generally, performance obligations satisfied over time relate to patients receiving inpatient acute care services or patients receiving services in the Hospital's outpatient and ambulatory care centers. The Hospital measures the performance obligation from admission into the Hospital or 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 discharge or the completion of the outpatient visit. Substantially all of its performance obligations relate to contracts with a duration of less than one year. Unsatisfied or partially unsatisfied performance obligations primarily relate to inpatient acute care services at the end of the reporting period for patients who remain admitted at that time (in-house patients). The performance obligations for in-house patients are generally completed when the patients are discharged, which for the majority of the Hospital's in-house patients occurs within days or weeks after the end of the reporting period.

2. Net Patient Service Revenue (continued)

Net patient service revenue for the years ended December 31 by payor is as follows (in thousands):

	2020				
	NYPH		Regional Hospitals		Total
Medicare	**$ 1,530,031**	**26%**	**$ 673,668**	**36%**	**$ 2,203,699**
Medicaid	**905,576**	**16**	**373,905**	**20**	**1,279,481**
Commercial carriers and health maintenance organizations	**3,310,465**	**57**	**807,368**	**43**	**4,117,833**
Self-pay	**35,467**	**1**	**16,846**	**1**	**52,313**
	$ 5,781,539	**100%**	**$ 1,871,787**	**100%**	**$ 7,653,326**

	2019				
	NYPH		Regional Hospitals		Total
Medicare	$ 1,678,185	26%	$ 799,861	38%	$ 2,478,046
Medicaid	1,006,518	15	454,005	22	1,460,523
Commercial carriers and health maintenance organizations	3,741,420	58	812,602	39	4,554,022
Self-pay	44,207	1	30,571	1	74,778
	$ 6,470,330	100%	$ 2,097,039	100%	$ 8,567,369

Deductibles, copayments and coinsurance under third-party payment programs which are the patient's responsibility are included within the third-party payors amounts above.

Subsequent changes to the estimate of the transaction price (determined on a portfolio basis when applicable) are generally recorded as adjustments to patient service revenue in the period of the change. Changes in the Hospital's estimates of implicit price concessions, discounts, contractual adjustments or other reductions to expected payments for performance obligations satisfied in prior periods were not significant. Portfolio collection estimates are updated quarterly based on collection trends. Subsequent changes that are determined to be the result of an adverse change in the patient's ability to pay (determined on a portfolio basis when applicable) are recorded as bad debt expense. Bad debt expense for the years ended December 31, 2020 and 2019 was not significant.

2. Net Patient Service Revenue (continued)

At December 31, accounts receivable is comprised of the following components (in thousands):

	2020	2019
Patient receivables	**$ 826,183**	$ 1,031,124
Contract assets	**73,488**	79,344
	$ 899,671	$ 1,110,468

Contract assets are related to in-house patients who were provided services during the reporting period but were not discharged as of the reporting date and for which the Hospital may not have the right to bill.

Third-Party Payment Programs

The Hospital has agreements with third-party payors that provide for payment for services rendered at amounts different from its established rates. A summary of the payment arrangements with major third-party payors follows:

Medicare: Hospitals are paid for most Medicare patient services under national prospective payment systems and other methodologies of the Medicare program for certain other services. Federal regulations provide for adjustments to current and prior years' payment rates, based on industry-wide and Hospital-specific data.

Non-Medicare: In New York State, hospitals and all non-Medicare payors (including Medicare and Medicaid managed care plans), except Medicaid, workers' compensation and no-fault insurance programs, negotiate hospitals' payment rates. If negotiated rates are not established, payors are billed at hospitals' established charges. Medicaid, workers' compensation and no-fault payors pay hospital rates promulgated by the New York State Department of Health (DOH). Payments to hospitals for Medicaid, workers' compensation and no-fault inpatient services are based on a statewide prospective payment system, with retroactive and/or prospective adjustments. Outpatient services also are paid based on a statewide prospective system. Medicaid rate methodologies are subject to approval at the Federal level by the Centers for Medicare and Medicaid Services (CMS), which may routinely request information about such methodologies prior to approval. Revenue related to specific rate components that have not been approved by CMS is not recognized until the Hospital is reasonably assured that such amounts are realizable. Adjustments to the current and prior years' payment rates for those payors will continue to be made in future years.

2. Net Patient Service Revenue (continued)

The Hospital has established estimates, based on information presently available, of amounts due to or from Medicare and non-Medicare payors for adjustments to current and prior years' payment rates, based on industry-wide and Hospital-specific data. Medicare cost reports, which serve as the basis for final settlement with the Medicare program, have been audited by the Medicare fiscal intermediary and settled through 2001 and years 2005, 2006, 2014 and 2015 for NYPH and for various years ranging from 2008 to 2017 for the Regional Hospitals, although revisions to final settlements or other retroactive changes could be made. Other years and various issues remain open for Medicare audit and settlement, as are numerous issues related to the New York State Medicaid program for prior years. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount when open years are settled, audits are completed and additional information is obtained. Settlements with third-party payors for cost report filings and retroactive adjustments due to ongoing and future 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 Hospital's historical settlement activity (for example, cost report final settlements or repayments related to recovery audits), 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. Such estimates are determined through either a probability-weighted estimate or an estimate of the most likely amount, depending on the circumstances related to a given estimated settlement item. 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. For the years ended December 31, 2020 and 2019, the net effect of the Hospital's revisions to prior year estimates resulted in net patient service revenue increasing by approximately $35.8 million and $64.0 million, respectively.

The current Medicaid, Medicare and other third-party payor programs are based upon extremely complex laws and regulations that are subject to interpretation. Non-compliance with such laws and regulations could result in fines, penalties and exclusion from such programs. The Hospital is not aware of any allegations of non-compliance that could have a material adverse effect on the accompanying consolidated financial statements and believes that it is in compliance with all applicable laws and regulations, except for the matter disclosed in Note 12.

2. Net Patient Service Revenue (continued)

There are various proposals at the federal and state levels that could, among other things, significantly reduce payment rates or modify payment methods. The ultimate outcome of these proposals and other market changes, including the potential effects of or revisions to health care reform that has been or will be enacted by the federal and state governments, cannot be determined presently. Future changes in the Medicare and Medicaid programs and any reduction of funding could have an adverse impact on the Hospital. Additionally, certain payors' payment rates for various years have been appealed by the Hospital. If the appeals are successful, additional income applicable to those years could be realized.

The Hospital grants credit without collateral to its patients, most of whom are insured under third-party payor agreements. Significant concentrations of patient accounts receivable at December 31, 2020 and 2019 are as follows:

	2020	2019
Medicare	**26%**	30%
Medicaid	**22**	20
Commercial carriers and health maintenance organizations	**46**	43
Self-pay patients	**6**	7
	100%	100%

Uncompensated Care and Community Benefit Expense

The Hospital's Division of Community and Population Health (the CPH Division) collaborates with community, hospital, and academic organizations to improve the health and well-being of children, adolescents, and adults in the communities served by the Hospital.

The CPH Division conducts a comprehensive community needs assessment every three years to enhance management and staff's understanding of the health and social needs of the communities served by the Hospital. Based on the results, the Hospital creates a community service plan outlining health priorities to address the approach to each priority. The Hospital collaborates with community members and entities to decrease local health disparities through population health initiatives, care provider training, scholarship, and research that are collaboratively developed, executed, assessed, and maintained.

2. Net Patient Service Revenue (continued)

The Hospital's commitment to community service is evidenced by services provided to special populations such as minorities, the elderly, persons with disabilities, the mentally ill, persons with AIDS and poor persons (Special Populations) and benefits provided to the broader community. Services provided to such Special Populations include services provided to persons who cannot afford health care because of inadequate resources and who are uninsured or underinsured.

The Hospital provides quality medical care regardless of race, creed, sex, sexual orientation, national origin, handicap, age or ability to pay. Although payment for services rendered is critical to the operations and financial stability of the Hospital, the Hospital recognizes that not all individuals have the ability to pay for medically necessary services and, furthermore, the Hospital's mission is to serve the community with respect to health care. Therefore, in keeping with the Hospital's commitment to serve members of the community, the Hospital provides uncompensated care through: medical care to the indigent for free or at discounted prices (charity care/financial aid) and care to persons covered by governmental programs that pay the Hospital less than the full cost of services provided.

In addition, the Hospital provides significant community benefit activities which include, among others impacted by social determinants of health: wellness programs, community education and health literacy programs, behavioral health clinical services, childhood and adolescent obesity programs, prenatal care, weight management and nutrition education, HIV counseling, testing and comprehensive services, other health screenings and a broad variety of community support services, health professionals' education, school based programs, and subsidized health services.

The Hospital believes it is important to quantify comprehensively the benefits it provides to the community, which is an area of emphasis for not-for-profit health care providers. The costs of uncompensated care and community benefit activities are derived from various Hospital records. Amounts for activities as reported below are based on estimated and actual data, subject to changes in estimates upon the finalization of the Hospital's annual cost reports and other government filings. The amounts reported below are calculated in accordance with guidelines prescribed by the IRS; 2019 estimates have been updated to reflect reported amounts. The net cost of charity care includes the direct and indirect cost of providing charity care services, offset by revenues received from indigent care pools and other subsidies. The cost is estimated by utilizing a ratio of cost to gross charges applied to the gross uncompensated charges associated with providing charity care. Funds received to offset implicit price concessions and charity services totaled approximately $62.2 million and $68.0 million for the years ended December 31, 2020 and 2019, respectively,

2. Net Patient Service Revenue (continued)

including approximately $60.9 million and $66.8 million, respectively, from the Indigent Care Pool under the New York State Medicaid program. The charity care component of the Indigent Care Pool payments (approximately 59% for 2020 and 2019) is estimated utilizing a ratio of charity care charges to total charity care and bad debt charges applied to the indigent care pool payment.

Net costs related to uncompensated care and community benefit activities are summarized for the years ended December 31, 2020 and 2019 as follows (in thousands):

	2020	2019
Charity care – net[a]	**$ 75,891**	$ 72,125
Means-tested programs[b]	**614,429**	581,518
Other community benefits[c][d]	**727,139**	687,438
Total charity care and other community benefits	**$ 1,417,459**	$ 1,341,081

Charity care, at cost, and means-tested programs include the following (and exclude losses incurred on providing services to Medicare patients):

[a] *Charity Care:* As part of its charity care and financial aid policy, the Hospital obtains and uses additional financial information for uninsured or under-insured patients who have not supplied the requisite information to qualify for charity care. The additional information obtained is used by the Hospital to determine whether to qualify patients for charity care and/or financial aid in accordance with the Hospital's policies.

The Hospital makes available free care programs for qualifying patients under its charity care and financial aid policy. During the registration, billing and collection process, a patient's eligibility for free care funds is determined. For patients who do not receive free care and who are determined to be eligible for charity care in the form of discounted medical services under the Hospital's charity care and financial aid policy, care given but not paid for is classified as charity care. Amounts related to patients who were determined by the Hospital to have the ability to pay but did not represent implicit price concessions and are not classified as charity care. Distinguishing between charity care and implicit price concessions is difficult, in part because services are often rendered prior to the Hospital's full evaluation of a patient's ability to pay. Implicit price concessions were approximately $161.7 million and $155.6 million in 2020 and 2019, respectively.

2. Net Patient Service Revenue (continued)

Annually, the Hospital accrues for potential losses that meet the definition of charity care (including free and discounted medical care) allowances.

(b) *Means-Tested Programs:* Community benefits include losses incurred in providing services to patients who participate in certain public health programs such as Medicaid. Payments received by the Hospital for patient services provided to Medicaid program participants are less than the actual cost of providing such services. Therefore, to the extent Medicaid payments are less than the cost of care provided to Medicaid patients, the uncompensated cost of that care is considered to be a community benefit.

Other community benefits include the following:

(c) *Community Health Improvement Services and Community Benefit Operations:* The Hospital is committed to serving the vast array of neighborhoods comprising its service area and recognizes the importance of preserving a local community focus to effectively meet community need. The Hospital adheres to a single standard for assessing and meeting community need, while retaining a geographically focused approach for soliciting community participation and involvement and providing community outreach.

The Hospital has fostered continued community participation and outreach activities through linkages with numerous community-based groups. Community health improvement services and related operations include clinical services, screening and exams, and other education or support services in areas such as the following: asthma, behavioral health, cancer, children's health, community-based outreach and health education, digestive diseases, emergency services/emergency preparedness, heart disease, HIV/AIDS, neuroscience, vascular disease and women's health (a complete description of each service can be found in the Hospital's annual community service plan). The net cost of such services is accumulated based on actual expenditures plus estimates using the Hospital's cost to charge ratio and related standard charges associated with the services, offset by payments received.

(d) *Health Professional Education:* Helping to prepare future health care professionals is a distinguishing characteristic of major academic not-for-profit teaching hospitals and constitutes a significant community benefit. The Hospital has world renowned residency program and trains approximately 1,800 residents each year in all clinical programs (the programs are in two medical schools and cover approximately 174 accredited graduate

2. Net Patient Service Revenue (continued)

medical education programs). The Hospital is committed to offering quality graduate medical education programs as part of its education mission. The estimated cost of health professional education consists primarily of personnel costs provided to graduate staff, offset by amounts received from CMS and the DOH for medical education programs.

3. Investments, Assets Limited as to Use and Liquidity

The Hospital's investments are either separately invested or held on a pooled basis with related parties. Hudson East River Systems, LLC (HERS) was formed to receive, hold, and manage the investments of certain related organizations in a unitized structure. Fund Inc., NYPH and the Regional Hospitals maintain members capital accounts with HERS. Each entity's member capital account for HERS is tracked for various strategic pools of investments. Each entity is allocated income from investments on a monthly basis based on the underlying fair values and net asset values of the invested securities and their individual unitized capital interest. The Hospital recognizes in its consolidated statements of financial position only the unitized portion of the HERS assets attributable to the Hospital's member capital accounts. The HERS assets attributable to the Hospital, consisting of separate member capital accounts for NYPH, NYP/Hudson Valley, NYP/Queens and NYP/Brooklyn Methodist, represented approximately 75% and 71% of the total HERS portfolio at December 31, 2020 and 2019, respectively; the composition of the HERS investment portfolio asset allocation is provided in this Note.

The composition and reported value of short-term investments at December 31, 2020 and 2019 consist of the following (in thousands):

	2020	**2019**
Investments held by the Hospital:		
Marketable securities, carried at fair value	**$ 523,711**	$ 408,860
Hedge funds, accounted for using the equity method	**1,434**	4,969
Total investments held by the Hospital	**525,145**	413,829
Unitized investments held by HERS, accounted for using the equity method	**2,640,548**	1,814,342
Pooled investments held by Fund, Inc. on behalf of NYP/Queens, accounted for using the equity method	**5,723**	4,347
Total short-term investments	**$ 3,171,416**	$ 2,232,518

3. Investments, Assets Limited as to Use and Liquidity (continued)

The composition and reported value of assets limited as to use, which excludes the beneficial interest in net assets held by related organizations (see Note 7), at December 31, 2020 and 2019 consist of the following (in thousands):

	2020	2019
Investments accounted for at fair value:		
Marketable securities, carried at fair value	**$ 470,985**	$ 344,962
Investments held by captive insurance companies, at allocated fair value	**241,498**	229,822
Total investments accounted for at fair value	**712,483**	574,784
Hospital held investments accounted for using the equity method:		
Common collective equity funds	**33,194**	34,463
Hedge funds	**326**	1,290
Private equity	**2,222**	3,319
Private real assets	**35,280**	41,621
Total Hospital held investments accounted for using the equity method	**71,022**	80,693
Pooled investments held by Fund, Inc. on behalf of NYP/Queens, accounted for using the equity method	**24,560**	24,263
Unitized investments held by HERS, accounted for using the equity method	**4,335,459**	3,411,973
Total investments accounted for using the equity method	**4,431,041**	3,516,929
Total assets limited as to use	**5,143,524**	4,091,713
Less current portion	**70,125**	63,415
Assets limited as to use – noncurrent	**$ 5,073,399**	$ 4,028,298

3. Investments, Assets Limited as to Use and Liquidity (continued)

The asset allocation of the HERS investment portfolio and unfunded commitments and liquidity restrictions of certain alternative investments held by HERS at December 31, 2020 are as follows (in thousands):

Description of Investment	Asset Allocation	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Cash and cash equivalents	**4%**			
Fixed income securities:				
U.S. government bonds and notes	**11**			
Mortgage and asset-backed	**10**			
Corporate	**9**			
Equities:				
U.S. equities	**4**			
Non-U.S. equities	**3**			
Real asset investments	**1**			
Common collective equity funds	**22**	**$ –**	**Daily to annually**	**3 to 90 days**
Hedge funds	**14**	**–**	**Monthly to annually**	**30 to 180 days**
Private equity	**15**	**899,267**	*****	*****
Private real assets	**7**	**579,673**	*****	*****
	100%	**$ 1,478,940**		

3. Investments, Assets Limited as to Use and Liquidity (continued)

The asset allocation of HERS and the unfunded commitments and liquidity restrictions of alternative investments held by HERS at December 31, 2019 are as follows (in thousands):

Description of Investment	Asset Allocation	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Cash and cash equivalents	8%			
Fixed income securities:				
U.S. government bonds and notes	14			
Mortgage and asset-backed	7			
Corporate	7			
Equities:				
U.S. equities	4			
Non-U.S. equities	3			
Real asset investments	1			
Common collective equity funds	21	$ –	Daily to annually	3 to 90 days
Hedge funds	14	–	Monthly to annually	30 to 180 days
Private equity	15	661,602	*	*
Private real assets	6	546,931	*	*
	100%	$ 1,208,533		

* HERS' liquidity restrictions range from several months to ten years for certain private equity and real asset investments. Liquidity restrictions may apply to all or portions of a particular invested amount.

3. Investments, Assets Limited as to Use and Liquidity (continued)

Assets limited as to use at December 31, 2020 and 2019 are limited to the following (in thousands):

	2020	2019
Board designated funds – capital expenditures	**$ 2,984,826**	$ 2,064,362
Funded depreciation	**1,673,137**	1,550,585
Investments held by captive insurance companies	**241,498**	229,822
Funds held under loan agreements	**80,796**	81,031
Funded self-insurance	**50,704**	38,895
Board designated funds – other	**41,159**	54,670
Donor restricted	**38,210**	37,885
Employee benefit funds	**33,194**	34,463
	$ 5,143,524	$ 4,091,713

Funds held under loan agreements at December 31, 2020 and 2019 are for the following purposes (in thousands):

	2020	2019
Mortgage reserve funds	**$ 71,964**	$ 69,756
Escrow fund	**631**	656
Capital reserve fund	**3,642**	3,596
Debt service fund	**4,559**	7,023
	$ 80,796	$ 81,031

Investment return, net related to net assets without donor restrictions for the years ended December 31, 2020 and 2019 consisted of the following (in thousands):

	2020	2019
Change in interest in unitized investments held by HERS	**$ 420,521**	$ 422,790
Net change in unrealized gains and losses	**19,811**	54,811
Interest and dividend income	**17,634**	37,668
Equity in earnings of common collective/commingled trusts and alternative investment companies and investment return of captive insurance companies	**16,302**	70,259
Change in interest in pooled investments held by Fund, Inc. on behalf of NYP/Queens	**1,635**	1,458
Net realized gains and losses on sales of investments	**1,039**	18,223
Total	**$ 476,942**	$ 605,209

3. Investments, Assets Limited as to Use and Liquidity (continued)

The table below presents financial assets and liquidity resources available for general expenditures within one year at December 31 (in thousands):

	2020	2019
Financial assets as reported on the accompanying consolidated statements of financial position:		
Cash and cash equivalents	**$ 647,337**	$ 359,292
Short-term investments	**3,171,416**	2,232,518
Patient accounts receivable – net	**899,671**	1,110,468
Assets limited as to use	**5,143,524**	4,091,713
Total financial assets as reported on the accompanying consolidated statements of financial position	**9,861,948**	7,793,991
Liquidity resources:		
Line of credit availability	**600,000**	350,000
Total financial assets and liquidity resources	**10,461,948**	8,143,991
Less amounts not available to be used for general expenditures within one year:		
Assets limited as to use	**5,143,524**	4,091,713
Financial assets available to be used for general expenditures within one year	**$ 5,318,424**	$ 4,052,278

The Hospital has assets limited as to use which are not available for general expenditure within one year in the normal course of operations. Accordingly, these assets have not been included in the total for financial assets to meet general expenditures within one year.

4. Property, Buildings and Equipment

A summary of property, buildings and equipment at December 31, 2020 and 2019 follows (in thousands):

	2020	2019
Land and land improvements	**$ 238,792**	$ 238,475
Buildings, building improvements and fixed equipment	**5,352,016**	5,098,052
Movable equipment	**1,846,932**	1,480,068
Leasehold improvements	**390,096**	371,245
	7,827,836	7,187,840
Less accumulated depreciation and amortization	**3,280,271**	3,000,910
	4,547,565	4,186,930
Construction-in-progress	**650,076**	771,206
	$ 5,197,641	$ 4,958,136

During 2020 and 2019, the Hospital wrote off approximately $225.7 million and $219.7 million of fully depreciated assets, respectively.

Substantially all property, buildings and equipment have been pledged as collateral under various debt agreements (see Note 5).

At December 31, 2020 and 2019, assets recorded in connection with finance leases aggregated approximately $223.6 million and $234.9 million, respectively, with accumulated amortization aggregating approximately $160.4 million and $153.1 million, respectively.

The Hospital leases certain buildings from Royal Charter Properties – Westchester, Inc., a related entity (see Note 10).

The Hospital is in the process of constructing a significant capital project. The total expected cost of the project is approximately $508.7 million. As of December 31, 2020, contracts of approximately $422.6 million exist for the projects of which the remaining unrecorded commitment is approximately $86.1 million.

4. Property, Buildings and Equipment (continued)

In October 2017, the Hospital entered into a software licensing and hosting contract with Epic Systems Corporation for their integrated electronic medical records and revenue cycle solution. The new system has been a multiyear installation across the Hospital's various campuses, with the initial campus implementation finalized February 1, 2020 and the remaining campuses scheduled to be completed in 2021. The capital expenditures incurred to date by the Hospital total approximately $149.3 million, with a remaining unrecorded commitment of approximately $138.7 million for the Hospital.

5. Long-Term Debt

A summary of long-term debt at December 31, 2020 and 2019 follows (in thousands):

	2020	2019
The New York and Presbyterian Hospital taxable bonds, Series 2020[a]	**$ 750,000**	$ –
The New York and Presbyterian Hospital taxable bonds, Series 2019[b]	**500,000**	500,000
The New York and Presbyterian Hospital taxable bonds, Series 2016[c]	**850,000**	850,000
The New York and Presbyterian Hospital taxable bonds, Series 2015[d]	**750,000**	750,000
FHA Section 242 insured mortgage loan – 1998[e]	**115,450**	137,811
FHA Section 241 insured mortgage loan – 2007[f]	**187,986**	198,404
Secured hospital revenue refunding bonds – 2011 – Lower Manhattan Campus[g]	**8,555**	12,515
FHA Section 241 insured mortgage loan – 2013[h]	**407,193**	421,859
Term loan payable[i]	**11,659**	13,884
FHA Section 241 insured mortgage loan – 1999 – NYP/Queens[j]	**–**	23,728
Build NYC Resource Corporation 2014 Revenue Refunding Bonds, Series 2014 – Methodist[k]	**–**	22,860
Leasehold condominium note payable[l]	**279,653**	278,553
Line of credit[m]	**200,000**	–
Finance leases[n]	**180,150**	106,939
	4,240,646	3,316,553
Add unamortized fair value adjustment related to acquisitions and unamortized bond premium	**45**	2,005
Less deferred financing costs – net of accumulated amortization	**52,921**	52,401
Less current portion – net of current deferred financing costs	**92,282**	86,165
Long-term portion	**$ 4,095,488**	$ 3,179,992

5. Long-Term Debt (continued)

(a) *The New York and Presbyterian Hospital Taxable Bonds, Series 2020:* In August 2020, NYPH issued $750.0 million in unsecured, taxable bonds. The bonds have three separate final maturity dates: $150.0 million due August 1, 2030, $300.0 million due August 1, 2040, and $300.0 million due August 1, 2060, and bear interest payable semi-annually at approximate fixed rates of 1.7%, 2.3%, and 2.6%, respectively. NYPH is the only member of the obligated group for this debt. NYPH incurred approximately $5.2 million of financing costs in 2020 in connection with the issuance of the bonds that will be amortized over the life of the bonds using the effective interest method. Bond proceeds that have not been expended are included in assets limited as to use as Board designated funds. The proceeds of the Series 2020 bonds may be used for eligible corporate purposes of NYPH and its affiliates.

(b) *The New York and Presbyterian Hospital Taxable Bonds, Series 2019:* In October 2019, NYPH issued $500.0 million in unsecured, taxable bonds. The bonds bear interest at a fixed rate of 3.95%, payable semi-annually. The bonds have a final maturity date of August 1, 2119, at which time the full principal balance is due. NYPH is the only member of the obligated group for this debt. NYPH incurred approximately $5.8 million of financing costs in 2019 in connection with the issuance of the bonds that will be amortized over the life of the bonds using the effective interest method. Bond proceeds that have not been expended are included in assets limited as to use as Board designated funds. The proceeds of the Series 2019 bonds may be used for eligible corporate purposes of NYPH and its affiliates.

(c) *The New York and Presbyterian Hospital Taxable Bonds, Series 2016:* In June 2016, NYPH issued $850.0 million in unsecured, taxable bonds. The bonds have three separate final maturity dates, $250.0 million due August 1, 2036, $350.0 million due August 1, 2056, and $250.0 million due August 1, 2116, and bear interest payable semi-annually at approximate fixed rates of 3.6%, 4.1% and 4.8%, respectively. NYPH is the only member of the obligated group for this debt. Bond proceeds that have not been expended are included in assets limited as to use as Board designated funds. The proceeds of the Series 2016 bonds may be used for eligible corporate purposes of NYPH and its affiliates, which have included the following: (a) making a loan to NYP/Hudson Valley to refinance its then outstanding 1993 and 2007 U.S. Department of Housing and Urban Development Federal Housing Agency (FHA) insured mortgage loans, (b) making a loan to NYP/Queens to refinance its then outstanding 2007 FHA-insured mortgage loan, (c) refinancing then outstanding Westchester County Industrial Development Agency bonds, (d) refinancing

5. Long-Term Debt (continued)

outstanding debt of NYPH and other outstanding debt of certain NYPH affiliates, (e) financing of one or more projects of NYPH and certain NYPH affiliates, and (f) making a loan in 2017 to Methodist for a capital project.

In November 2016, NYPH loaned NYP/Hudson Valley $56.5 million and loaned NYP/Queens $124.9 million from the proceeds of the Series 2016 bonds to finance the repayment of certain of their obligations. In connection with these loans, NYP/Hudson Valley and NYP/Queens issued mortgage loans to NYPH to repay the obligations. The mortgage loans are secured by substantially all of the property, buildings and equipment and the gross receipts of the respective entities. The loans bear interest at a fixed rate of 4.21% and call for monthly payments of interest and principal through 2035.

In January 2017, proceeds from the Series 2016 bonds were used to loan Methodist $327.0 million to finance the design, construction and equipping of the Center for Community Health, an approximately 400,000 square foot ambulatory care facility located in Brooklyn, New York. The loan bears interest at a fixed rate of 4.21% and calls for monthly payments of interest only through January 1, 2020, and monthly payments of interest and principal of approximately $1.7 million through January 1, 2047.

In September 2017 and 2018, proceeds from the Series 2016 Bonds were used to loan NYP/Queens $16.0 million and $39.4 million, respectively, to finance contributions into NYP/Queens' pension plan. In connection with the loans, NYP/Queens issued promissory notes to NYPH. The interest rate on the loans resets annually on December 1 to a variable LIBOR-based rate. In no event shall the rate be less than 1.00% or greater than 4.21%. The loans call for monthly payments of interest through December 1, 2037, with the entire principal amount of each loan due on that date.

The outstanding principal balance and interest payments related to all of the loans to the Regional Hospitals are eliminated in the accompanying consolidated financial statements as of and for the years ended December 31, 2020 and 2019.

(d) *The New York and Presbyterian Hospital Taxable Bonds, Series 2015:* In February 2015, NYPH issued $750.0 million in unsecured, taxable bonds. The bonds bear interest at a fixed rate of 4.02%, payable semi-annually. The bonds have a final maturity date of August 1, 2045, at which time the full principal balance is due. NYPH is the only member of the obligated group for this debt. Bond proceeds that have not been expended are included in assets limited as to use as Board designated funds.

5. Long-Term Debt (continued)

(e) *FHA Section 242 Insured Mortgage Loan – 1998:* In 1998 the Dormitory Authority of the State of New York (DASNY) issued revenue bonds to fund a mortgage loan to NYPH. NYPH's original mortgage agreement with DASNY was insured under the provisions of the FHA Section 242 mortgage insurance program.

During 2005, NYPH received $8.4 million from DASNY in relation to a release of assets held by DASNY in reserve under the mortgage note and recorded the receipts as an increase to NYPH's deferred revenue balance. The deferred revenue was fully amortized as of December 31, 2019.

In August 2009, NYPH completed the final endorsement of the FHA Section 242 Insured Mortgage Loan – 1998. The remaining amortization schedule was finalized with principal and interest payments due through July 1, 2025. The terms of the mortgage were amended and, effective September 1, 2009, interest was to be paid at a fixed annual rate of 5.99% of the unpaid balance until the loan was fully paid. As a result of the final endorsement, DASNY released to NYPH an additional $40.8 million of unused proceeds from the initial mortgage loan and NYPH received approximately $2.9 million from the IRS related to prior years' bond proceeds arbitrage, all used for certain capital projects and as additional equity for the December 2010 transaction (see below). Additionally, the final endorsement resulted in NYPH's debt escrow fund (approximately $12.5 million at final endorsement) being released for partial payment of the debt obligation at various future intervals.

In December 2010, DASNY assigned NYPH's mortgage to Prudential Huntoon Paige Associates, Ltd. (Prudential); the mortgage continued to be FHA-insured. In connection with the assignment of the mortgage, the associated DASNY bonds were defeased and Prudential issued new Government National Mortgage Association bonds to fund the mortgage loan. This transaction resulted in a reduction in the interest rate of the mortgage loan, effective December 15, 2010, to a fixed rate of 4.22% over the remaining term and required NYPH to make an equity contribution of $23.8 million ($15.1 million of the equity contribution was made, with the remaining balance of amounts held in assets limited as to use as part of the final endorsement). The equity contribution was being amortized over the remaining life of the mortgage using the effective interest method and has a balance that is a reduction to long-term debt, net of accumulated amortization, of approximately $2.5 million and $3.7 million at December 31, 2020 and 2019, respectively. The FHA Section 242 mortgage loan was fully repaid in February 2021 and the related collateral for the mortgage will be released.

5. Long-Term Debt (continued)

(f) *FHA Section 241 Insured Mortgage Loan – 2007*: In September 2007, DASNY issued $296.1 million of The New York and Presbyterian Hospital FHA-Insured Mortgage Hospital Revenue Bonds, Series 2007. A portion of the proceeds of the bonds was used to fund a mortgage loan from DASNY to NYPH. The maximum principal amount of $278.5 million incorporated a discount of $5.4 million. The mortgage is insured under the provisions of the FHA Section 241 mortgage insurance program. The mortgage bore interest at a rate of 6.5% through May 31, 2010, and 4.9% through July 31, 2012 (in addition, NYPH paid an incremental rate of 1.6% until final endorsement). On August 7, 2012, NYPH completed final endorsement and the terms of the mortgage were amended and, effective August 1, 2012, interest was paid at a rate of 4.55%. The remaining amortization schedule was finalized, with principal and interest payments through June 1, 2035.

In December 2012, DASNY assigned NYPH's mortgage loan to Prudential; the mortgage continued to be FHA-insured. In connection therewith, the DASNY bonds were refunded and Prudential issued new Government National Mortgage Association securities to fund NYPH's mortgage. This transaction resulted in a reduction in the interest rate on the mortgage loan to a fixed rate of 2.74% over the remaining term of the loan, effective December 13, 2012. All other material terms of the mortgage remained the same. The FHA Section 241 mortgage loan was fully repaid in February 2021 and the related collateral for the mortgage will be released.

(g) *Secured Hospital Revenue Refunding Bonds – 2011:* In March 2011, NewYork-Presbyterian/Lower Manhattan Hospital (NYP/LMH), a campus of NYPH, issued $32.6 million of Secured Hospital Revenue Refunding Bonds – 2011 through DASNY. The bonds bear interest at a fixed interest rate of 5%, payable semi-annually, with a final maturity date of February 15, 2022. NYP/LMH has granted to DASNY, with certain permitted exceptions, a security interest in gross receipts and certain fixtures, furnishings and equipment that secure the payment of the debt. The bonds are further secured by amounts, if required, that would be payable under a service contract between DASNY and the State of New York. In February 2021, the Hospital completed the redemption of the entire outstanding principal amount. The bonds were outstanding in the aggregate principal amount of $8.6 million. Approximately $8.5 million of mortgage and debt service reserve funds and the related collateral were released as part of the transaction.

5. Long-Term Debt (continued)

(h) *FHA Section 241 Insured Mortgage Loan – 2013:* In September 2013, NYPH executed a $500.0 million mortgage note with Prudential. The mortgage note bears interest at a fixed interest rate of 4.5%, payable semi-annually. The loan has a final maturity of September 1, 2038, with principal payable annually. The proceeds of the loan were deposited into a construction escrow account and were used to construct an ambulatory care center and pay related costs (see Note 3).

(i) *Term Loan Payable:* A term loan agreement with an initial principal amount of $25.7 million used for the construction of a three-story surgery and oncology center and a six-room operating suite on the NYP/Lawrence Hospital campus. The loan is payable through 2025 with interest at a fixed rate of 3.4% per annum.

(j) *FHA Section 241 Insured Mortgage Loan – 1999:* In August 1999, Queens entered into a mortgage agreement with DASNY. The mortgage was insured by the FHA under the provisions of the Section 241 mortgage insurance program. The loan was secured by a first mortgage lien on certain real and personal property of NYP/Queens. Effective December 7, 2006, the loan was subject to a fixed interest rate of 5.6%. In 2007, the loan was final endorsed by the FHA, at which time the remaining amortization schedule was finalized with principal payments due through October 2026. In December 2010, the DASNY bonds underlying the loan were defeased and Prudential issued new Government National Mortgage Association securities. In connection with the defeasance, DASNY assigned Queens' mortgage to Prudential; the mortgage continued to be FHA-insured. The transaction resulted in a reduction in the interest rate of the mortgage loan, effective December 2, 2010, to a fixed rate of 4.1% over the remaining term. All other material terms of the mortgage remained the same. The FHA Section 241 mortgage loan was fully repaid in December 2020 using proceeds from a mortgage loan established with NYPH.

(k) *Build NYC Resource Corporation Bonds, Series 2014:* On September 17, 2014, the Build NYC Resource Corporation issued $29.7 million of Tax-Exempt Revenue Refunding Bonds, Series 2014 (The New York Methodist Hospital Project) (the Series 2014 Bonds) on behalf of Methodist with an original issue premium of approximately $3.8 million. The proceeds of the Series 2014 Bonds were lent to Methodist pursuant to a loan agreement and related master trust indenture, among other agreements, under which an obligated

5. Long-Term Debt (continued)

group was formed (Methodist is the only member of the obligated group for this debt). The Series 2014 Bonds have a coupon interest rate of 5.0% and an effective interest cost of 3.65%. The Series 2014 Bonds were advance refunded in December 2020 through an escrow account deposit of $24.2 million, with final redemption of the defeased bonds to occur in July 1, 2024.

(l) *Leasehold Condominium Note Payable:* In June 2017, the Hospital entered into a transaction pursuant to which the Hospital purchased a 30-year leasehold condominium interest (with an option to extend) in approximately 480,000 square feet of space located at 466 Lexington Avenue (the Leasehold Condominium) to consolidate corporate services of the Hospital. To finance the acquisition of the Leasehold Condominium, the Hospital issued to the seller a promissory note in the principal amount of $249.9 million (the Promissory Note) which bears interest at a rate of 7% per annum. Interest payments for the period from July 2017 through December 2018 were deferred. The debt service terms require principal and interest payments in escalating amounts over the life of the note, ranging from $1.5 million to $2.5 million commencing January 2019 through December 2048.

Unpaid interest incurred during the period accrues to the outstanding principal balance on the Promissory Note. Under this arrangement, the amount due will increase to an ultimate principal balance of $283.3 million in December 2023. As of December 31, 2020 and 2019, the balance due includes the original principal amount of the Promissory Note and accrued interest of approximately $29.8 million and $28.7 million, respectively. The Promissory Note is secured by a mortgage granted by the Hospital in its interest in the Leasehold Condominium. In connection with this transaction, the seller/landlord provided the Hospital with a tenant allowance for leasehold improvements of approximately $75.6 million, which is recorded in the accompanying consolidated statements of financial position within other current assets and other noncurrent assets based on the timing of the related cash receipts from the seller/landlord and other noncurrent liabilities for the deferred benefit, to be amortized over the term of the Promissory Note. As of December 31, 2020 and 2019, the accompanying consolidated statements of financial position include $5.6 million as receivable for leasehold improvements in current assets, a $19.2 million receivable recorded in noncurrent assets at a net present value of approximately $4.6 million and $4.0 million, respectively, and noncurrent liabilities totaling approximately $67.2 million and $69.6 million, respectively.

5. Long-Term Debt (continued)

(m) *Lines of Credit:* The Hospital has an unsecured $200.0 million line of credit agreement with a commercial bank available through June 30, 2022. Effective March 27, 2020, the commitment was amended to $350.0 million and the termination date was extended through March 31, 2023. The Hospital borrowed $200.0 million from this line of credit on March 25, 2020, with the balance outstanding at December 31, 2020. Effective April 1, 2021, the termination date was extended through March 31, 2024.

The Hospital has an unsecured $150.0 million line of credit with a second commercial bank available through August 15, 2022. The Hospital borrowed $150.0 million from this line of credit on March 27, 2020 and repaid the balance of $150.0 million in 2020. Effective April 17, 2020, the Hospital entered into an additional unsecured $100.0 million line of credit available through April 16, 2021. The Hospital did not draw on this line of credit in 2020. Effective January 11, 2021, the $100.0 million line of credit was amended to $150.0 million and the termination date was extended through December 30, 2021.

Effective March 30, 2020, the Hospital entered into an unsecured $200.0 million line of credit with a third commercial bank available through March 29, 2021. The Hospital borrowed $200.0 million from this line of credit on March 30, 2020, and repaid the balance of $200.0 million in 2020. Effective March 29, 2021, the $200.0 million line of credit was amended to $300.0 million and the termination date was extended through November 2023.

There were no borrowings on the lines of credit during 2019.

(n) *Finance Leases:* Certain equipment leases are the equivalent of an installment purchase for purposes of financial statement reporting. The lenders hold a first security interest in the financed equipment. The Hospital entered into several finance leases in 2020 and 2019 totaling approximately $113.8 million and $32.4 million, respectively. Interest rates related to the Hospital's outstanding finance lease obligations range from 0.0% to 4.3%.

In connection with the 2020 extinguishments of the Queens and Methodist long-term debt described above, a net loss on extinguishment of approximately $2.2 million was recognized in the accompanying consolidated statement of operations for the year ended December 31, 2020.

5. Long-Term Debt (continued)

Estimated principal payments under long-term debt (reflective of amounts obligated to date) for the next five years and thereafter, excluding the line of credit balance and finance leases, consist of the following (in thousands):

2021	$ 55,848
2022	58,138
2023	55,928
2024	59,219
2025	49,337
Thereafter	3,582,026

Pursuant to the debt agreements, NYPH and the Regional Hospitals are required to maintain certain debt service and other funds, including mortgage reserve funds (see Note 3). In addition, NYPH and the Regional Hospitals are required to maintain certain working capital, debt service coverage and other financial ratios and financial conditions, and to obtain approvals to incur additional debt above specified levels if certain covenant requirements are not met. At December 31, 2020, NYPH was in compliance with the applicable financial covenants except for the long-term debt service coverage ratio as required by the Master Trust Indenture (MTI) related to NYPH's Series 2015, 2016, 2019 and 2020 taxable bonds. The MTI requires that the long-term debt service coverage ratio, as defined and as calculated at the end of each fiscal year, will not be less than 1.10. If the long-term debt service coverage ratio is not met, NYPH is required to retain an independent consultant to make recommendations to increase such long-term debt service coverage ratio in the following fiscal year to the level required or, if in the opinion of the independent consultant the attainment of such level is impracticable, to the highest level attainable. The MTI requires that NYPH retain an independent consultant within 30 days of providing its consolidated financial statements to the master trustee and that the consultant's recommendations be provided within 45 days after being retained. Non-compliance with the long-term debt service coverage ratio does not result in acceleration of the repayment of the debt. As NYPH intends to comply with these remedy provisions, the long-term debt has been classified based on scheduled maturities in the accompanying consolidated statements of financial position.

At December 31, 2019, NYPH, NYP/Queens and Methodist were in compliance with the applicable financial covenants.

5. Long-Term Debt (continued)

The various debt instruments described above are collateralized by substantially all of NYPH's and the Regional Hospitals' property, buildings and equipment and gross receipts derived from operations on an entity-specific basis.

Interest paid under all borrowings for the years ended December 31, 2020 and 2019 aggregated approximately $143.0 million and $110.9 million, respectively.

6. Leases

The Hospital leases certain property and equipment under finance and operating leases. Leases are classified as either finance or operating leases based on the underlying terms of the agreement and certain criteria, such as the term of the lease relative to the useful life of the asset and the total lease payments to be made as compared to the fair value of the asset, amongst other criteria. Finance leases result in an accounting treatment similar to an acquisition of the asset.

For leases with initial terms greater than a year, the Hospital records the related right-of-use assets and liabilities at the present value of the lease payments to be paid over the life of the related lease. The Hospital's leases may include variable lease payments and renewal options. Variable lease payments are excluded from the amounts used to determine the right-of-use assets and liabilities unless the variable lease payments depend on an index or rate or are in substance fixed payments. Lease payments related to periods subject to renewal options are also excluded from the amounts used to determine the right-of-use assets and liabilities unless the Hospital is reasonably certain to exercise the option to extend the lease. The present value of lease payments is calculated by utilizing the discount rate stated in the lease, when readily determinable. For leases for which this rate is not readily available, the Hospital uses a risk-free discount rate determined using a period comparable with that of the lease term. The Hospital separates lease components from non-lease components in contracts when determining its lease payments for its asset classes except for medical equipment. As such, the Hospital does not account for the applicable non-lease components together with the related lease components when determining the right-of-use assets and liabilities.

The Hospital does not record leases with an initial term of less than a year as right-of-use assets and liabilities.

6. Leases (continued)

The following schedule summarizes information related to the lease assets and liabilities as of and for the years ended December 31 (in thousands):

	2020	2019
Lease cost		
Finance lease cost:		
Amortization of right-of-use asset	**$ 31,344**	$ 24,488
Interest on lease liabilities	**3,273**	2,412
Operating lease cost	**85,271**	70,583
Short-term lease cost	**10,949**	1,616
Variable lease cost	**7,658**	6,561
Total lease cost	**$ 138,495**	$ 105,660
Right-of-use assets		
Right-of-use assets – finance leases	**$ 62,574**	$ 80,258
Right-of-use assets – operating leases	**436,880**	398,681
Total right-of-use assets	**$ 499,454**	$ 478,939
Right-of-use liabilities		
Right-of-use liabilities – finance leases	**$ 180,150**	$ 106,939
Right-of-use liabilities – operating leases	**455,190**	416,022
Total right-of-use liabilities	**$ 635,340**	$ 522,961
Other information		
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from finance leases	**$ 10,922**	$ 2,399
Operating cash flows from operating leases	**82,713**	69,832
Financing cash flows from finance leases	**40,636**	24,264
Right-of-use assets obtained in exchange for new finance lease liabilities	**$ 113,847**	$ 32,813
Right-of-use assets obtained in exchange for new operating lease liabilities	**29,298**	42,352
Weighted-average remaining lease term – finance leases	**4.32**	3.96
Weighted-average remaining lease term – operating leases	**9.36**	9.59
Weighted-average discount rate – finance leases	**2.55**	2.84
Weighted-average discount rate – operating leases	**2.54**	2.60

6. Leases (continued)

For finance leases, right-of-use assets are recorded in property, buildings and equipment and lease liabilities are recorded in long-term debt in the accompanying consolidated statements of financial position. For operating leases, right-of-use assets are recorded in operating lease assets and lease liabilities are recorded in operating lease liabilities, current and noncurrent, in the accompanying consolidated statements of financial position.

The following table reconciles the undiscounted lease payments to the lease liabilities recorded in the accompanying consolidated statements of financial position at December 31, 2020 (in thousands):

	Finance Leases	Operating Leases
2021	$ 44,206	$ 70,012
2022	39,875	61,405
2023	30,918	55,410
2024	27,040	51,210
2025	22,460	39,155
Thereafter	25,975	250,227
Total lease payments	190,474	527,419
Less imputed interest	10,324	72,229
Total lease obligation	180,150	455,190
Less current portion	40,270	59,619
Long-term portion	$ 139,880	$ 395,571

Sublease income and contingent rentals for the years ended December 31, 2020 and 2019 were not significant. The Hospital leases certain properties owned by related entities (see Note 10).

7. Beneficial Interest in Net Assets Held by Related Organizations

The Hospital recognizes its accumulated interest in certain net assets held by Fund, Inc. and WCMC Fund, which were as follows at December 31, 2020 and 2019 (in thousands):

	2020	2019
Fund, Inc.:		
Building and equipment replacement	**$ 757,964**	$ 755,204
Specific purpose health care services	**1,097,859**	931,365
Endowment earnings restricted for specific-purpose health care services	**222,290**	217,564
Permanent endowment to be held in perpetuity	**233,944**	226,702
	2,312,057	2,130,835
WCMC Fund:		
Investments held in perpetual trust	**41,939**	39,169
Total beneficial interest in net assets held by related organizations	**2,353,996**	2,170,004
Less current portion	**93,903**	68,510
	$ 2,260,093	$ 2,101,494

Certain net assets that are included in the beneficial interest in net assets held by related organizations represent endowments that have been restricted by donors to be maintained in perpetuity and are held by Fund, Inc. and WCMC Fund on behalf of the Hospital. The Hospital follows the requirements of the New York Prudent Management of Institutional Funds Act (NYPMIFA) as they relate to permanent endowment contributions and net assets.

The Hospital has interpreted NYPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment fund, absent explicit donor stipulations to the contrary. The Hospital classifies as net assets with donor restrictions – permanent endowment the original value of the gifts donated to the permanent endowment and the original value of subsequent gifts to the permanent endowment. Accumulations to the permanent endowment are used in accordance with the direction of the applicable donor gift, such amounts are expended annually.

7. Beneficial Interest in Net Assets Held by Related Organizations (continued)

The Hospital considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (i) the duration and preservation of the fund; (ii) the purposes of the Hospital and the donor-restricted endowment fund; (iii) general economic conditions; (iv) the possible effects of inflation and deflation; (v) where appropriate and circumstances would otherwise warrant, alternatives to expenditure of the endowment fund, giving due consideration to the effect that such alternatives may have on the Hospital; (vi) the expected total return from income and the appreciation of investments; (vii) other resources of the Hospital and (viii) the investment and spending policies of the Hospital. Fund, Inc.'s endowment investment return distribution policy, which applies to the Hospital, allows for expenditures of investment return only, at a rate not to exceed 4.5% of the permanent endowment net asset balance on an annual basis.

The Hospital has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding related to the endowment funds, while seeking to maintain the purchasing power of the funds. To satisfy long-term return objectives, the Hospital relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Hospital employs a long-term equity-oriented strategy of investing in both traditional and alternative asset classes.

7. Beneficial Interest in Net Assets Held by Related Organizations (continued)

Assets held by Fund, Inc. and WCMC Fund for the benefit of the Hospital consist of pledges and investments (at fair value) that represent allocated amounts from Fund, Inc.'s pooled investments portfolio, a significant portion of which is invested in the HERS program, and WCMC Fund's interest in a perpetual trust. These assets are comprised of the following at December 31, 2020 and 2019 (in thousands):

	2020	2019
Fund, Inc. pooled investment portfolio allocation:		
Marketable securities:		
Cash and cash equivalents	**$ 151,740**	$ 289,696
Fixed income:		
U.S. government	**127,173**	179,718
Equities:		
U.S. equities	**61,776**	46,728
Non-U.S. equities	**36,453**	48,474
Common collective/commingled trusts	**553,255**	430,394
Total marketable securities	**930,397**	995,010
Hedge funds	**380,460**	292,799
Private equity	**416,865**	322,260
Private real assets	**242,434**	177,985
Total Fund, Inc. pooled investment portfolio allocation	**1,970,156**	1,788,054
Fund, Inc. pledges receivable – net	**341,901**	342,781
	2,312,057	2,130,835
WCMC Fund:		
Investment held in perpetual trusts	**41,939**	39,169
Total beneficial interests in net assets held by related organizations	**2,353,996**	2,170,004
Less current portion	**93,903**	68,510
	$ 2,260,093	$ 2,101,494

The current portion of beneficial interest in net assets held by related organizations represents amounts the Hospital expects to receive and expend on operations in the subsequent year.

7. Beneficial Interest in Net Assets Held by Related Organizations (continued)

Pledges receivable by Fund, Inc. at December 31, 2020 and 2019 are to be paid as follows (in thousands):

	2020	2019
Less than one year	**$ 120,000**	$ 115,128
One to five years	**143,101**	159,560
Thereafter and bequests	**139,477**	142,200
	402,578	416,888
Allowance for uncollectible pledges and discounts	**(60,677)**	(74,107)
	$ 341,901	$ 342,781

Estimated cash flows from pledges receivable due after one year are discounted using a risk-adjusted rate, ranging from 0.36% to 7.35%.

7. Beneficial Interest in Net Assets Held by Related Organizations (continued)

Changes in the beneficial interest in net assets held by Fund, Inc. and WCMC Fund on the Hospital's behalf are recognized in the Hospital's consolidated statements of changes in net assets for the years ended December 31, 2020 and 2019 and are summarized as follows (in thousands):

	Plant Replacement	Specific Purpose	Endowment Earnings	Permanent Endowment	Total Changes in Beneficial Interest
Year ended December 31, 2020					
Gifts, bequests and similar items	**$ 46,633**	**$ 180,473**	**$ –**	**$ 3,100**	**$ 230,206**
Investment return – net	**41,499**	**67,077**	**9,399**	**6,912**	**124,887**
Net assets released from restrictions for administrative and fundraising costs	**(8,723)**	**(6,259)**	**(4,672)**	**–**	**(19,654)**
Net assets released from restrictions for program expenditures	**(22,074)**	**(73,056)**	**–**	**–**	**(95,130)**
Net assets released from restrictions for distribution to the Hospital for the purchase of fixed assets	**(52,075)**	**(4,241)**	**(1)**	**–**	**(56,317)**
Transfers of donor-related net assets	**(2,500)**	**2,500**	**–**	**–**	**–**
Changes in net assets	**$ 2,760**	**$ 166,494**	**$ 4,726**	**$ 10,012**	**$ 183,992**
Year ended December 31, 2019					
Gifts, bequests and similar items	$ 87,331	$ 82,925	$ –	$ 2,406	$ 172,662
Investment return – net	51,802	75,956	19,848	8,239	155,845
Net assets released from restrictions for administrative and fundraising costs	(9,734)	(6,985)	(5,244)	–	(21,963)
Net assets released from restrictions for program expenditures	(15,272)	(54,214)	(223)	–	(69,709)
Net assets released from restrictions for distribution to the Hospital for the purchase of fixed assets	(84,912)	(4,927)	(27)	–	(89,866)
Transfers of donor-related net assets	17,446	(12,445)	–	(5,001)	–
Changes in net assets	$ 46,661	$ 80,310	$ 14,354	$ 5,644	$ 146,969

8. Insurance

Professional Liability Insurance: In 1978, NYPH, in conjunction with a number of unrelated health care entities, participated in the formation of captive insurance companies (collectively, the Captive) to provide professional liability and general liability insurance to its participants. The premiums are based on a modified claims-made coverage and are actuarially determined based on the actual experience of the Captive, NYPH-specific experience, and estimated current exposure. The Captive has reinsurance coverage from reinsurers for certain amounts above its coverage level per claim limits. The professional liability tower currently provides coverage in excess of $200.0 million to the Hospital.

In January 1996, rights to equity in the Captive were transferred to Fund, Inc. Accordingly, insurance premiums are paid by the Hospital initially to Fund, Inc. (see Note 10).

Effective July 1, 2013, August 1, 2014, February 1, 2015 and December 1, 2015, NYP/LMH, NYP/Lawrence Hospital, NYP/Hudson Valley and NYP/Queens, respectively, became insured by the Captive. Prior to each entity's respective effective date with the Captive, the entities were covered by various self-insured, claims-made and excess insurance policies.

Exposure for claims that occurred prior to and reported after the respective dates of NYP/Lawrence Hospital, NYP/Hudson Valley and NYP/Queens being insured by the Captive is retained by each hospital and will be paid under a deposit program with the Captive (assets totaling $17.4 million and $36.6 million that are on deposit with the Captive at December 31, 2020 and 2019, respectively, are reported within professional liabilities insurance recoveries receivable and related deposits in the accompanying consolidated statements of financial position).

In 1983, Methodist and a number of other health care providers unrelated to Methodist or the Hospital formed Combined Coordinating Council, Inc. of New York (CCCI) to coordinate the access to insurance for professional and comprehensive general liability risks and to serve as a risk management advisor to the providers who participate in CCCI. The shareholders of CCCI are also the shareholders of CCC Insurance Company, Ltd. of Bermuda, a captive insurer formed in 1983, and its subsidiary, CCC Corporation of Barbados, formed in 1987. Through June 30, 2004, the CCCI insurance program provided insurance under a common occurrence-basis structure with reinsurance from outside reinsurers for specified amounts above per-claim limits.

Effective July 1, 2004, CCCI formed CCC Insurance SCC and implemented a "cell captive" structure which replaced the previous coverage structure. Under this program, primary coverage for individual claims for each participating hospital is provided through a commercial insurance carrier on an

8. Insurance (continued)

occurrence basis. The first layer of excess coverage under the program utilizes individual segregated cells for each participating hospital, under which invested assets and insurance-related liabilities are segregated for each participant and there is no shared risk among the entities. In addition to coverage for the participating hospitals' professional liability, the program also includes coverage of voluntary attending physicians' professional liability with premiums paid by the participating physicians.

The Hospital records Methodist's investment under the cell captive structure, the related changes in Methodist's segregated account as reported by CCC Insurance SCC and Methodist's investments in other insurance companies within the CCC insurance group in the accompanying consolidated statements of financial position. At December 31, 2020 and 2019, investments held in the CCC segregated cell totaling approximately $241.5 million and $229.8 million, respectively, are included in assets limited as to use in the accompanying consolidated statements of financial position (see Note 3). Methodist also retains commercial reinsurance above the first excess coverage layer.

Other self-insurance funded amounts are included in assets limited as to use in the accompanying consolidated statements of financial position (see Note 3).

The Hospital's undiscounted estimate for professional liabilities and the estimate for incidents that have been incurred but not reported aggregated approximately $911.3 million and $878.2 million at December 31, 2020 and 2019, respectively, and is included in professional and other insurance liabilities in the accompanying consolidated statements of financial position at the actuarially determined present value of approximately $834.7 million and $802.7 million, respectively, based on a composite discount rate of approximately 3.0% at December 31, 2020 and 2019. The Hospital has recorded related insurance recoveries receivable of approximately $391.9 million and $378.0 million at December 31, 2020 and 2019, respectively. The current portion of professional liabilities and the related insurance recoveries receivable represents an estimate of expected settlements and insurance recoveries over the next 12 months.

The Hospital's estimates for professional liabilities are based upon complex actuarial calculations which utilize factors such as historical claims experience for the Hospital and related industry factors, trending models, estimates for the payment patterns of future claims and present value discount factors. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term (see Note 12). Revisions to estimated amounts resulting from actual experience differing from projected expectations are recorded in the period the information becomes known or when changes are anticipated.

8. Insurance (continued)

Workers' Compensation Insurance: Prior to April 1, 1999, NYPH was self-insured for workers' compensation claims. From April 1, 1999 through March 31, 2019, NYPH purchased insurance through the New York State Insurance Fund in a program that effectively transferred risk from NYPH. At December 31, 2020 and 2019, the estimate for workers' compensation claims and incurred but not reported liabilities pertaining to NYPH under previous programs and liabilities related to the Regional Hospitals totaled approximately $13.3 million and $10.7 million, respectively.

Effective April 1, 2019, the Hospital entered into a workers' compensation insurance program with a commercial insurer which includes a $1.0 million deductible per occurrence, as defined within the policy. At December 31, 2020 and 2019, the estimate for workers' compensation claims and incurred but not reported liabilities under this program is approximately $52.4 million and $22.9 million, respectively.

In connection with the workers' compensation self-insurance programs, the Hospital maintains three letters of credit through banks in the aggregate amount of approximately $27.9 million, which satisfies the collateral deposit requirement.

9. Pension and Similar Benefit Plans

Pension Plans: The Hospital provides pension and similar benefits to its employees through several plans, including various multiemployer plans for union employees (see Note 14), a qualified noncontributory defined benefit plan primarily for eligible non-union employees of NYPH (the Qualified Pension Plan), a nonqualified defined benefit plan for certain NYPH executives (the Nonqualified Pension Plan), a defined benefit retirement plan under a collective bargaining agreement for certain employees of NYP/LMH (the NYP/LMH Pension Plan), a non-contributory defined benefit retirement plan for eligible NYP/Lawrence Hospital employees (the Lawrence Pension Plan), a nonqualified defined benefit plan for certain NYP/Lawrence Hospital executives (the Lawrence Nonqualified Pension Plan), a defined benefit plan for union and nonunion employees of NYP/Queens that was frozen for future benefit accruals in 2003 (the Queens Pension Plan) and a defined benefit plan primarily for eligible non-union employees of Methodist (the Methodist Pension Plan) (these non-multiemployer plans are collectively referred to as the Pension Plans).

The Hospital funds the noncontributory defined benefit plans in accordance with the minimum funding requirements of the Employee Retirement Income Security Act of 1974, as amended (ERISA), plus additional amounts that the Hospital may deem appropriate from time to time.

9. Pension and Similar Benefit Plans (continued)

Amounts contributed to the Pension Plans are based on actuarial valuations. The benefits for participants or their beneficiaries in the Pension Plans sponsored by the Hospital are based on years of service and employees' compensation during their years of employment as applicable to each plan. The Hospital also sponsors several other contributory and non-contributory defined contribution plans.

The Lawrence Pension Plan was amended such that effective after December 31, 2017 benefit accruals for certain participants will be frozen. Non-union participants who were at least age 59 with 10 years of credited service as of December 31, 2017 are grandfathered and will continue to accrue benefits.

Postretirement Benefits: NYPH, NYP/Queens, NYP/Lawrence Hospital and Methodist provide certain health care and life insurance benefits to certain eligible retired non-union employees through several plans (the Postretirement Benefit Plans).

The Hospital recognizes in the accompanying consolidated statements of financial position an asset, for a defined benefit postretirement plan's overfunded status, or a liability, for a plan's underfunded status; measures a defined benefit postretirement plan's assets and obligations that determine funded status as of the end of the fiscal year; and recognizes the periodic change in the funded status of a defined benefit postretirement plan as a component of changes in net assets without donor restrictions in the year in which the change occurs. Amounts that are recognized as a component of changes in net assets without donor restrictions will be subsequently recognized as net periodic pension and postretirement cost.

9. Pension and Similar Benefit Plans (continued)

The reconciliation of the beginning and ending balances of the Pension Plans' aggregated benefit obligation and the fair value of the Pension Plans' assets and of the Postretirement Benefit Plans' aggregated benefit obligation and the fair value of such plans' assets for the years ended December 31, 2020 and 2019 is as follows (in thousands):

	Pension Plans		Postretirement Benefit Plans	
	2020	**2019**	**2020**	**2019**
Benefit obligation				
Benefit obligation at beginning of year	**$ 2,492,963**	$ 2,128,646	**$ 74,327**	$ 68,047
Service cost	**109,256**	89,776	**2,900**	2,606
Interest cost	**79,844**	88,869	**2,151**	2,751
Actuarial losses	**258,967**	284,583	**436**	6,811
Plan amendments	**–**	–	**–**	400
Special termination benefit	**–**	–	**3,671**	–
Settlements paid	**(4,819)**	(3,325)	**–**	–
Effect of curtailments	**532**	–	**–**	(3,255)
Medicare Part D subsidy	**–**	–	**101**	20
Plan participant contributions	**–**	–	**990**	943
Benefits paid	**(117,567)**	(95,586)	**(3,541)**	(3,996)
Benefit obligation at end of year	**2,819,176**	2,492,963	**81,035**	74,327
Fair value of plan assets				
Fair value of plan assets at beginning of year	**2,200,808**	1,919,884	**–**	–
Actual return on plan assets	**104,589**	216,446	**–**	–
Hospital contributions	**10,558**	161,187	**2,551**	3,053
Plan participant contributions	**–**	–	**990**	943
Settlements paid	**(7,328)**	(1,123)	**–**	–
Benefits paid	**(117,567)**	(95,586)	**(3,541)**	(3,996)
Fair value of plan assets at end of year	**2,191,060**	2,200,808	**–**	–
Funded status	**$ (628,116)**	$ (292,155)	**$ (81,035)**	$ (74,327)

The net actuarial losses in 2020 and 2019 primarily relate to changes in the discount rate used to measure the projected benefit obligation.

9. Pension and Similar Benefit Plans (continued)

At December 31, 2020 and 2019, the funded status of the Pension Plans is reported in the accompanying consolidated statements of financial position as follows (in thousands):

	Pension Plans	
	2020	**2019**
Current liability	**$ 18,505**	$ 23,649
Noncurrent liability	**609,611**	268,506
	$ 628,116	$ 292,155

At December 31, 2020 and 2019, the funded status of the Postretirement Benefit Plans is reported in the accompanying consolidated statements of financial position as follows (in thousands):

	Postretirement Benefit Plans	
	2020	**2019**
Current liability	**$ 6,723**	$ 4,761
Noncurrent liability	**74,312**	69,566
	$ 81,035	$ 74,327

Included in other changes in net assets without donor restrictions for the years ended December 31, 2020 and 2019 are the following amounts related to the Pension Plans that have not yet been recognized in net periodic pension cost (in thousands):

	Pension Plans	
	2020	**2019**
Unrecognized prior service cost	**$ 746**	$ 1,460
Unrecognized actuarial losses	**1,087,252**	822,331
	$ 1,087,998	$ 823,791

9. Pension and Similar Benefit Plans (continued)

The change in net assets from pension and postretirement benefit liabilities to be recognized in future periods as reported in the accompanying consolidated statements of operations are decreases in net assets of approximately $264.2 million and $196.0 million for 2020 and 2019, respectively, and represents the combined change in the amounts for the Pension Plans and the Postretirement Benefit Plans.

The prior service cost and actuarial losses included in changes in net assets without donor restrictions at December 31, 2020 that are expected to be recognized in net periodic pension cost during the year ending December 31, 2021 are as follows (in thousands):

	Pension Plans
Unrecognized prior service cost	$ 255
Unrecognized actuarial losses	85,403

The projected benefit obligation, accumulated benefit obligation, and fair value of the plans' assets by type of defined benefit pension plan follow (in thousands):

	December 31, 2020	
	Qualified Pension Plans	Nonqualified Pension Plan
Projected benefit obligation	**$ 2,769,093**	**$ 50,083**
Accumulated benefit obligation	**2,748,255**	**38,794**
Fair value of plans' assets	**2,191,060**	**–**

	December 31, 2019	
	Qualified Pension Plans	Nonqualified Pension Plan
Projected benefit obligation	$ 2,439,994	$ 52,969
Accumulated benefit obligation	2,417,114	41,618
Fair value of plans' assets	2,200,808	–

9. Pension and Similar Benefit Plans (continued)

Weighted-average assumptions used in determining the pension and postretirement benefits obligations as of December 31, 2020 and 2019 were as follows:

	Pension Plans		Postretirement Benefit Plans	
	2020	**2019**	**2020**	**2019**
Discount rates	**2.50–2.75%**	3.25%	**2.00–2.75%**	3.00–3.25%
Rates of compensation increase	**3.00–4.00**	3.00–4.00	**–**	–

Net periodic pension cost for the Pension Plans and net periodic postretirement benefits cost for the Postretirement Benefit Plans for the years ended December 31, 2020 and 2019 consist of the following (in thousands):

	Pension Plans		Postretirement Benefit Plans	
	2020	**2019**	**2020**	**2019**
Service cost	**$ 109,256**	$ 89,776	**$ 2,900**	$ 2,606
Interest cost	**79,844**	88,869	**2,151**	2,751
Expected return on plan assets	**(162,057)**	(154,935)	**–**	–
Net amortization of prior service cost	**714**	718	**(648)**	(533)
Recognized actuarial loss	**53,472**	29,195	**934**	781
Recognized actuarial loss (gain) due to curtailment	**532**	–	**–**	(1,561)
Recognized actuarial loss due to settlement	**717**	176	**–**	–
Recognized actuarial loss due to special termination benefits	–	–	**3,671**	–
Net periodic pension cost and postretirement benefits cost	**$ 82,478**	$ 53,799	**$ 9,008**	$ 4,044

9. Pension and Similar Benefit Plans (continued)

Weighted-average assumptions used in determining the net periodic pension and postretirement benefits cost for the years ended December 31, 2020 and 2019 were as follows:

	Pension Plans		Postretirement Benefit Plans	
	2020	**2019**	**2020**	**2019**
Discount rates	**3.25%**	4.25%	**3.00–3.25%**	4.00–4.25%
Expected rates of return on plan assets	**7.25–7.50**	7.25–7.50	**–**	–
Rates of compensation	**3.00–4.00**	3.50–4.00	**–**	–

The overall expected long-term rate of return on assets of the Pension Plans is based on the historical returns of each asset class weighted by the target asset allocation. The target asset allocation has been selected consistent with the Hospital's desired risk and return characteristics. The Hospital reviews the expected long-term rate periodically and, based on the building block approach, updates the rate for changes in the marketplace. The market conditions in 2020 and 2019 and changes in the pension asset allocations were considered in the Hospital's evaluation of the expected long-term rate of return assumption.

The measurement date used to determine the pension and postretirement benefits measurements is December 31.

Plan Assets: The overall objectives of the investment policies are to produce an asset allocation that will generate return annually in order to meet the expense and income needs and provide for sufficient annual asset growth. Funds are invested with a long-term (five years or greater) return objective.

9. Pension and Similar Benefit Plans (continued)

The investment policies include the following strategic asset allocation guideline targets:

Asset Category	NYPH Master Trust Investment Pool[1]
Equities	32%
Hedge Funds	19
Private Equity	18
Fixed Income	7
Natural Resources	7
Real Estate	6
Opportunistic Credit	7
Uncorrelated Alpha	3
Infrastructure	1

[1] At December 31, 2020, the qualified defined pension plans of NYPH, NYP/Queens, NYP/Lawrence Hospital, Methodist and NYP/LMH participate in the NYPH Master Trust.

The policy target percentages are reevaluated at least quarterly. Investment performance is reviewed quarterly with performance results and benchmarks.

Assets invested for the Pension Plans are carried at fair value. Fixed income and equity securities and real assets with readily determinable values are carried at fair value as determined based on independent published sources. Alternative investments are stated at fair value, as estimated in an unquoted market. Fair value for alternative investments is determined for each investment using net asset values as a practical expedient, as permitted by U.S. generally accepted accounting principles, rather than using another valuation method to independently estimate fair value.

The composition and reported value of the Pension Plans' assets at December 31, 2020 and 2019 are disclosed in Note 13.

The Hospital expects to contribute $5.0 million to the Pension Plans in 2021.

9. Pension and Similar Benefit Plans (continued)

The Hospital expects to pay the following benefit payments, which reflect expected future service as appropriate (in thousands):

	Pension Plans
Year:	
2021	$ 142,374
2022	139,957
2023	147,309
2024	165,013
2025	161,067
2026 to 2030	811,360

10. Related Organizations

Fund, Inc. is an affiliated not-for-profit public charity whose revenue is derived from soliciting, receiving, investing and administering funds. Royal Charter Properties, Inc. (RCP, Inc.), Royal Charter Properties-East, Inc. (RCP-East) and Royal Charter Properties-Westchester, Inc. (RCP-West) are affiliated not-for-profit support corporations that derive revenue from acquiring and holding direct and indirect interests in real estate and related personal property, which are primarily used to provide residential housing, office space and parking to NYPH and its employees based on the market value of such services. RCP, Inc., RCP-East and RCP-West provide services primarily to or for the benefit of NYPH.

Amounts received by NYPH from or amounts contributed by NYPH to related support organizations, reflected in other revenue in the accompanying consolidated statements of operations for the years ended December 31, 2020 and 2019, are as follows (see Note 11) (in thousands):

	2020	2019
Distributions from (payments to) NYPH according to organization's bylaws:		
RCP, Inc.	**$ 7,130**	$ 6,760
RCP-East	**31,198**	32,054
RCP-West	**(52)**	(64)
	$ 38,276	$ 38,750

10. Related Organizations (continued)

Fund, Inc. also pays certain program related costs on behalf of NYPH (see Note 7). Fund, Inc. paid approximately $11.2 million and $13.2 million related to malpractice and postretirement costs incurred by NYPH for the years ended December 31, 2020 and 2019, respectively, and approximately $3.5 million in 2019 for Regional Hospital Medical Group expansion activities. Other distributions made by Fund, Inc. to NYPH include approximately $62.1 million and $91.9 million in 2020 and 2019, respectively, for the purchase of fixed assets.

Services provided to NYPH by related entities for the years ended December 31, 2020 and 2019 are as follows (in thousands):

	2020	2019
Fund, Inc. – insurance	**$ 70,506**	$ 64,075
RCP, Inc. – rentals (net)	**4,653**	4,424
RCP-East – rentals	**9,845**	9,202
RCP-West – rentals	**238**	266
	$ 85,242	$ 77,967

In connection with a financing initially completed by RCP, Inc. in 2001 for the renovation and improvement of a parking garage facility, NYPH entered into a noncancelable lease with RCP, Inc., for a period not longer than 29 years, whereby NYPH will lease 50% of the parking spaces at an amount sufficient to cover the debt service on the financing.

In connection with the financing completed by RCP-East in 1998, NYPH entered into a lease through April 2035, whereby NYPH is required to pay a fixed rent in the event that RCP-East does not meet certain covenants.

NYPH received income distributions of $15.0 million and $17.5 million in 2020 and 2019, respectively, from Weill Cornell Imaging at New York-Presbyterian, a radiology and imaging joint venture affiliated with NYPH and Weill Cornell Medical College. Additionally, NYPH received an income distribution of $3.5 million in 2019 from ColumbiaDoctors/NewYork-Presbyterian Imaging, a radiology and imaging joint venture affiliated with NYPH and Columbia VP&S.

10. Related Organizations (continued)

The Hospital provides employee and other services to related entities for which the Hospital receives reimbursement, and the costs of providing such services are recorded directly by those entities. Accordingly, such amounts are not included in the accompanying consolidated financial statements of the Hospital. Charges for such services are based on the approximate cost to provide the services and totaled approximately $29.2 million and $24.1 million for the years ended December 31, 2020 and 2019, respectively. The services consist of patient accounting, financial planning, information systems and telecommunications, general accounting, medical supplies, biomedical engineering services, house staff, ambulance services, institutional billings, engineering and other services.

The following net balances are due from (to) related organizations at December 31, 2020 and 2019 (in thousands):

	2020	2019
Fund, Inc.	**$ 42,186**	$ 18,983
RCP, Inc.	**(18,445)**	(13,150)
RCP-East	**7,876**	2,277
RCP-West	**(597)**	(446)
Network Recovery Services, Inc.	**658**	1,477
The Silvercrest Center for Nursing and Rehabilitation	**2,838**	3,107
The Hospital for Special Surgery	**1,942**	1,437
The New York Gracie Square Hospital, Inc. (Gracie)[(a)]	**18,599**	13,243
New York-Presbyterian Healthcare System, Inc.	**(3,818)**	(3,337)
The Rogosin Institute	**1,984**	1,481
	53,223	25,072
Less noncurrent portion included in other noncurrent assets, before valuation allowance	**21,935**	15,265
Due from related organizations – net	**$ 31,288**	$ 9,807

[(a)] During 2020 and 2019, NYPH transferred approximately $17.9 million and $7.2 million, respectively, to Gracie.

The Hospital periodically assesses the collectibility of amounts due from related organizations. The amounts included in other noncurrent assets are adjusted to state the receivables at their estimated net realizable value. The balances due from certain related organizations are provided for through a valuation allowance.

11. Other Revenue

Other revenue consisted of the following for the years ended December 31, 2020 and 2019 (in thousands):

	2020	2019
Grants and contracts	**$ 36,497**	$ 44,019
HHS Provider Relief Fund	**910,882**	–
FEMA Disaster Relief Fund – operating expenses	**39,000**	–
Amounts received from related organizations – net	**53,276**	63,232
Rental of space	**57,781**	57,358
Cafeteria and vending	**9,146**	16,950
Net assets released from restrictions, including changes in beneficial interest in net assets held by related organizations	**96,448**	72,573
Affiliation agreements	**10,403**	8,500
Professional fees and other receipts	**11,053**	16,532
Specialty pharmacy	**163,607**	70,014
Other	**73,674**	77,497
	$ 1,461,767	$ 426,675

12. Commitments and Contingencies

Various lawsuits and claims arising in the normal course of operations are pending or are in progress against the Hospital. Such lawsuits and claims are either specifically covered by insurance or are not deemed material. While the outcome of these lawsuits cannot be determined at this time, management, based on advice from legal counsel, believes that any loss which may arise from these actions will not have a material adverse effect on the financial position or results of operations of the Hospital.

12. Commitments and Contingencies (continued)

Litigation pending against the Hospital includes certain cases in which the Hospital is a co-defendant with Columbia VP&S involving alleged sexual abuse by a former faculty member of Columbia VP&S. These cases have received recent media attention and on February 28, 2020, the Hospital received notice that plaintiffs' counsel filed a proposed class action lawsuit arising from claims of sexual abuse by the former Columbia VP&S faculty member. Based on the information presently available to the Hospital concerning the number and types of claims, management believes, upon advice of legal counsel, it to be unlikely the federal court will certify the class. Management therefore currently believes that the probable recoveries and estimated costs and expenses of defense of this litigation, after application of any available insurance coverage, will not materially and adversely affect the Hospital's operations or financial condition.

At December 31, 2020 and 2019, approximately 43% of the Hospital's employees were covered by collective bargaining agreements, respectively. Collective bargaining agreements covering all such employees are set to expire at various dates through 2022.

Effective January 1, 2009, the IRS issued final regulations for purposes of determining common control for qualified retirement plans sponsored by tax-exempt organizations. In general, tax-exempt entities that are under common control are treated as one entity for certain of the requirements of qualified plans. The regulations determine control based on facts and circumstances; for this purpose, common control would exist if, among other situations, at least 80% of the directors or trustees of one organization were either representatives of, or directly or indirectly controlled by, another organization. These regulations could have an effect on the operations of the Hospital's and its related entities' retirement plans and the responsibilities of those entities for associated liabilities, although such effects are uncertain at this time.

In April 2016, Methodist, on behalf of a controlled professional corporation (PC), submitted a letter to the United States Department of Health and Human Services, Office of Counsel to the Inspector General, Office of Inspector General (the OIG) through the OIG's Self-Disclosure Protocol (SDP) notifying the OIG of potential issues concerning certain physician compensation, billing and other matters that potentially violate the Federal Civil Monetary Penalties Law (CMPL). A copy of the submission was also sent to the New York State Office of the Medicaid Inspector General (OMIG). Corrective action relating to the matters discussed in the April 2016

12. Commitments and Contingencies (continued)

letter has been taken. On May 10, 2016, the OIG accepted Methodist into the SDP. On August 30, 2016, Methodist and the PC reported the results of their internal investigation into the self-disclosed conduct to the OIG, including, among other things, their estimates of potential damages to Federal health care programs relating thereto. The OIG SDP was established to encourage providers to voluntarily identify, disclose and resolve certain matters involving Federal health care programs under the OIG's civil monetary penalties authorities. As previously described in Note 2, noncompliance with Medicare and Medicaid laws and regulations can result in repayment obligations, fines, penalties or exclusion from such programs. However, the OIG's SDP indicates that a provider's good faith participation in the SDP can potentially mitigate the provider's exposure under the OIG's civil monetary penalties authorities as compared to what might otherwise be required in resolving a Government-initiated investigation and may result in faster resolution of such issues.

In May 2018, the New York State Attorney General's Office (NYS AG Office), Medicaid Fraud Control Unit issued a subpoena to Methodist relating to a dissolved entity, the assets of which were purchased by Methodist in 2016, seeking information related to scheduling of physicians and certain radiation oncology coding matters for the period January 2008 to May 2018. The NYS AG Office and the U.S. Attorney's Office for the Eastern District of New York (U.S. Attorney's Office) have requested additional follow-up documentation. Additionally, in March 2019, the U.S. Attorney's Office issued a document request related to a government inquiry pertaining to Methodist seeking the production of documents relating to certain captive service providers affiliated with Methodist for the period January 2012 to December 2017. The Hospital is cooperating with the NYS AG Office and the U.S. Attorney's Office on these matters.

In the accompanying consolidated financial statements, net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors and others for services rendered and includes estimated retroactive revenue adjustments which may arise from ongoing and future audits, reviews and investigations. However, at December 31, 2020, and as of the issuance of the accompanying consolidated financial statements, the amount of potential repayment obligations to (or other actions that may be taken by) the OIG, NYS AG Office, the U.S. Attorney's Office, other government agencies and/or others in connection with such matters is unknown. In addition, the amount of any fines or penalties which may be assessed in connection with these matters is also presently unknown and will be recorded by the Hospital when reasonably estimable.

13. Fair Value Measurements

The Hospital uses various methods of calculating fair value of its financial assets and liabilities, when applicable. The Hospital defines fair value as 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 and establishes a framework for measuring fair value. Fair value measurements are applied based on the unit of account from the Hospital's perspective. The unit of account determines what is being measured by reference to the level at which the asset or liability is aggregated (or disaggregated).

The Hospital uses a three-level valuation hierarchy for disclosure of fair value measurements. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The three levels are defined as follows:

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 that are based on inputs not quoted in active markets, but corroborated by 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.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. In determining fair value, the Hospital uses valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible and considers non-performance risk in its assessment of fair value.

13. Fair Value Measurements (continued)

The following table presents financial instruments carried at fair value, excluding assets invested in the Pension Plans, as of December 31, 2020 and 2019 (in thousands):

	December 31, 2020			
	Total	**Level 1**	**Level 2**	**Level 3**
Cash and cash equivalents – held for investment	**$ 368,150**	**$ 368,150**	**$ –**	**$ –**
Fixed income:				
U.S. government	**146,166**	**146,166**	**–**	**–**
Corporate	**18,199**	**–**	**18,199**	**–**
Mortgage and asset-backed	**2,743**	**–**	**2,743**	
Equities:				
U.S. equities[(a)]	**75,803**	**75,803**	**–**	**–**
Non-U.S. equities[(b)]	**52,718**	**52,718**	**–**	**–**
Mutual funds	**330,917**	**330,917**	**–**	**–**
Alternative investments – investments held by captive insurance companies[(c)]	**241,498**	**–**	**203,051**	**38,447**
	$ 1,236,194	**$ 973,754**	**$ 223,993**	**$ 38,447**

	December 31, 2019			
	Total	**Level 1**	**Level 2**	**Level 3**
Cash and cash equivalents – held for investment	$ 122,426	$ 122,426	$ –	$ –
Fixed income:				
U.S. government	76,768	76,768	–	–
Corporate	123,683	101,397	22,286	–
Mortgage and asset-backed	8,305	–	8,305	–
Equities:				
U.S. equities[(a)]	63,739	63,739	–	–
Non-U.S. equities[(b)]	46,741	46,741	–	–
Mutual funds	312,160	312,160	–	–
Alternative investments – investments held by captive insurance companies[(c)]	229,822	–	195,951	33,871
	$ 983,644	$ 723,231	$ 226,542	$ 33,871

The Hospital's alternative investments, common collective/commingled trusts, unitized investments held by HERS and pooled investments held by Fund, Inc. are reported using the equity method of accounting and, therefore, are not included in the tables above (see Notes 1 and 3).

13. Fair Value Measurements (continued)

Financial instruments invested in the Hospital's Pension Plans at fair value are classified in the tables below in one of the three categories described above as of December 31, 2020 and 2019 (in thousands):

	December 31, 2020			
	Total	**Level 1**	**Level 2**	**Level 3**
Cash and cash equivalents	**$ 30,467**	**$ 30,467**	**$ –**	**$ –**
Fixed income:				
U.S. government	**162,720**	**162,720**	**–**	**–**
Equities:				
U.S. equities[(a)]	**93,534**	**93,534**	**–**	**–**
Non-U.S. equities[(b)]	**37,279**	**37,279**	**–**	**–**
	324,000	**$ 324,000**	**$ –**	**$ –**
Assets measured at net asset value as a practical expedient:				
Common collective equity funds[(d)]	**437,751**			
Hedge funds[(e)]	**482,053**			
Private equity[(f)]	**637,292**			
Private real assets[(g)]	**309,964**			
	$ 2,191,060			

	December 31, 2019			
	Total	**Level 1**	**Level 2**	**Level 3**
Cash and cash equivalents	$ 65,991	$ 65,991	$ –	$ –
Fixed income:				
U.S. government	250,044	250,044	–	–
Equities:				
U.S. equities[(a)]	70,717	70,717	–	–
Non-U.S. equities[(b)]	56,200	56,200	–	–
	442,952	$ 442,952	$ –	$ –
Assets measured at net asset value as a practical expedient:				
Common collective equity funds[(d)]	581,931			
Hedge funds[(e)]	441,960			
Private equity[(f)]	498,295			
Private real assets[(g)]	235,670			
	$ 2,200,808			

13. Fair Value Measurements (continued)

[a] Equity portfolios invested in common stock of corporations primarily domiciled in the United States.

[b] Equity portfolios invested in common stock of corporations primarily domiciled outside the United States, including emerging market countries.

[c] Investments held by captive insurance companies consist of assets which are pooled with other assets maintained by the companies and include investments in marketable securities and alternative investments that are recorded by the captive insurance companies at fair value based on quoted market prices or other means for the companies' holdings of alternative investments. The Hospital reports an allocation of the fair value of the pooled investments in its consolidated statements of financial position.

[d] Common collective equity funds invested in common stock of corporations domiciled in the United States and outside the United States, including emerging market countries.

[e] Hedge funds include long and short equity, multi-strategy, event driven and relative value funds invested with managers who invest with different strategies and typically employ some leverage. In long and short equity, fund managers create a portfolio of long positions in stocks expected to appreciate over time and short positions in stocks expected to depreciate. Event driven managers create a portfolio designed to profit from corporate events such as mergers, spin-offs, defaults and bankruptcy. Relative value managers invest in long and short positions, but typically have a more neutral net market position than long and short. Multi-strategy is a fund employing a variety of hedge fund strategies.

[f] Private equity investments include limited partnership investments in funds pursuing strategies in corporate buyouts, venture capital, growth equity, distressed and turnaround investments.

[g] Real estate and natural resources investments.

The following is a description of the Hospital's valuation methodologies for assets measured at fair value. The fair value methodologies are not necessarily indicators of investment risk, but are descriptive of the measures used to arrive at fair value pricing. Fair value for Level 1 is based upon quoted market prices. Investments classified as Level 2 are primarily valued using techniques that are consistent with the market approach. Valuations for Level 2 are based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the assets. Inputs, which include broker/dealer quotes, reported/comparable trades, and benchmark yields are obtained from various sources including market participants, dealers and brokers. Level 3 assets consist of Methodist's interest in pooled alternative investments managed by captive insurance companies, the valuation for alternative investments is described in Note 1. The Pension Plans' common collective/commingled trusts and alternative investments are measured at net asset value; the valuation for these alternative investments is described in Note 9. The methods described above may produce a fair value that is not indicative of net realizable value

13. Fair Value Measurements (continued)

or reflective of future fair values. Furthermore, while the Hospital believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

The following is a summary of investments (by major class) that have restrictions on the Hospital's or the Hospital's Pension Plans' ability to redeem its investments at the measurement date, any unfunded capital commitments and the investments strategies of the investees as of December 31, 2020 (including investments accounted for using the equity method) (in thousands):

Description of Investment	December 31, 2020 Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Common collective equity funds	$ 470,945	$ –	Daily to annually	3 to 90 days
Hedge funds	483,813	–	Monthly to annually	30 to 180 days
Private equity	639,742	414,861	*	*
Private real assets	345,244	279,688	*	*
	$ 1,939,744	$ 694,549		

* The Hospital's liquidity restrictions range from several months to ten years for certain private equity and real asset investments. Liquidity restrictions may apply to all or portions of a particular invested amount.

Following is a rollforward of the statement of financial position amounts for financial instruments classified by the Hospital in Level 3 of the valuation hierarchy defined above (in thousands):

	2020	2019
Fair value at beginning of year	**$ 33,871**	$ 30,237
Total net realized and unrealized gains and losses	**4,534**	3,598
Other receipts	**42**	36
Fair value at end of year	**$ 38,447**	$ 33,871
Change in unrealized gains and losses related to financial instruments held at end of year	**$ 936**	$ 4,349

14. Multiemployer Pension Plans

Applicable entities comprising the Hospital contribute to the New York State Nurses Association Pension Plan (NYSNA), the 1199 SEIU Healthcare Employees Pension Fund (1199 SEIU) and the International Union of Operating Engineers Local 30 Pension Fund (Local 30). These are multiemployer defined benefit pension plans under the terms of collective bargaining agreements that cover the Hospital's union-represented employees. Contributions to union plans are based on union employee gross salary levels and rates required under union contractual arrangements.

The risks of participating in these multiemployer plans are different from single-employer plans in the following respects:

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

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

- If the Hospital chooses to stop participating in some of its multiemployer plans, the Hospital may be required to pay those plans an amount based on the underfunded status of the plan, referred to as a withdrawal liability.

The Hospital's participation in these plans for the annual period ended December 31, 2020 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 2020 and 2019 is for the plan's year-end at December 31, 2019 and 2018, respectively. The zone status is based on information that the Hospital received from the plan and is certified by the plan's actuary. Among other factors, plans in the red zone are generally less than 65% funded, plans in the yellow zone are less than 80% funded and plans in the green zone are at least 80% funded. The "FIP/RP Status" column indicates plans for which a financial improvement plan (FIP) or a rehabilitation plan (RP)

14. Multiemployer Pension Plans (continued)

is either pending or has been implemented. The last column lists the NYPH expiration dates of the collective bargaining agreements to which the plans are subject (applicable Regional Hospital expiration dates range from September 30, 2021 to April 30, 2023).

Pension Fund	EIN/Pension Plan Number	Pension Protection Act Zone Status 2020	Pension Protection Act Zone Status 2019	FIP/RP Status	Contributions by the Hospital 2020	Contributions by the Hospital 2019	Surcharge Imposed	Expiration Date of Collective Bargaining Agreement
					(*In Thousands*)			
NYSNA	13-6604799/ Plan No. 001	**Green**	Green	No	**$ 46,507**	$ 44,606	No	12/31/2022
1199 SEIU	13-3604862/ Plan No. 001	**Green**	Green	No	**67,622**	62,145	No	9/30/2021
Local 30	51-6045848/ Plan No. 001	**Yellow**	Yellow	No	**1,794**	1,769	No	9/30/2021
					$ 115,923	$ 108,520		

NYPH was listed in the NYSNA and 1199 SEIU plans' Forms 5500 as providing more than 5% of the total contributions during each of the plans' 2019 and 2018 plan years. Forms 5500 are not yet available for the plan year ended in 2020.

15. Events Subsequent to December 31, 2020

Subsequent events have been evaluated through April 27, 2021, which is the date the consolidated financial statements were issued. Except as disclosed in Notes 1 and 5, no events have occurred that require disclosure in or adjustment to the accompanying consolidated financial statements.

In February 2021, the Hospital fully repaid two FHA-insured mortgage loans and certain DASNY bonds as described in Note 5 (e)-(g).

Supplementary Information and Accompanying Reports and Schedules Related to the Uniform Guidance

The New York and Presbyterian Hospital

Consolidating Statement of Financial Position

December 31, 2020

	Obligated Group		NYP Community Programs, Inc.				
	NYPH	Other Entities	NYP/Hudson Valley	NYP/ Queens	NYP/Brooklyn Methodist	Eliminations/ Reclassifications	Consolidated
			(In Thousands)				
Assets							
Current assets:							
Cash, cash equivalents and short-term investments:							
Cash and cash equivalents	$ 467,075	$ 18,846	$ 31,886	$ 24,826	$ 104,704	$ –	$ 647,337
Short-term investments	2,497,166	–	31,189	229,952	413,109	–	3,171,416
Total cash, cash equivalents and short-term investments	2,964,241	18,846	63,075	254,778	517,813	–	3,818,753
Patient accounts receivable – net	697,541	4,992	23,864	98,896	74,378	–	899,671
Other current assets	315,407	2,432	10,386	65,424	37,799	–	431,448
Assets limited as to use – current portion	36,844	–	–	15,598	17,683	–	70,125
Professional liabilities insurance recoveries receivable and related deposits – current portion	84,409	–	3,206	13,941	–	–	101,556
Beneficial interest in net assets held by related organizations – current portion	93,903	–	–	–	–	–	93,903
Due from related organizations – net	206,094	–	–	–	–	(174,806)	31,288
Loans receivable from Regional Hospitals – current portion	23,607	–	–	–	–	(23,607)	–
Total current assets	4,422,046	26,270	100,531	448,637	647,673	(198,413)	5,446,744
Assets limited as to use – noncurrent	4,528,533	14,160	13,138	44,743	472,825	–	5,073,399
Property, buildings and equipment – net	4,065,420	7,220	167,238	317,073	640,690	–	5,197,641
Operating lease assets	281,410	14,301	32,133	56,023	53,013	–	436,880
Other noncurrent assets – net	87,459	–	7,974	17,910	1,739	(64,000)	51,082
Loans receivable from Regional Hospitals – noncurrent	474,008	–	–	–	–	(474,008)	–
Professional liabilities insurance recoveries receivable and related deposits – noncurrent	233,396	–	15,675	50,674	8,017	–	307,762
Beneficial interest in net assets held by related organizations – noncurrent	2,260,093	–	–	–	–	–	2,260,093
Total assets	$ 16,352,365	$ 61,951	$ 336,689	$ 935,060	$ 1,823,957	$ (736,421)	$ 18,773,601

The New York and Presbyterian Hospital

Consolidating Statement of Financial Position (continued)

December 31, 2020

	Obligated Group		NYP Community Programs, Inc.				
	NYPH	Other Entities	NYP/Hudson Valley	NYP/ Queens	NYP/Brooklyn Methodist	Eliminations/ Reclassifications	Consolidated
			(In Thousands)				
Liabilities and net assets							
Current liabilities:							
Long-term debt – current portion	$ 89,394	$ –	$ 636	$ 1,921	$ 331	$ –	$ 92,282
Loans payable to NYPH – current portion	–	–	2,392	14,736	6,479	(23,607)	–
Operating lease liability – current portion	38,958	2,828	2,309	9,555	5,969	–	59,619
Accounts payable and accrued expenses	762,277	25,164	27,605	118,075	102,355	3,670	1,039,146
Accrued salaries and related liabilities	511,924	10,675	24,591	37,553	82,977	–	667,720
Pension and postretirement benefit liabilities – current portion	23,510	–	–	1,190	528	–	25,228
Professional and other insurance liabilities – current portion	86,413	–	3,257	17,719	17,683	–	125,072
Other current liabilities	580,834	4,357	9,729	56,585	51,747	–	703,252
Due to related organizations – net	–	9,881	42,895	115,910	9,789	(178,475)	–
Total current liabilities	2,093,310	52,905	113,414	373,244	277,858	(198,412)	2,712,319
Long-term debt	4,087,882	–	2,565	6,144	–	(1,103)	4,095,488
Loans payable to NYPH	–	–	42,600	174,888	319,418	(536,906)	–
Operating lease liability	255,317	11,473	30,029	47,754	50,998	–	395,571
Professional and other insurance liabilities	460,840	5,542	21,353	93,804	193,865	–	775,404
Pension liability	547,578	–	–	28,407	33,626	–	609,611
Postretirement benefit liability	24,992	–	–	41,817	7,503	–	74,312
Other noncurrent liabilities	725,297	965	29,512	123,940	172,376	–	1,052,090
Total liabilities	8,195,216	70,885	239,473	889,998	1,055,644	(736,421)	9,714,795
Commitments and contingencies							
Net assets (deficiency):							
Net assets without donor restrictions	5,794,445	(9,378)	93,477	30,800	735,653	–	6,644,997
Net assets with donor restrictions	2,362,704	444	3,739	14,262	32,660	–	2,413,809
Total net assets	8,157,149	(8,934)	97,216	45,062	768,313	–	9,058,806
Total liabilities and net assets	$ 16,352,365	$ 61,951	$ 336,689	$ 935,060	$ 1,823,957	$ (736,421)	$ 18,773,601

The New York and Presbyterian Hospital

Consolidating Statement of Operations

Year Ended December 31, 2020

	Obligated Group		NYP Community Programs, Inc.				
	NYPH	Other Entities	NYP/Hudson Valley	NYP/ Queens	NYP/Brooklyn Methodist	Eliminations/ Reclassifications	Consolidated
			(In Thousands)				
Operating revenues							
Net patient service revenue	$ 5,734,047	$ 47,492	$ 219,095	$ 798,584	$ 854,108	$ –	$ 7,653,326
Other revenue	967,001	66,331	42,185	303,275	145,967	(62,992)	1,461,767
Total operating revenues	6,701,048	113,823	261,280	1,101,859	1,000,075	(62,992)	9,115,093
Operating expenses							
Salaries and wages	3,376,810	69,391	155,500	503,508	528,126	–	4,633,335
Employee benefits	819,236	19,195	38,957	157,454	144,285	–	1,179,127
Supplies and other expenses	2,454,344	26,790	94,842	422,250	369,438	(62,992)	3,304,672
Interest and amortization of deferred financing fees	131,082	–	2,054	6,783	3,856	–	143,775
Depreciation and amortization	433,699	2,495	13,607	30,090	25,164	–	505,055
Total operating expenses	7,215,171	117,871	304,960	1,120,085	1,070,869	(62,992)	9,765,964
Operating loss	(514,123)	(4,048)	(43,680)	(18,226)	(70,794)	–	(650,871)
Investment return – net	389,923	1,529	1,752	7,201	76,537	–	476,942
Voluntary retirement program costs	(25,725)	(756)	(1,088)	(2,920)	(3,684)	–	(34,173)
Expected return on plan assets and other components of net periodic pension and postretirement cost	14,255	–	–	3,740	2,674	–	20,669
(Deficiency) excess of revenues over expenses	(135,670)	(3,275)	(43,016)	(10,205)	4,733	–	(187,433)
Other changes in net assets without donor restrictions:							
Net asset transfers (to) from related parties	(28,675)	–	–	10,817	–	–	(17,858)
Other changes in net assets	(42)	(174)	–	–	–	–	(216)
Disaster Relief Fund receipts from Federal Emergency Management Agency for the purchase of fixed assets	25,000	–	–	–	–	–	25,000
Distributions from New York-Presbyterian Fund, Inc. for the purchase of fixed assets	62,131	–	–	–	–	–	62,131
Change in pension and postretirement benefit liabilities to be recognized in future periods	(224,026)	–	–	(23,599)	(16,582)	–	(264,207)
Change in net assets without donor restrictions	$ (301,282)	$ (3,449)	$ (43,016)	$ (22,987)	$ (11,849)	$ –	$ (382,583)

NewYork-Presbyterian/Queens

Consolidating Statement of Financial Position
(In Thousands)

December 31, 2020

	NYP/ Queens	NYPMG/ Queens	Charter Ventures	Eliminations	NYP/Queens Consolidated
Assets					
Current assets:					
Cash, cash equivalents and short-term investments:					
Cash and cash equivalents	$ 23,162	$ 1,597	$ 67	$ –	$ 24,826
Short-term investments	229,952	–	–	–	229,952
Total cash, cash equivalents and short-term investments	253,114	1,597	67	–	254,778
Patient accounts receivable – net	90,456	8,440	–	–	98,896
Other current assets	59,689	5,285	450	–	65,424
Assets limited as to use – current portion	15,598	–	–	–	15,598
Professional liabilities insurance recoveries receivable and related deposits – current portion	13,941	–	–	–	13,941
Due from related organizations – net	1,137	–	–	(1,137)	–
Total current assets	433,935	15,322	517	(1,137)	448,637
Assets limited as to use – noncurrent	44,743	–	–	–	44,743
Property, buildings and equipment – net	301,920	11,039	4,114	–	317,073
Operating lease assets	56,023	–	–	–	56,023
Other noncurrent assets – net	17,910	–	–	–	17,910
Professional liabilities insurance recoveries receivable and related deposits – noncurrent	50,674	–	–	–	50,674
Total assets	$ 905,205	$ 26,361	$ 4,631	$ (1,137)	$ 935,060

NewYork-Presbyterian/Queens

Consolidating Statement of Financial Position (continued)

(In Thousands)

December 31, 2020

	NYP/ Queens	NYPMG/ Queens	Charter Ventures	Eliminations	NYP/Queens Consolidated
Liabilities and net assets					
Current liabilities:					
Long-term debt – current portion	$ 1,921	$ –	$ –	$ –	$ 1,921
Loans payable to NYPH – current portion	14,736	–	–	–	14,736
Operating lease liability – current portion	9,555	–	–	–	9,555
Accounts payable and accrued expenses	109,273	8,802	–	–	118,075
Accrued salaries and related liabilities	27,734	9,819	–	–	37,553
Pension and postretirement benefit liabilities – current portion	1,136	54	–	–	1,190
Professional and other insurance liabilities – current portion	17,719	–	–	–	17,719
Other current liabilities	55,376	1,209	–	–	56,585
Due to related organizations – net	115,910	967	170	(1,137)	115,910
Total current liabilities	353,360	20,851	170	(1,137)	373,244
Long-term debt	6,144	–	–	–	6,144
Loans payable to NYPH	174,888	–	–	–	174,888
Operating lease liability	47,754	–	–	–	47,754
Professional and other insurance liabilities	91,413	2,391	–	–	93,804
Pension liability	28,407	–	–	–	28,407
Postretirement benefit liability	39,792	2,025	–	–	41,817
Other noncurrent liabilities	120,541	3,399	–	–	123,940
Total liabilities	862,299	28,666	170	(1,137)	889,998
Commitments and contingencies					
Net assets (deficiency):					
Net assets without donor restrictions	28,644	(2,305)	4,461	–	30,800
Net assets with donor restrictions	14,262	–	–	–	14,262
Total net assets (deficit)	42,906	(2,305)	4,461	–	45,062
Total liabilities and net assets	$ 905,205	$ 26,361	$ 4,631	$ (1,137)	$ 935,060

NewYork-Presbyterian/Queens

Consolidating Statement of Operations
(In Thousands)

Year Ended December 31, 2020

	NYP/ Queens	NYPMG/ Queens	Charter Ventures	Eliminations	NYP/Queens Consolidated
Operating revenues					
Net patient service revenue	$ 724,146	$ 74,438	$ –	$ –	$ 798,584
Other revenue	302,149	152,027	–	(150,901)	303,275
Total operating revenues	1,026,295	226,465	–	(150,901)	1,101,859
Operating expenses					
Salaries and wages	359,044	144,464	–	–	503,508
Employee benefits	121,987	35,467	–	–	157,454
Supplies and other expenses	528,192	44,800	159	(150,901)	422,250
Interest and amortization of deferred financing fees	6,783	–	–	–	6,783
Depreciation and amortization	29,006	1,084	–	–	30,090
Total operating expenses	1,045,012	225,815	159	(150,901)	1,120,085
Operating (loss) income	(18,717)	650	(159)	–	(18,226)
Investment return – net	7,201	–	–	–	7,201
Voluntary retirement program costs	(2,365)	(555)	–	–	(2,920)
Expected return on plan assets and other components of net periodic pension and postretirement cost	3,835	(95)	–	–	3,740
Deficiency of revenue over expenses	(10,046)	–	(159)	–	(10,205)
Other changes in net assets without donor restrictions:					
Net asset transfers from related parties	10,817	–	–	–	10,817
Change in pension and postretirement benefit liabilities to be recognized in future periods	(23,524)	(75)	–	–	(23,599)
Change in net assets without donor restrictions	$ (22,753)	$ (75)	$ (159)	$ –	$ (22,987)

NewYork-Presbyterian/Queens

Statement of Cash Flows

Year Ended December 31, 2020
(In Thousands)

Operating activities		
Change in net assets	$	(22,447)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization		30,090
Amortization of deferred financing fees		396
Net investment return – without donor restrictions, excluding interest and dividends		(6,906)
Equity in income from investee		(1,518)
Endowment contribution		(50)
Net asset transfer from The New York and Presbyterian Hospital		(10,817)
Changes in operating assets and liabilities:		
Patient accounts receivable – net		20,486
Other assets and operating lease assets		(11,718)
Accounts payable and accrued expenses		51,491
Accrued salaries and related liabilities		11,890
Due to related organizations – net		44,235
Other liabilities		125,437
Professional and other insurance liabilities and related insurance recoveries receivable and deposits		(8,989)
Pension and postretirement benefit liabilities		21,626
Net cash provided by operating activities		243,206
Investing activities		
Net purchases of investments and assets limited as to use		(215,608)
Acquisitions of property, buildings and equipment – net		(55,689)
Distributions from investee		1,700
Net cash used in investing activities		(269,597)
Financing activities		
Repayments of long-term debt		(31,052)
Proceeds from loan from NYPH		20,656
Endowment contribution		50
Net asset transfer from The New York and Presbyterian Hospital		10,817
Net cash provided by financing activities		471
Net decrease in cash and cash equivalents and restricted cash and restricted cash equivalents		(25,920)
Cash and cash equivalents and restricted cash and restricted cash equivalents at beginning of year		50,746
Cash and equivalents and restricted cash and restricted cash equivalents at end of year	$	24,826

NewYork-Presbyterian/Queens

Notes to New York-Presbyterian/Queens Supplementary Information
for U.S. Department of Housing and Urban Development

December 31, 2020

1. Accounts Receivable

NewYork-Presbyterian/Queens (NYP/Queens) grants credit without collateral to its patients, most of whom are insured under third-party payor agreements. Significant concentrations of patient accounts receivable at December 31, 2020 are as follows:

Medicare	36%
Medicaid	24
Commercial carriers and health maintenance organizations (none of which individually exceed 10%)	39
Self-pay patients	1
	100%

2. Property, Buildings and Equipment

A summary of property, buildings and equipment at December 31, 2020 follows (in thousands):

Land and land improvements	$ 5,644
Buildings, building improvements and fixed equipment	494,674
Movable equipment	271,649
Leasehold improvements	2,056
	774,023
Less accumulated depreciation and amortization	503,631
	270,392
Construction-in-progress	46,681
	$ 317,073

At December 31, 2020, movable equipment includes equipment acquired under finance leases aggregating approximately $57.6 million, with accumulated amortization aggregating approximately $47.8 million.

3. Assets Limited as to Use

A summary of assets limited as to use at December 31, 2020 follows (in thousands):

Assets limited as to use:		
Funded depreciation	$	9,423
Funds held under loan agreements and other		177
Self-insurance fund		17,032
Endowments, including accumulated earnings		24,813
Mortgage reserve fund		8,896
Total assets limited as to use		60,341
Less assets limited as to use – current portion		15,598
Assets limited as to use – noncurrent portion	$	44,743

Financial assets carried at fair value, excluding assets invested in the Pension Plan, at December 31, 2020, are classified in the table below in one of the three levels defined within the three level valuation hierarchy for disclosure of fair value measurements (in thousands):

	Total	Level 1	Level 2	Level 3
Cash and cash equivalents – held for investments	$ 1,037	$ 1,037	$	$ –
Fixed income:				
U.S. government	5,946	5,946	–	–
Mortgage and assets-backed	2,743	–	2,743	–
Corporate	34	–	34	–
	$ 9,760	$ 6,983	$ 2,777	$ –

The New York and Presbyterian Hospital

Schedule of Expenditures of Federal Awards

Year Ended December 31, 2020

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title/Project Name	Federal Assistance Listing Number	Contract/Pass-through Entity Identifying Number(s)	Federal Expenditures
U.S. Department of Health and Human Services			
Direct programs:			
COVID-19 Testing for the Uninsured:			
COVID-19 Uninsured – NYPH	93.461	N/A	$ 3,810,637
COVID-19 Uninsured – NYP/Queens	93.461	N/A	2,446,376
COVID-19 Uninsured – NYP/Brooklyn Methodist	93.461	N/A	637,972
COVID-19 Uninsured – NYP/Hudson Valley	93.461	N/A	42,388
			6,937,373
Coordinated Services and Access to Research for Women, Infants, Children, and Youth:			
Ryan White Title IV Women, Infants, Children, Youth and Affected Family Members AIDS Healthcare	93.153	4 H12HA24850-08-03	352,440
Ryan White HIV/AIDS Program Part D WICY COVID-19 Response	93.153	4 H1XHA37074-01-02	5,280
			357,720
Maternal and Child Health Federal Consolidated Programs:			
Healthy Tomorrow Partnership for Children Program	93.110	5 H17MC30733-04-00	41,958
Healthy Tomorrow Partnership for Children Program	93.110	6 H17MC32708-02-01	40,866
			82,824
Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease:			
Ryan White Title III HIV Capacity Development and Planning Grants	93.918	4 P06HA33747-01-02	150,000
Accountable Health Communities:			
CMMI – Accountable Health Community Grant	93.650	1P1CMS331608-04-00	1,108,616
Substance Abuse and Mental Health Services Projects of Regional and National Significance:			
Increasing Community Access to Early Childhood EBT Services	93.243	5U79SM063220-05	458,142
Subtotal direct programs			9,094,675

The New York and Presbyterian Hospital

Schedule of Expenditures of Federal Awards (continued)

Year Ended December 31, 2020

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title/Project Name	Federal Assistance Listing Number	Contract/Pass-through Entity Identifying Number(s)	Federal Expenditures
Pass-through programs from:			
State of New York Department of Health:			
Maternal and Child Health Services Block Grant to the States:			
Comprehensive Family Planning and Reproductive Health Services	93.994	DOH01-C35208GG-3450000	$ 148,174
School Based Health Centers Program	93.994	DOH01-C32407GG-3450000	39,339
New York-Presbyterian Hospital Comprehensive Adolescent Pregnancy Prevention Program	93.994	DOH01-C32143GG-3450000	24,814
DOVE Program EiE Initiative New York Presbyterian Hospital	93.994	DOH01-C33373GG-3450000	10,054
DOVE Program EiE Initiative	93.994	DOH01-C33374GG-3450000	10,599
Regional Perinatal Centers	93.994	C-028945	297,105
Subtotal Maternal and Child Health Services Block Grant to the States			530,085
Medical Assistance Program:			
New York-Presbyterian Hospital Comprehensive Adolescent Pregnancy Prevention Program [(a)]	93.778	DOH01-C32143GG-3450000	206,173
Subtotal pass-through programs from State of New York Department of Health			736,258
Public Health Solutions Inc.:			
National Bioterrorism Hospital Preparedness Program:			
Hospital Preparedness Program – NYP/Queens	93.889	19-NYPQ-01_AMD 1	6,000
HIV Emergency Relief Project Grants:			
Mental Health Services (MHV)	93.914	16-MHV-670 for Mental Health Services	401,436
HIV Prevention Activities Health Department Based:			
Status Neutral Linkage and Navigation in Clinical Settings (NCT)	93.940	18-NCT-670	222,159
Subtotal pass-through programs from Public Health Solutions Inc.			629,595
New York-Presbyterian Healthcare System, Inc.:			
Hospital Preparedness Program and Public Health Emergency Preparedness Aligned Cooperative Agreement			
National Bioterrorism Hospital Preparedness Program			
Hospital Preparedness Program – NYPH	93.889	19-NYPHS-01; 19-NYPHS-01 AMD 1	656,750
Hospital Preparedness Program Ebola Preparedness and Response Activities			
Hospital Preparedness Program – NYPH	93.817	17-NYPHS-01_AMD 1	70,000
Subtotal New York Presbyterian Healthcare System Inc.			726,750

The New York and Presbyterian Hospital

Schedule of Expenditures of Federal Awards (continued)

Year Ended December 31, 2020

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title/Project Name	Federal Assistance Listing Number	Contract/Pass-through Entity Identifying Number(s)	Federal Expenditures
New York City Department of Health and Mental Hygiene:			
Immunization Cooperative Agreements (*Note 2*):			
Vaccines for Children Program – NYP/Queens	93.268	N/A	$ 829,965
Vaccines for Children Program – NYPH	93.268	N/A	3,031,015
Vaccines for Children Program – NYP/Brooklyn Methodist	93.268	N/A	342,748
Subtotal Immunization Cooperative Agreements			4,203,728
Subtotal pass-through programs from New York City Department of Health and Mental Hygiene			4,203,728
Health Research Inc.:			
Hospital Preparedness Program (HPP) and Public Health National Bioterrorism Hospital Preparedness Program			
Hospital Preparedness Program – NYP/Lawrence	93.889	1974-15	45,000
Hospital Preparedness Program – NYP/Hudson Valley	93.889	2409-14	45,000
Hospital Preparedness Program – NYP/Hudson Valley	93.889	2409-15	5,500
Subtotal pass-through programs from Health Research Inc.			95,500
Greater New York Hospital Foundation, Inc.:			
National Bioterrorism Hospital Preparedness Program:			
Bioterrorism Hospital Association COVID-19 Preparedness and Response Activities – NYPH	93.889	N/A	492,972
Subtotal pass-through programs from Greater New York Hospital Foundation, Inc.			492,972
Yale University:			
Cardiovascular Diseases Research: TRANSFORM-HF (ToRsemide compArisoN with furoSemide FOR Management of Heart Failure): Study – NYP/Brooklyn Methodist [(b)]	93.837	7U01HL125511-03; 5U01HL125511-04	1,500
Duke University:			
Cardiovascular Diseases Research: Spironolactone Imitation Registry Randomized Interventional trail in Heart failure and preserved Ejection Fraction SPIRIT-HFPEF "study" – NYP/Brooklyn Methodist [(b)]	93.837	5U01HL134679-02	4,850
The Brigham and Women's Hospital:			
Cardiovascular Diseases Research: Influenza Vaccine to Effectively Stop Cardio Thoracic Events and Decompensated heart failure (INVESTED) – NYP/Brooklyn Methodist[(b)]	93.837	5U01HL130163-04	11,994
Subtotal Cardiovascular Diseases Research			18,344

The New York and Presbyterian Hospital

Schedule of Expenditures of Federal Awards (continued)

Year Ended December 31, 2020

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title/Project Name	Federal Assistance Listing Number	Contract/Pass-through Entity Identifying Number(s)	Federal Expenditures
University of Cincinnati:			
Extramural Research Programs in the Neurosciences and Neurological Disorders:			
AtRial Cardiopathy and Antithrombotic Drugs in Prevention After cryptogenicstroke (ARCADIA) "Study" – NYP/Brooklyn Methodist [(b)]	93.853	5U01NS095869-02 REVISED	$ 100
Research Foundation for Mental Hygiene, Inc.:			
Environmental Health:			
Human Placental Morphology, Function and Pathology: Relationship to Environmental Exposures and Newborn and Child Health – NYP/Brooklyn Methodist [(b)]	93.113	R01 ES0298281-02	10,094
Virginia Commonwealth University:			
Cancer Biology Research:			
Targeting Oncogenes for Hepatocellular Carcinoma – NYP/Brooklyn Methodist (b)	93.396	FP00008704_SA001	11,877
Subtotal pass-through programs			6,925,218
Total U.S. Department of Health and Human Services			16,019,893
U.S. Department of Justice			
Pass-through programs from:			
State of New York Office of Victim Services:			
Crime Victim Assistance:			
Domestic and Other Violence Emergencies Program	16.575	OVS01-C11083GG-1080200	692,623
DOVE Program Case Management Services	16.575	OVS01-C10745GG-1080200	61,029
Victim's Intervention Program	16.575	OVS01-C11085GG-1080200	280,845
Victim Assistance Program	16.575	OVS01-C10828GG-1080200	263,484
Family PEACE Trauma Treatment Center	16.575	OVS01-C11084GG-1080200	190,318
Subtotal Crime Victim Assistance			1,488,299
State of New York Division of Criminal Justice Services:			
Violence Against Women Formula Grants:			
STOP Violence Against Women Formula Grants-Safe Initiative-DOVE	16.588	C-652110	78,543
STOP Violence Against Women Formula Grants-Safe Initiative-PEACE	16.588	C-652123	65,565
Subtotal Violence Against Women Formula Grants			144,108
Total U.S. Department of Justice			1,632,407

The New York and Presbyterian Hospital

Schedule of Expenditures of Federal Awards (continued)

Year Ended December 31, 2020

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title/Project Name	Federal Assistance Listing Number	Contract/Pass-through Entity Identifying Number(s)	Federal Expenditures
Federal Communications Commission			
Direct program:			
COVID-19 Telehealth Program:			
COVID-19 Telehealth Program – NYPH	32.006	0157	$ 1,000,000
COVID-19 Telehealth Program – NYP/Queens	32.006	0419	998,558
COVID-19 Telehealth Program – NYP/Brooklyn Methodist	32.006	0121	1,000,000
COVID-19 Telehealth Program – NYP/Hudson Valley	32.006	0520	690,548
Subtotal COVID-19 Telehealth Program			3,689,106
Total Federal Communications Commission			3,689,106
U.S. Department of Agriculture			
Pass-through program from:			
State of New York Department of Health:			
WIC Special Supplemental Nutrition Program for Women, Infants, and Children *(Note 3)*			
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	DOH01-C30404GG-3450000	9,419,446
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	DOH01-C35481GG-3450000	3,014,716
Subtotal WIC Special Supplemental Nutrition Program for Women, Infants, and Children			12,434,162
Total U.S. Department of Agriculture			12,434,162
U.S. Department of Housing and Urban Development			
Direct programs:			
Mortgage Insurance Hospitals *(Note 4)*:			
FHA Section 242 Insured Mortgages 1998 – NYPH	14.128	N/A	137,810,746
Supplemental Loan Insurance Multifamily Rental Housing (*Note 4*):			
FHA Section 241 Insured Mortgages 2007/2013 – NYPH	14.151	N/A	620,263,624
FHA Section 241 Insured Mortgages 1999 – NYP/Queens	14.151	N/A	23,727,559
Subtotal Supplemental Loan Insurance Multifamily Rental Housing			643,991,183
Total U.S. Department of Housing and Urban Development			781,801,929
U.S. Department of Homeland Security			
Pass-through program from:			
State of New York Division of Homeland Security and Emergency Services:			
COVID-19 Disaster Grants – Public Assistance (Presidentially Declared Disasters) *(Note 5)*	97.036	PA-02-NY-4480-PW-00011	129,364,459
Total U.S. Department of Homeland Security			129,364,459

The New York and Presbyterian Hospital

Schedule of Expenditures of Federal Awards (continued)

Year Ended December 31, 2020

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title/Project Name	Federal Assistance Listing Number	Contract/Pass-through Entity Identifying Number(s)	Federal Expenditures
U.S. Department of Defense			
Pass-through program from:			
Joan & Sanford I. Weill Medical College of Cornell University:			
Military Medical Research and Development:			
A Phase II Study of Inhaled COAttention for the Treatment of ARDS – NYP/Brooklyn Methodist [b]	12.420	200727-6; 210811-06	$ 16,002
Total U.S. Department of Defense			16,002
Total expenditures of federal awards			$ 944,957,958

See accompanying notes.

[a] Expenditures for the Medicaid Cluster totaled $206,173.
[b] Expenditures for the Research and Development Cluster totaled $56,417.

The New York and Presbyterian Hospital

Notes to Schedule of Expenditures of Federal Awards

Year Ended December 31, 2020

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of The New York and Presbyterian Hospital (NYPH), NewYork-Presbyterian/ Hudson Valley (NYP/Hudson Valley), NewYork-Presbyterian/Queens (NYP/Queens) and NewYork-Presbyterian/Brooklyn Methodist (NYP/Brooklyn Methodist) for the year ended December 31, 2020. The reporting entity resulting from the consolidation of these entities is referred to herein as the "Hospital." The Schedule is presented on the accrual basis of accounting. 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). Therefore, some amounts presented in the Schedule may differ from amounts presented in, or used in the preparation of, the consolidated financial statements of the Hospital. For purposes of the Schedule, federal awards include any assistance provided by a federal agency directly or indirectly in the form of grants, contracts, cooperative agreements, loan and loan guarantees, or other non-cash assistance.

Pass-through programs received by the Hospital may include, in addition to federal funds, support from other sources. The Schedule reflects only those expenditures that have been supported by federal funds. Determinations as to the level of federal funding have been made based on communications of funding levels provided by the pass-through agencies. In certain circumstances, the funding levels communicated are estimated and subject to finalization upon the completion of the budget period for the program.

Direct and indirect costs are charged to awards in accordance with cost principles contained in the United States Department of Health and Human Services Cost Principles for Hospitals at 45 CFR Part 75 Appendix IX for Uniform Guidance awards and at 45 CFR Part 74 Appendix E for non-Uniform Guidance awards. Under these cost principles, certain types of expenditures are not allowable or are limited as to reimbursement. The Uniform Guidance provides for a 10% de minimis indirect cost rate election; however, the Hospital did not make this election and uses a negotiated indirect cost rate in the accompanying Schedule.

The Schedule includes federal awards subject to the requirements of the Uniform Guidance, as well as federal awards that were funded prior to the Uniform Guidance effective date of December 26, 2014.

2. Vaccines for Children Program

During the year ended December 31, 2020, the Hospital participated in the New York City Department of Health and Mental Hygiene – Vaccines for Children Program through the provision of vaccinations. The U.S. Department of Health and Human Services, the federal agency that sponsors this program under Federal Assistance Listing number 93.268, has determined that the vaccines administered are considered "property in lieu of money" and, therefore, should be reported as federal awards expended by the Hospital for purposes of presentation in the accompanying Schedule.

3. Food and Nutritional Awards

During the year ended December 31, 2020, the Hospital participated in the State of New York Department of Health – Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) through the provision of nutritional counseling and the receipt and distribution of food vouchers. The U.S. Department of Agriculture, the federal agency that sponsors the WIC program under Federal Assistance Listing Number 10.557, has determined that WIC food vouchers are considered "property in lieu of money" and, therefore, should be reported as federal awards received by the Hospital for the purpose of presentation in the Schedule. The amount reported in the Schedule for the WIC program under Federal Assistance Listing Number 10.557 represents the federally funded value of food vouchers issued ($8,756,086) plus administrative costs ($3,678,076) for the year ended December 31, 2020. In addition to the federal funds received for the WIC program, in 2020 approximately 3.1% of the WIC program's total administrative and nutritional counseling costs were funded by the State of New York Department of Health. Such amounts are excluded from the Schedule.

4. U.S. Department of Housing and Urban Development Mortgage Insurance Programs

The Hospital has mortgage loans insured under the provisions of the U.S. Department of Housing and Urban Development – Federal Housing Administration (FHA) Section 242 and 241 mortgage insurance programs. The U.S. Department of Housing and Urban Development (HUD) has determined that the mortgage insurance programs are to be considered federal awards for purposes of compliance with the Uniform Guidance. The outstanding balances of the loans were as follows:

	December 31, 2020	January 1, 2020
FHA Section 242 insured mortgage loans – Federal Assistance Listing number 14.128	$ 115,449,560	$ 137,810,746
FHA Section 241 insured mortgage loans – Federal Assistance Listing number 14.151	595,178,741	643,991,183
	$ 710,628,301	$ 781,801,929

Pursuant to the agreements related to the mortgage loans, the Hospital is, among other compliance requirements, required to maintain certain debt service funds, including mortgage reserve funds. In addition, the Hospital is required to maintain certain working capital, debt service coverage, other financial ratios and financial conditions and to obtain approval from HUD to incur additional debt above specified levels if profitability requirements are not met. Compliance with such requirements is measured separately for the applicable obligated entity. The mortgages are collateralized by certain Hospital property, buildings and equipment and gross receipts derived from operations. The Supplementary Information section accompanying the consolidated financial statements includes information pertaining to the mortgaged and non-mortgaged components of each obligated entity.

Through December 31, 2020, each obligated entity within the Hospital was in compliance with the financial covenants. Due to the global viral outbreak caused by Coronavirus Disease 2019 (COVID-19) in 2020, in July 2020 HUD approved the continuation of each obligated entity's enhanced status through December 31, 2021 even if each obligated entity does not meet all of the financial tests for continued eligibility for the period from June 30, 2020 to December 31, 2021.

4. U.S. Department of Housing and Urban Development Mortgage Insurance Programs (continued)

A NYPH FHA Section 242 mortgage loan with a balance of approximately $115.5 million at December 31, 2020 was fully repaid in February 2021 and the related collateral for the mortgage was released. A NYPH FHA Section 241 mortgage loan with a balance of approximately $187.9 million at December 31, 2020 was fully repaid in February 2021 and the related collateral for the mortgage was released. A NYP/Queens FHA Section 241 mortgage loan with a balance of approximately $23.7 million at January 1, 2020 was fully repaid in December 2020 using proceeds from a mortgage loan established with NYPH.

5. Federal Emergency Management Agency: Disaster Grants

The Hospital has applied for reimbursement for qualifying expenses under the Federal Emergency Management Agency (FEMA) COVID-19 Disaster Relief Fund – Public Assistance (Presidentially Declared Disasters) program (Federal Assistance Listing number 97.036). In 2020, the Hospital submitted project worksheets specific to NYPH totaling approximately $345.0 million under FEMA's expedited claim submission process and streamlined submission process. This project worksheet was approved for reimbursement under FEMA's expedited approval process. For expedited submissions, FEMA approves 50% of the total project worksheet value. Additionally, at the time of such approval in September 2020, the federal cost share payment percentage was 75% and, accordingly, $129.4 million is included for this award on the accompanying Schedule.

Under an Executive Order issued in February 2021, FEMA will pay 100% federal funding for the costs of activities that have previously been determined eligible from the beginning of the pandemic in January 2020. FEMA has indicated that for projects that have already been approved, FEMA will amend the existing awards to adjust the federal funding amounts. The Hospital will include the resulting additional 25% federal share of funding in the schedule of expenditures of federal awards for the year ending December 31, 2021.

Other FEMA project worksheets have also been submitted by the Hospital but were not approved in 2020. The Hospital will continue to finalize the project worksheets previously submitted to FEMA and intends to submit additional applications for funding for costs incurred; however, the ultimate amount that the Hospital may be reimbursed is uncertain.

6. Federally Donated Personal Protective Equipment *(unaudited)*

During the year ended December 31, 2020, the Hospital received donated Personal Protective Equipment in response to the COVID-19 pandemic from FEMA. The Hospital is not able to quantify the fair market value of the federally donated Personal Protective Equipment.

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Report of Independent Auditors 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*

The Board of Trustees
The New York and Presbyterian Hospital

We have audited, in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of The New York and Presbyterian Hospital (the Hospital), which comprise the consolidated statement of financial position as of December 31, 2020, and the related consolidated statements of operations, changes in net assets, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated April 27, 2021.

Internal Control Over Financial Reporting

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

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Hospital's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

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

Ernst & Young LLP

April 27, 2021

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Report of Independent Auditors on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

The Board of Trustees
The New York and Presbyterian Hospital

Report on Compliance for Each Major Federal Program

We have audited The New York and Presbyterian Hospital's (the Hospital) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of the Hospital's major federal programs for the year ended December 31, 2020. The Hospital'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 Hospital'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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Hospital'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 Hospital's compliance.

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Opinion on Each Major Federal Program

In our opinion, the Hospital 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, 2020.

Other Matters

Our audit of the major federal program identified as Assistance Listing Number 93.461 included certain audit procedures for the compliance requirement associated with activities allowed or unallowed that were limited to tests of compliance that reimbursements received, or expected to be received, related to health services allowed under this federal program. Our audit of compliance was not designed to test or provide assurance on the determination of whether a service was medically necessary, obtained through a legally appropriate referral, properly performed, rendered in a quality manner from a clinical perspective, adequately supervised, accurately documented and classified (i.e., that the correct medical bill code assigned represents the health service performed), or rendered and billed by non-sanctioned individuals. Performing procedures related to these matters is not within our professional expertise. Additional information on the nature of our procedures is available in the AICPA Audit and Accounting Guide, *Health Care Entities*. Our audit procedures for the compliance requirement associated with eligibility were limited to tests of compliance that services reimbursed, or expected to be reimbursed, were for individuals who received a temporary member identification number from the third-party service provider used by the U.S. Department of Health and Human Services–Health Resources and Services Administration to identify a lack of active health care coverage.

Report on Internal Control Over Compliance

Management of the Hospital 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 Hospital'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 Hospital's internal control over compliance.

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

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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.

Ernst & Young LLP

January 28, 2022

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The New York and Presbyterian Hospital

Schedule of Findings and Questioned Costs

Year Ended December 31, 2020

Section I – Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements were prepared in accordance with GAAP:	Unmodified	
Internal control over financial reporting:		
Material weakness(es) identified?	____ Yes	X No
Significant deficiency(ies) identified?	____ Yes	X None reported
Noncompliance material to financial statements noted?	____ Yes	X No

Federal Awards

Internal control over major federal programs:		
Material weakness(es) identified?	____ Yes	X No
Significant deficiency(ies) identified?	____ Yes	X 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	X No

The New York and Presbyterian Hospital

Schedule of Findings and Questioned Costs (continued)

Section I – Summary of Auditor's Results (continued)

Identification of major federal programs:

Federal Assistance Listing Numbers	Name of Federal Program or Cluster
93.461	U.S. Department of Health and Human Services: COVID-19 Claims Testing for the Uninsured
32.006	Federal Communications Commission: COVID-19 Telehealth Program
10.557	U.S. Department of Agriculture: WIC Special Supplemental Nutrition Program for Women, Infants, and Children
14.128	U.S. Department of Housing and Urban Development: Mortgage Insurance Hospitals
97.036	U.S. Department of Homeland Security: COVID-19 Disaster Grants – Public Assistance (Presidentially Declared Disasters)

Dollar threshold used to distinguish between Type A and Type B programs: $3,000,000

Auditee qualified as low-risk auditee? X Yes ____ No

Section II – Financial Statement Findings

There are no matters that are required to be reported.

Section III – Federal Award Findings and Questioned Costs

There are no matters that are required to be reported.

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