

**STATE OF NEW YORK**  
**PUBLIC HEALTH AND HEALTH PLANNING COUNCIL**

**COMMITTEE DAY**

**AGENDA**

*July 14, 2022*  
*10:15 a.m.*

*Empire State Plaza, Concourse Level, Meeting Room 6, Albany*

**I. COMMITTEE ON ESTABLISHMENT AND PROJECT REVIEW**

Peter Robinson, Chair

**A. Applications for Construction of Health Care Facilities/Agencies**

**Acute Care Services- Construction**

**Exhibit # 1**

	<b><u>Number</u></b>	<b><u>Applicant/Facility</u></b>
1.	212282 C	Auburn Community Hospital (Cayuga County)
2.	221105 C	Strong Memorial Hospital (Monroe County)

**Ambulatory Surgery Centers - Construction**

**Exhibit # 2**

	<b><u>Number</u></b>	<b><u>Applicant/Facility</u></b>
1.	212271 C	Ambulatory Surgery Center of Niagara (Niagara County)

**Residential Health Care Facilities – Construction**

**Exhibit # 3**

	<b><u>Number</u></b>	<b><u>Applicant/Facility</u></b>
1.	212105 C	Rutland Nursing Home, Inc. (Kings County)

**B. Applications for Establishment and Construction of Health Care Facilities/Agencies**

**Ambulatory Surgery Centers- Establish and Construct**

**Exhibit # 4**

<u>Number</u>	<u>Applicant/Facility</u>
1. 221115 E	Apex Surgical Center (Oneida County)

**Diagnostic and Treatment Centers - Establish/Construct**

**Exhibit # 5**

<u>Number</u>	<u>Applicant/Facility</u>
1. 221070 B	Pinpoint Medical LLC (Kings County)

**Residential Health Care Facilities - Establish/Construct**

**Exhibit # 6**

<u>Number</u>	<u>Applicant/Facility</u>
1. 192027 E	Crest Opco LLC d/b/a Crest Manor Living and Rehabilitation Center (Monroe County)
2. 192332 E	EDRNC Operating, LLC d/b/a Eden Rehabilitation & Nursing Center (Erie County)
3. 192333 E	HORNC Operating, LLC d/b/a Houghton Rehabilitation & Nursing Center (Allegany County)
4. 192335 E	SARNC Operating, LLC d/b/a Salamanca Rehabilitation & Nursing Center (Cattaraugus County)
5. 192336 E	DURNC Operating, LLC d/b/a Dunkirk Rehabilitation & Nursing Center (Chautauqua County)
6. 221084 E	Hilaire Farm Skilled Living & Rehabilitation Center, LLC d/b/a Hilaire Rehab & Nursing (Suffolk County)
7. 202122 E	Providence Rest, Inc. (Bronx County)

**CASH FLOW YEAR 1**

**Revenues:**

Commercial Fee for Service	\$	4,838,923
Commercial Managed Care	\$	23,353
Medicare Fee for Service	\$	1,401,384
Medicare Managed Care	\$	1,267,962
Medicaid Fee for Service	\$	13,733
Medicaid Managed Care	\$	180,292
Private Pay	\$	178,875
OASAS	\$	-
OMH	\$	-
Charity Care	\$	(178,875)
Bad Debt	\$	-
All Other	\$	53,253
 Net Revenue	 \$	 7,778,899

**Cash Adjustments**

Less: 45 days Radiation Revenue in A/R	\$	(381,013)
Total Cash Receipts	\$	7,397,887

**Expenses:**

Salaries and Wages	\$	927,358
FTEs	\$	13
Employee Benefits	\$	259,654
Professional Fees	\$	1,251,686
Medical & Surgical Supplies	\$	2,422,875
Non-med, non-surg Supplies	\$	32,191
Utilities	\$	50,000
Purchased Services	\$	150,000
Other Direct Expenses	\$	108,537
Subtotal	\$	5,202,300
Interest	\$	195,307
Depreciation	\$	466,179
Rent/Lease	\$	764,023
Total Outpatient Operating Costs	\$	6,627,810

**Cash Adjustments:**

Less Depreciation	\$	(466,179)
Plus Capital Purchases	\$	250,000
Plus Principal Payments Leases	\$	521,878

Total Cash Disbursements \$ 6,933,508

Cash Provided \$ 464,379

**Working Capital Calculation per DOH**

3rd Year Total Expenses	\$	7,286,618
Expenses per Month	\$	607,218

2 Months of Expenses Required \$ 1,214,436

**Note that the Oncology Service is already up and running. This makes the Project cash flow positive year 1 when the Radiation Service is up and running in the new building that will house both services and not needing any working capital.**

# DRAFT – For Discussion Purposes Only

## AUBURN COMMUNITY HOSPITAL AND AFFILIATES

### Consolidated Balance Sheets

December 31, 2021 and 2020

<u>Assets</u>	<u>2021</u>	<u>2020</u>
<b>Current assets:</b>		
Cash and cash equivalents	\$ 8,152,981	18,861,840
Investments	160,487	-
Assets limited as to use	205,474	307,060
Patient accounts receivable, net	16,370,283	13,169,364
Other receivables	596,562	608,984
Inventories	4,702,427	4,487,326
Prepaid expenses and other assets	1,458,962	1,421,970
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Total current assets	31,647,176	38,856,544
Assets limited as to use	197,767	437,867
Restricted investments	1,228,259	1,743,358
Property and equipment, net	32,495,865	31,175,842
Intangible assets, net	-	200,385
Other long-term assets	4,975,283	3,723,631
	<hr/>	<hr/>
	\$ 70,544,350	76,137,627
	<hr/>	<hr/>
<u>Liabilities and Net Assets</u>		
<b>Current liabilities:</b>		
Line of credit	2,503,354	2,503,354
Current installments of long-term debt	2,263,480	2,314,021
Accounts payable and accrued expenses	13,389,502	9,546,441
Accrued salaries, payroll taxes and fringe benefits	12,457,091	11,719,285
Estimated third-party payor settlements, net	3,908,721	3,932,634
Contract liability - Medicare accelerated payments	6,777,857	4,486,833
Other liabilities	735,106	469,872
	<hr/>	<hr/>
Total current liabilities	42,035,111	34,972,440
Long-term debt, less current installments	5,109,880	5,995,016
Contract liability - Medicare accelerated payments	-	7,552,457
Other long-term liabilities	4,778,192	3,887,050
	<hr/>	<hr/>
Total liabilities	51,923,183	52,406,963
<b>Net assets:</b>		
Without donor restrictions	17,024,810	21,431,858
With donor restrictions	1,596,357	2,298,806
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Total net assets	18,621,167	23,730,664
Commitments, contingencies and uncertainties (notes 4, 7, 15 and 16)		
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	\$ 70,544,350	76,137,627
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See accompanying notes to consolidated financial statements.

# DRAFT – For Discussion Purposes Only

## AUBURN COMMUNITY HOSPITAL AND AFFILIATES

### Consolidated Statements of Operations and Changes in Net Assets

Years ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Revenues, gains and other support without donor restrictions:		
Patient service revenue, net	\$ 150,774,092	124,143,808
Provider Relief Fund grant	304,717	10,031,432
Other revenue	2,758,219	5,183,824
Net assets released from restrictions for operating purposes	<u>1,086,068</u>	<u>117,023</u>
Total revenues, gains and other support without donor restrictions	<u>154,923,096</u>	<u>139,476,087</u>
Expenses:		
Salaries and wages	77,374,044	70,363,678
Fringe benefits	17,290,211	16,406,781
Supplies and other expenses	59,753,268	46,959,670
Depreciation and amortization	4,973,618	5,012,656
Interest	635,516	721,631
New York State cash receipts assessments	<u>854,510</u>	<u>785,475</u>
Total expenses	<u>160,881,167</u>	<u>140,249,891</u>
Deficiency of revenues, gains and other support over expenses	(5,958,071)	(773,804)
Contributed long-lived assets	4,750	823,410
Transformation grant	1,452,696	4,527,087
Net assets released from restrictions for capital purchases	<u>93,577</u>	<u>520,737</u>
Increase (decrease) in net assets without donor restrictions	<u>(4,407,048)</u>	<u>5,097,430</u>
Changes in net assets with donor restrictions:		
Restricted gifts and grants	477,196	468,895
Net assets released from restrictions	<u>(1,179,645)</u>	<u>(637,760)</u>
Decrease in net assets with donor restrictions	<u>(702,449)</u>	<u>(168,865)</u>
Change in net assets	(5,109,497)	4,928,565
Net assets at beginning of year	<u>23,730,664</u>	<u>18,802,099</u>
Net assets at end of year	<u>\$ 18,621,167</u>	<u>23,730,664</u>

See accompanying notes to consolidated financial statements.

	Internal 12/31/2021	Internal 1/31/2022	Internal 2/28/2022	Internal 3/31/2022	
<b>Cash and Cash Equivalents</b>	7,393,278	6,424,897	4,491,041	4,751,170	
<b>Patient AR Net Allowance</b>	16,361,343	16,321,398	15,737,774	16,396,354	
<b>Other Receivables</b>	774,038	770,393	818,355	789,480	
<b>Inventories</b>	5,055,354	4,960,213	4,833,362	4,740,034	
<b>Prepaid Expenses and Other Assets</b>	1,447,169	1,440,416	1,419,156	1,451,091	
<b>Estimated Third Party Payor Settlements, Net</b>	(2,923,722)	(2,920,517)	(2,855,421)	(2,808,155)	
<b>Total Current Assets</b>	<u>28,107,461</u>	<u>26,996,801</u>	<u>24,444,267</u>	<u>25,319,975</u>	
<b>Assets Limited as to Use</b>	198,007	205,373	202,749	202,540	
<b>PP&amp;E, Net</b>	32,495,864	32,722,396	32,506,647	32,564,504	
<b>Unamortized Debt Issuance Costs</b>	0	0	0	0	
<b>Other Long Term Assets</b>	4,606,938	4,606,938	4,606,938	4,606,938	
<b>Total Assets</b>	<u>65,408,270</u>	<u>64,531,508</u>	<u>61,760,600</u>	<u>62,693,957</u>	
<b>Current Installment of LTD</b>	3,690,182	3,690,326	3,690,471	3,690,616	
<b>Medicare Advance Payment</b>	6,777,857	6,081,256	5,459,300	4,741,211	
<b>Line of Credit</b>	2,503,354	2,503,354	2,503,354	2,503,354	
<b>Accounts Payable and Accrued Expenses</b>	13,369,128	13,402,704	13,936,976	16,275,163	
<b>Accounts Payable Subject to Compromise</b>	2,152,832	2,194,290	2,239,064	2,273,379	
<b>Accrued Salaries, Payroll Taxes and Fringe Benefits</b>	10,282,923	11,084,495	10,857,825	10,584,451	
<b>Advance from Third Party Payor</b>	985,000	985,000	985,000	985,000	
<b>Other Liabilities</b>	1,606,721	1,572,894	1,539,068	1,505,241	
<b>Total Current Liabilities</b>	<u>41,367,996</u>	<u>41,514,319</u>	<u>41,211,057</u>	<u>42,558,415</u>	
<b>Long Term Debt, Net Current Portion Installments</b>	5,697,011	6,053,323	5,899,348	6,102,142	
<b>Medicare Advance Payment</b>	0	0	0	0	
<b>Funds Held For Others</b>	197,257	204,623	200,999	200,290	
<b>Other Long Term Liabilities</b>	3,479,505	3,479,505	3,479,505	3,462,939	
<b>Total Liabilities</b>	<u>50,741,769</u>	<u>51,251,770</u>	<u>50,790,909</u>	<u>52,323,785</u>	
<b>Unrestricted</b>	14,461,027	13,076,888	10,767,113	10,167,594	
<b>Temp Restricted-Non-IAAF</b>	205,474	202,850	202,578	202,578	
<b>Temp Restricted IAAF</b>	0	0	0	0	
<b>Total Net Assets</b>	<u>14,666,501</u>	<u>13,279,738</u>	<u>10,969,691</u>	<u>10,370,172</u>	
<b>Total Liabilities and Net Assets</b>	<u>65,408,270</u>	<u>64,531,508</u>	<u>61,760,600</u>	<u>62,693,957</u>	
<b>Change in Cash</b>					
Gain/(Loss) for Period Including IAAF Funds	940,411	(1,384,139)	(2,309,775)	(599,519)	
Funds Transferred from Foundation for MRI	0	0	0	0	
Depreciation and Amortization	386,615	398,750	399,654	404,561	
Fixed Asset Purchases	(650,712)	(625,282)	(183,904)	(462,419)	
Net Outflows for Debt	(528,513)	(347,511)	(773,162)	(514,940)	
Increase/(Decrease) in AP and Accrued Payroll	(1,501,560)	876,606	352,375	2,099,128	
Increase/(Decrease) in Line of Credit	0	0	0	0	
(Increase)/Decrease in AR	(6,623)	39,945	583,623	(658,580)	
(Increase)/Decrease in Third Party	320,527	(3,205)	(65,095)	(47,266)	
(Increase)/Decrease in Prepaids	114,607	6,753	21,260	(31,936)	
(Increase)/Decrease in Long Term Assets	(1,145,860)	0	0	0	
Decrease/(Increase) in Long Term Liabilities	1,240,236	0	0	(16,567)	
Increase in Temporarily Restricted	(5,019)	(2,624)	(272)	0	
All Other Balance Sheet Changes	(415,899)	72,326	41,439	87,668	
<b>Change in Cash</b>	<u>(1,251,788)</u>	<u>(968,381)</u>	<u>(1,933,856)</u>	<u>260,129</u>	
	<u>(1,251,788)</u>	<u>(968,381)</u>	<u>(1,933,856)</u>	<u>260,129</u>	
					Annual Calcs
<b>Days Cash on Hand</b>	17	14	10	10	10
<b>Days Revenue in Accounts Receivable</b>	39	40	41	36	39
<b>Days in Accounts Payable</b>	81	82	74	80	88
<b>Net Debt Outstanding</b>	11,850,260	12,206,716	12,052,886	12,255,825	

**ACH**  
**Income Statement**  
**Hospital and PC's Only, excludes Foundation**

Project # 212282  
BFA Attachment B cont

	2022 Monthly Internal January	2022 Monthly Internal February	2022 Monthly Internal March	YTD 2022	YTD 2021
<b>Patient Service Revenue (Net)</b>	13,496,760	10,805,308	14,340,563	38,642,631	36,671,021
<b>Provision for Bad Debts</b>	(690,065)	(135,989)	(126,097)	(952,151)	(605,405)
<b>NPSR</b>	12,806,695	10,669,319	14,214,466	37,690,480	36,065,616
<b>Other Revenue, Including Investment Income</b>	123,681	207,741	273,128	604,549	914,246
<b>Net Assets Released from Restriction for Operating</b>	2,624	5,672	-	8,296	2,734
<b>NYS Grant Income for Debt Reduction</b>					
<b>Total Unrestricted Revenues</b>	<u>12,933,000</u>	<u>10,882,732</u>	<u>14,487,594</u>	<u>38,303,326</u>	<u>36,982,596</u>
<b>Salaries and Wages</b>	7,080,290	6,140,461	6,676,738	19,897,489	18,113,347
<b>Fringe Benefits</b>	1,666,424	1,239,835	1,569,854	4,476,114	4,455,090
<b>Supplies and Other Expenses</b>	5,060,363	5,298,328	6,323,530	16,682,222	14,796,893
<b>Depreciation and Amortization</b>	398,750	399,654	404,561	1,202,964	1,291,165
<b>Interest</b>	46,063	44,811	43,307	134,181	174,431
<b>NYS Cash Receipts Assessment</b>	65,249	69,417	69,123	203,789	198,472
					-
<b>Total Expenses</b>	<u>14,317,139</u>	<u>13,192,506</u>	<u>15,087,113</u>	<u>42,596,758</u>	<u>39,029,398</u>
<b>Net Operating Gain (Loss)</b>	(1,384,139)	(2,309,775)	(599,519)	(4,293,433)	(2,046,802)
<b>Loss on Extinguishment of Debt</b>	-	-	-	-	-
<b>Net Assets Released from Restriction for Capital</b>	-	-	-	-	-
<b>Equity Transfer From (To) Affiliate</b>	-	-	-	-	-
<b>Increase(decrease) in unrestricted net assets</b>	<u>(1,384,139)</u>	<u>(2,309,775)</u>	<u>(599,519)</u>	<u>(4,293,433)</u>	<u>(2,046,802)</u>

Project # 212282  
BFA Attachment B cont

Month of March 2022  
IAAF Income Statement

	2022 Actual January	2022 Actual February	2022 Actual March	2022 Budgeted March	YTD 2022	Budgeted YTD 2022	YTD 2021
<b>INCOME STATEMENT</b>							
Net Patient Revenue	\$ 13,496,760	\$ 10,805,308	\$ 14,340,563	\$ 13,872,384	\$ 38,642,631	\$ 40,274,664	\$ 36,671,021
Other Operating Revenue	\$ 123,681	\$ 207,741	\$ 273,128	\$ 138,548	\$ 604,549	\$ 402,237	\$ 914,246
Total Operating Revenue	\$ 13,620,441	\$ 11,013,049	\$ 14,613,691	\$ 14,010,932	\$ 39,247,181	\$ 40,676,901	\$ 37,585,267
Non-Operating Revenue	\$ 2,624	\$ 5,672	\$ -	\$ 1,056	\$ 8,296	\$ 3,067	\$ 2,734
Total Revenue	\$ 13,623,065	\$ 11,018,721	\$ 14,613,691	\$ 14,011,989	\$ 39,255,477	\$ 40,679,968	\$ 37,588,001
<b>Operating Costs</b>							
Salary	\$ 7,080,290	\$ 6,140,461	\$ 6,676,738	\$ 6,857,118	\$ 19,897,489	\$ 19,907,762	\$ 18,113,347
Benefits	\$ 1,666,424	\$ 1,239,835	\$ 1,569,854	\$ 1,582,436	\$ 4,476,114	\$ 4,594,169	\$ 4,455,090
Supplies	\$ 2,100,149	\$ 2,174,668	\$ 2,728,981	\$ 2,307,358	\$ 7,003,798	\$ 6,698,781	\$ 6,322,757
Purchased Services	\$ 1,540,465	\$ 1,845,703	\$ 2,165,342	\$ 1,488,678	\$ 5,551,511	\$ 4,466,034	\$ 4,508,284
Depreciation	\$ 398,750	\$ 399,654	\$ 404,561	\$ 409,584	\$ 1,202,964	\$ 1,228,753	\$ 1,291,165
Interest	\$ 46,063	\$ 44,811	\$ 43,307	\$ 45,011	\$ 134,181	\$ 135,034	\$ 174,431
Lease/Rental	\$ 134,373	\$ 137,511	\$ 134,160	\$ 141,597	\$ 406,044	\$ 424,790	\$ 405,378
Repairs Maintenance	\$ 303,690	\$ 301,772	\$ 221,556	\$ 304,101	\$ 827,018	\$ 912,302	\$ 819,671
Provisions for Bad Debt	\$ 690,065	\$ 135,989	\$ 126,097	\$ 382,192	\$ 952,151	\$ 1,109,589	\$ 605,405
Utilities	\$ 143,157	\$ 132,889	\$ 147,738	\$ 122,394	\$ 423,784	\$ 367,182	\$ 371,232
Physician Fees	\$ 513,793	\$ 489,623	\$ 549,156	\$ 571,121	\$ 1,552,572	\$ 1,713,363	\$ 1,470,143
Insurance	\$ 181,629	\$ 199,872	\$ 170,186	\$ 182,634	\$ 551,687	\$ 547,903	\$ 507,362
Other Operating Expenses	\$ 208,356	\$ 85,708	\$ 275,534	\$ 257,523	\$ 569,598	\$ 772,569	\$ 590,539
Total Operating Expense	\$ 15,007,204	\$ 13,328,495	\$ 15,213,211	\$ 14,651,747	\$ 43,548,910	\$ 42,878,232	\$ 39,634,804
Non Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Operating Expense	\$ 15,007,204	\$ 13,328,495	\$ 15,213,211	\$ 14,651,747	\$ 43,548,910	\$ 42,878,232	\$ 39,634,804
Operating Profit or Loss	\$ (1,386,763)	\$ (2,315,447)	\$ (599,519)	\$ (640,815)	\$ (4,301,729)	\$ (2,201,331)	\$ (2,049,537)
Non Operating Profit or Loss	\$ 2,624	\$ 5,672	\$ -	\$ 1,056	\$ 8,296	\$ 3,067	\$ 2,734
Total Expenses	\$ 15,007,204	\$ 13,328,495	\$ 15,213,211	\$ 14,651,747	\$ 43,548,910	\$ 42,878,232	\$ 39,634,804
Excess Revenue over Expense	\$ (1,384,139)	\$ (2,309,775)	\$ (599,519)	\$ (639,759)	\$ (4,293,433)	\$ (2,198,264)	\$ (2,046,802)





ACH  
Income Statement  
Hospital and PC's Only, excludes Foundation

Project # 212282  
BFA Attachment C cont

	2021 Monthly Internal January	2021 Monthly Internal February	2021 Monthly Internal March	2021 Monthly Internal April	2021 Monthly Internal May	2021 Monthly Internal June	2021 Monthly Internal July	2021 Monthly Internal August	2021 Monthly Internal September	YTD 2021	YTD 2020
<b>Patient Service Revenue (Net)</b>	12,703,598	11,952,073	12,015,350	12,473,743	12,867,817	13,003,490	12,416,159	13,107,952	12,892,197	113,432,378	93,369,870
<b>Provision for Bad Debts</b>	(197,480)	(234,463)	(173,462)	(445,723)	(484,136)	(626,307)	(440,621)	(327,347)	(105,314)	(3,034,854)	(2,621,725)
<b>NPSR</b>	12,506,117	11,717,610	11,841,888	12,028,020	12,383,681	12,377,182	11,975,537	12,780,605	12,786,883	110,397,524	90,748,145
<b>Other Revenue, Including Investment Income</b>	183,560	403,355	327,331	1,016,996	213,635	499,575	150,217	269,299	226,398	3,290,366	12,592,927
<b>Net Assets Released from Restriction for Operating</b>	-	-	2,734	34,057	868	-	219	37,000	3,101	77,980	46,715
<b>NYS Grant Income for Debt Reduction</b>											
<b>Total Unrestricted Revenues</b>	<u>12,689,677</u>	<u>12,120,965</u>	<u>12,171,954</u>	<u>13,106,364</u>	<u>12,598,184</u>	<u>12,876,758</u>	<u>12,125,973</u>	<u>13,086,904</u>	<u>13,016,381</u>	<u>113,793,161</u>	<u>103,387,787</u>
<b>Salaries and Wages</b>	6,406,337	5,629,031	6,077,978	6,308,011	6,226,568	6,316,768	6,463,103	6,587,236	6,613,126	56,628,159	51,688,808
<b>Fringe Benefits</b>	1,458,438	1,651,165	1,345,488	1,526,969	1,500,234	1,301,465	1,690,385	1,287,096	1,391,868	13,153,108	13,130,888
<b>Supplies and Other Expenses</b>	4,494,656	4,407,838	5,894,399	5,294,028	4,678,510	4,811,333	4,225,520	5,504,321	5,353,721	44,664,326	34,300,250
<b>Depreciation and Amortization</b>	422,806	448,257	420,102	428,488	413,050	404,652	410,187	414,073	413,432	3,775,046	3,815,310
<b>Interest</b>	62,243	59,472	52,716	48,803	48,974	47,886	46,624	47,714	45,222	459,654	539,599
<b>NYS Cash Receipts Assessment</b>	66,089	60,434	71,949	72,645	71,412	72,363	79,843	68,228	68,232	631,195	582,016
<b>Total Expenses</b>	<u>12,910,569</u>	<u>12,256,197</u>	<u>13,862,633</u>	<u>13,678,944</u>	<u>12,938,748</u>	<u>12,954,467</u>	<u>12,915,663</u>	<u>13,908,668</u>	<u>13,885,600</u>	<u>119,311,489</u>	<u>104,056,871</u>
<b>Net Operating Gain (Loss)</b>	(220,891)	(135,232)	(1,690,679)	(572,580)	(340,564)	(77,709)	(789,690)	(821,764)	(869,219)	(5,518,328)	(669,084)
<b>Loss on Extinguishment of Debt</b>	-	-	-	-	-	-	-	-	-	-	-
<b>Net Assets Released from Restriction for Capital</b>	-	-	-	93,578	-	-	-	-	-	93,578	129,689
<b>Equity Transfer From (To) Affiliate</b>	-	-	-	-	-	-	-	-	-	-	-
<b>Increase(decrease) in unrestricted net assets</b>	<u>(220,891)</u>	<u>(135,232)</u>	<u>(1,690,679)</u>	<u>(479,002)</u>	<u>(340,564)</u>	<u>(77,709)</u>	<u>(789,690)</u>	<u>(821,764)</u>	<u>(869,219)</u>	<u>(5,424,750)</u>	<u>(539,395)</u>

YTD September 2021 Normalized  
IAAF Income Statement

	YTD 2021	Less YTD COVID	Less YTD Grants	Less YTD Temp Nursing	Plus YTD Nurs Salaries	2021 YTD Normalized Sept
<b>INCOME STATEMENT</b>						
Net Patient Revenue	\$ 113,432,378					\$ 113,432,378
Other Operating Revenue	\$ 3,317,657	\$ 321,303	\$ 829,856			\$ 2,166,498
Total Operating Revenue	\$ 116,750,036	\$ 321,303	\$ 829,856	\$ -	\$ -	\$ 115,598,877
Non-Operating Revenue	\$ 171,557					\$ 171,557
<b>Total Revenue</b>	<b>\$ 116,921,593</b>	<b>\$ 321,303</b>	<b>\$ 829,856</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 115,770,434</b>
<b>Operating Costs</b>						
Salary	\$ 56,628,159	\$ 271,893				\$ 56,356,265
Benefits	\$ 13,153,108	\$ (292)				\$ 13,153,400
Supplies	\$ 18,325,215	\$ 2,186,559				\$ 16,138,656
Purchased Services	\$ 13,789,780	\$ 52,769		\$ 5,215,861	\$ 2,607,931	\$ 11,129,080
Depreciation	\$ 3,775,046					\$ 3,775,046
Interest	\$ 459,654					\$ 459,654
Lease/Rental	\$ 1,239,450					\$ 1,239,450
Repairs Maintenance	\$ 2,576,584					\$ 2,576,584
Provisions for Bad Debt	\$ 3,034,854					\$ 3,034,854
Utilities	\$ 1,080,777					\$ 1,080,777
Physician Fees	\$ 4,779,785					\$ 4,779,785
Insurance	\$ 1,491,834					\$ 1,491,834
Other Operating Expenses	\$ 2,012,095					\$ 2,012,095
<b>Total Operating Expense</b>	<b>\$ 122,346,343</b>	<b>\$ 2,510,929</b>	<b>\$ -</b>	<b>\$ 5,215,861</b>	<b>\$ 2,607,931</b>	<b>\$ 117,227,483</b>
Non Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total Operating Expense</b>	<b>\$ 122,346,343</b>	<b>\$ 2,510,929</b>	<b>\$ -</b>	<b>\$ 5,215,861</b>	<b>\$ 2,607,931</b>	<b>\$ 117,227,483</b>
Operating Profit or Loss	\$ (5,424,750)					\$ (1,628,606)
Non Operating Profit or Loss	\$ -					\$ 171,557
<b>Total Expenses</b>	<b>\$ 122,346,343</b>	<b>\$ 2,510,929</b>	<b>\$ -</b>	<b>\$ 5,215,861</b>	<b>\$ 2,607,931</b>	<b>\$ 117,227,483</b>
Excess Revenue over Expense	\$ (5,424,750)	\$ (2,189,626)	\$ 829,856	\$ (5,215,861)	\$ (2,607,931)	\$ (1,457,049)

**Strong Memorial Hospital  
Renovations and Expansion  
CON Project No. 221105  
CTAAB Project No. 259**

## **Abstract**

Strong Memorial Hospital (SMH) proposes to construct a new tower that will expand and modernize the emergency department and Comprehensive Psychiatric Emergency Program (CPEP). The application proposes the addition of a 5-story inpatient tower that will add thirty-five (35) Medical/Surgical and nine (9) Intensive Care (ICU) beds. The construction and staffing for the new space will be completed in 2026 and all projections from SMH look at Year 1, 2 and 3 as 2026, 2027, and 2028, respectively. With the addition of these beds and renovation of current space, SMH will be able to provide private rooms to all patients. The project is proposed to take place at the Hospital's current location, 601 Elmwood Avenue, Rochester, NY. The existing ground and 1<sup>st</sup> floors attached to the Emergency Department will be renovated to expand and modernize the ED and CPEP. The new tower will include the aforementioned expansion as well as three (3) new medical-surgical units, a new ICU unit, and an ED Observation Unit. The total number of Medical/surgical beds will increase from 478 to 513 and ICU beds will increase from 98 to 107 as a result of the project.

Total costs are expected to be \$557.7M with 3<sup>rd</sup> year incremental operating costs of \$1.43B and revenues of \$1.56B.

## **Staff Analysis**

### **Background**

SMH and other hospitals continue to face the challenge of needing to modernize facilities in order to fulfill its mission of patient & family-centered care. SMH's application claims that the current physical layout, room type(s), and number of beds has created barriers for SMH to provide that to its patients. Some of the current reported challenges leading to these issues are as follows:

The current census/occupancy for medical surgical beds is over 100% and has resulted in inability to accept and place all patients referred to SMH from the surrounding region. SMH serves as a major hub for the Finger Lakes Region and Upstate NY as it is the largest, most specialized academic health care hospital in Upstate New York. Along with this, it is the safety-net hospital for the most vulnerable citizens in both urban and rural communities in the region. As a result of the high census and community status, volumes as high as 80 patients boarding in the Emergency Department have been experienced recently while patients, family, and staff wait until an inpatient bed is available.

Another issue identified by the applicant is the inability of the space to meet the national standard for private beds for the majority of patients. A lack of private rooms for all patients leads to greater difficulty in accommodating privacy concerns, provide optimal infection control, and provide a therapeutic and restful environment for patients and their families. These issues have only been complicated in the past 2 years by the COVID-19 Pandemic and the more rigorous infection prevention measures needed when caring for COVID patients.

The issues of boarding and lack of private rooms has been seen even more clearly in the Emergency Department as the applicant reports that they have had to double patients in single rooms and care for patients in hallways or waiting rooms. Long-term, these practices compound the aforementioned issues regarding privacy and quality of care.

### **Community Capacity**

SMH defines the Finger Lakes Region as consisting of the following nine (9) counties: Genesee, Livingston, Monroe, Orleans, Ontario, Seneca, Wayne, Wyoming, and Yates. Common Ground Health has opted to utilize that region for our regional analysis. We will consider Monroe County the community for purposes of more localized analyses. Currently, the region has a total of 2,770 beds. A total of 68% of the beds in the region are Medical/Surgical (M/S) Beds across 14 facilities. Monroe County houses a total four medical facilities that have medical surgical beds and 70% of the market share of Medical surgical beds in the nine-county region.

Within Monroe County, SMH accounts for 44% of the inpatient beds. Over the last 25 years the distribution of beds has changed in the region. There have been three major events impacting bed availability in the region in the past 20 years, including closure of acute beds at St. Mary’s Hospital, The Genesee Hospital, and Lakeside Hospital of Brockport. Highland Hospital added a 4-story tower to their facility in 2019 that did not add beds but allowed for private rooms for all patients. In addition to this, Rochester General Hospital opened a new 9-story tower in 2020. This new tower did not add any beds, but reallocated the type of beds and provided private rooms for all patients. Table 1 shows the allocation of beds in the region.<sup>1</sup>

*Table 1: Current Bed Allocation in the Finger Lakes Region*

County	Facility Name	Grand Total	M/S	REHAB	ICU	OB	PED	PEDI..	NICU	MH	NB
Genesee	United Memorial Medical Center North Street Campus	105	86		4	10	5				
Livingston	Nicholas H. Noyes Memorial Hospital	67	49		8	10					
Monroe	Strong Memorial Hospital	875	467	20	98	45	56	24	34	97	34
	Rochester General Hospital	522	378	16	34	26	24		2	30	12
	The Unity Hospital of Rochester	238	195	4	15	21					3
	Highland Hospital	261	218		14	29					
	Monroe Community Hospital	44	18	21				5			
	Unity Specialty Hospital	73	33							40	
Ontario	Clifton Springs Hospital and Clinic	128	100		6					22	
	F.F. Thompson Hospital	113	89		12	12					
	Geneva General Hospital	112	91		9	12					
Orleans	Medina Memorial Hospital	39	25	9			5				
Wayne	Newark-Wayne Community Hospital	120	82		8	14				16	
Wyoming	Wyoming County Community Hospital	62	38		5	5	2			12	
<b>Grand Total</b>		<b>2,759</b>	<b>1,869</b>	<b>70</b>	<b>213</b>	<b>184</b>	<b>97</b>	<b>24</b>	<b>36</b>	<b>217</b>	<b>49</b>

Source: NYSDOH, Center for Health Care Facility Planning, Licensure, and Finance, April 2022  
Analysis Completed by Common Ground Health

<sup>1</sup> This data is directly from NYSDOH and may differ slightly from other reported data sources

SMH is an 886 bed not-for-profit hospital/academic medical center located in Rochester, Monroe County, which is requesting the addition of thirty-five (35) Medical/Surgical and nine (9) Intensive Care (ICU) beds. The applicant proposes the expansion and modernization of the emergency department and Comprehensive Psychiatric Emergency Program (CPEP) along with the addition a 5-story inpatient tower. Table 2 illustrates the current number of beds in the facility and the proposed allocation of beds.<sup>2</sup>

*Table 2: SMH Current and Proposed Capacity*

### **SMH Bed Capacity**

Bed Type	Current Capacity	Proposed Capacity
M/S	478	<b>513 (+35)</b>
ICU	98	<b>107 (+9)</b>
REHAB	20	<b>20</b>
OB	45	<b>45</b>
PED	56	<b>56</b>
PEDICU	24	<b>24</b>
NICU	34	<b>34</b>
MH	97	<b>93</b>
NB	34	<b>34</b>
<b>TOTAL</b>	<b>886</b>	<b>930 (+44)</b>

Source: Strong Memorial Hospital, April 2022  
Analysis Completed by Common Ground Health

### **Community Need**

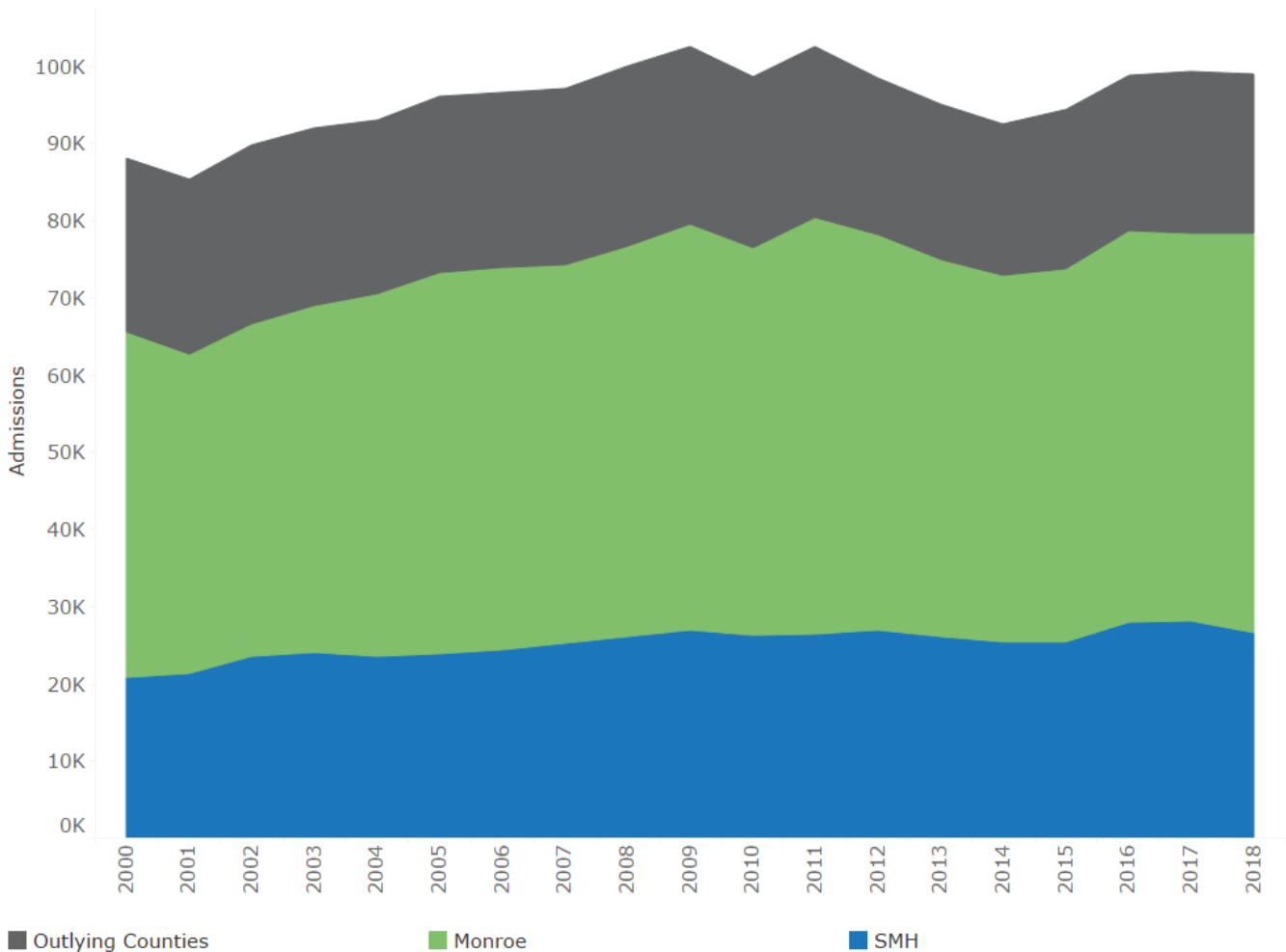
#### Inpatient Utilization - Admissions

Because the request focuses on M/S beds, we limit our entire analysis to inpatient admissions for individuals over the age of eighteen with either a medical or surgical service category. Because this data does not distinguish Intensive Care Unit (ICU) patients, we incorporate both M/S and ICU beds into the capacity calculations. For hospitals in the nine (9) county Finger Lakes region, the total number of inpatient admissions has decline since

<sup>2</sup> The numbers in this table reflect the data reported by SMH in this application

the peak in 2011 and then been fairly stable since 2016, a trend that aligns with statewide and national data.

*Figure 1: Medical/Surgical Admissions to Finger Lakes Region Hospitals*



Source: Statewide Planning and Research Cooperative System (SPARCS), Years 2000 - 2018  
Analysis Completed by Common Ground Health

In the nine county region there were a total of 99,316 admissions in 2017 and 98,995 in 2018. From 2011 to 2014, the number of admissions for regional hospitals has decreased by 9%. From 2014 to 2018 though, there was an upward trend and the number of admissions increased by 7%. As seen above in Figure 1<sup>3</sup> there has been some year to year fluctuation within Monroe County. The total number of applicable SMH admissions has remained more stable over the same timeframe, varying between 25,000 and 28,000. Looking at data provided by SMH for 2019, 2020, and 2021, we see similar numbers of admissions that we saw from 2000 – 2018. Overall, COVID did not appear to significantly

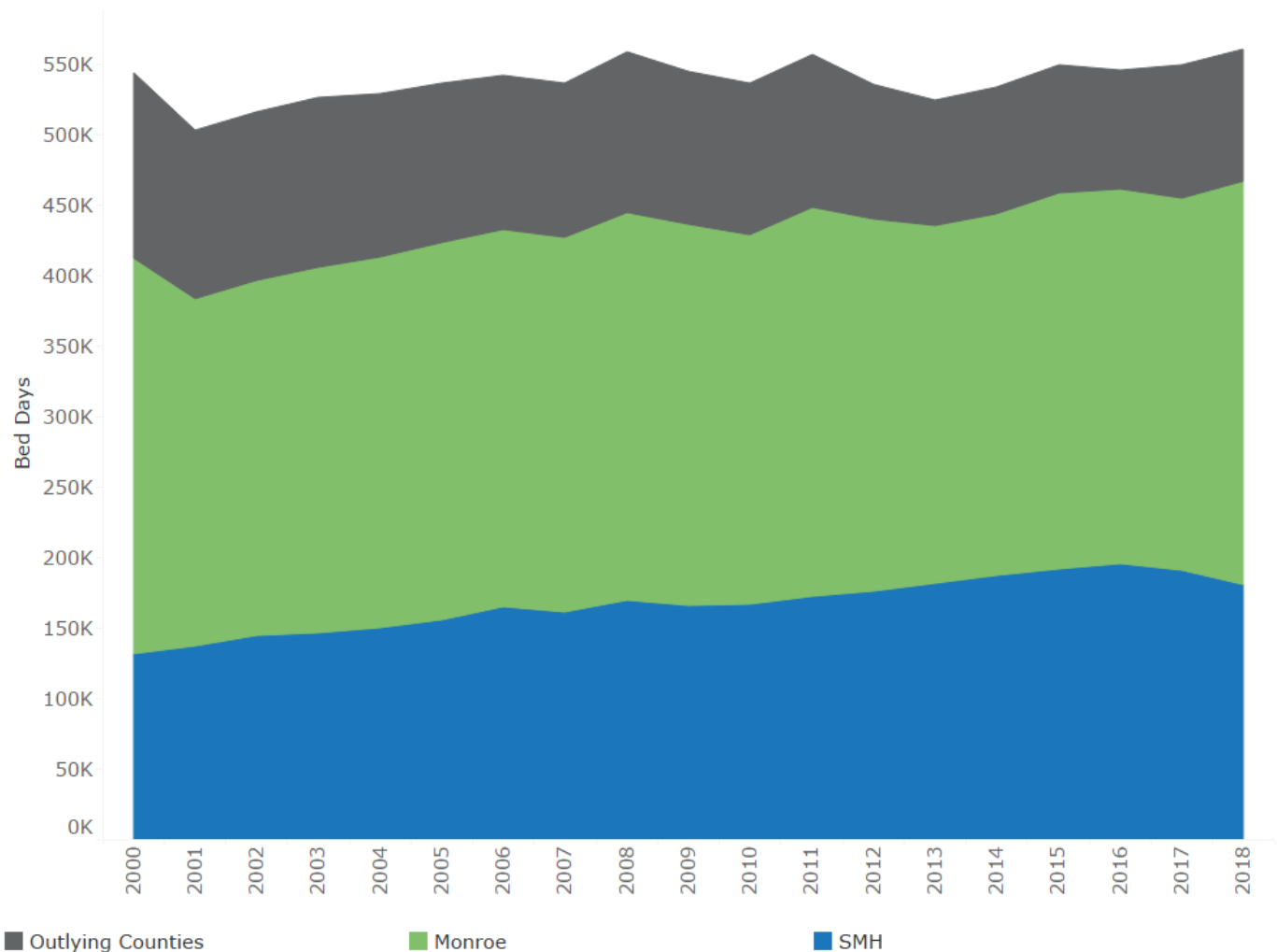
<sup>3</sup> For all charts showing data with these groupings (SMH, Monroe, and Outlying Counties), SMH’s numbers are excluded from Monroe, so there is no duplication of admissions/bed days

impact admissions outside of April 2020. For 2020 and 2021, admissions per month were between 2,000 and 2,500, which was consistent with numbers in 2019.

Inpatient Utilization – Bed Days

While admissions are a significant component of understanding inpatient utilization, other factors must also be considered. In order to estimate bed need, the number of bed days must also be analyzed. Bed days are the total number of days that a bed is occupied in a given year. Regionally, the number of bed days has increased a total of a 5% over from 2014 to 2018 with 2018 having the highest bed day rate of 559,961.

*Figure 2: Medical/Surgical Bed Days for Hospitals in the Finger Lakes Region*



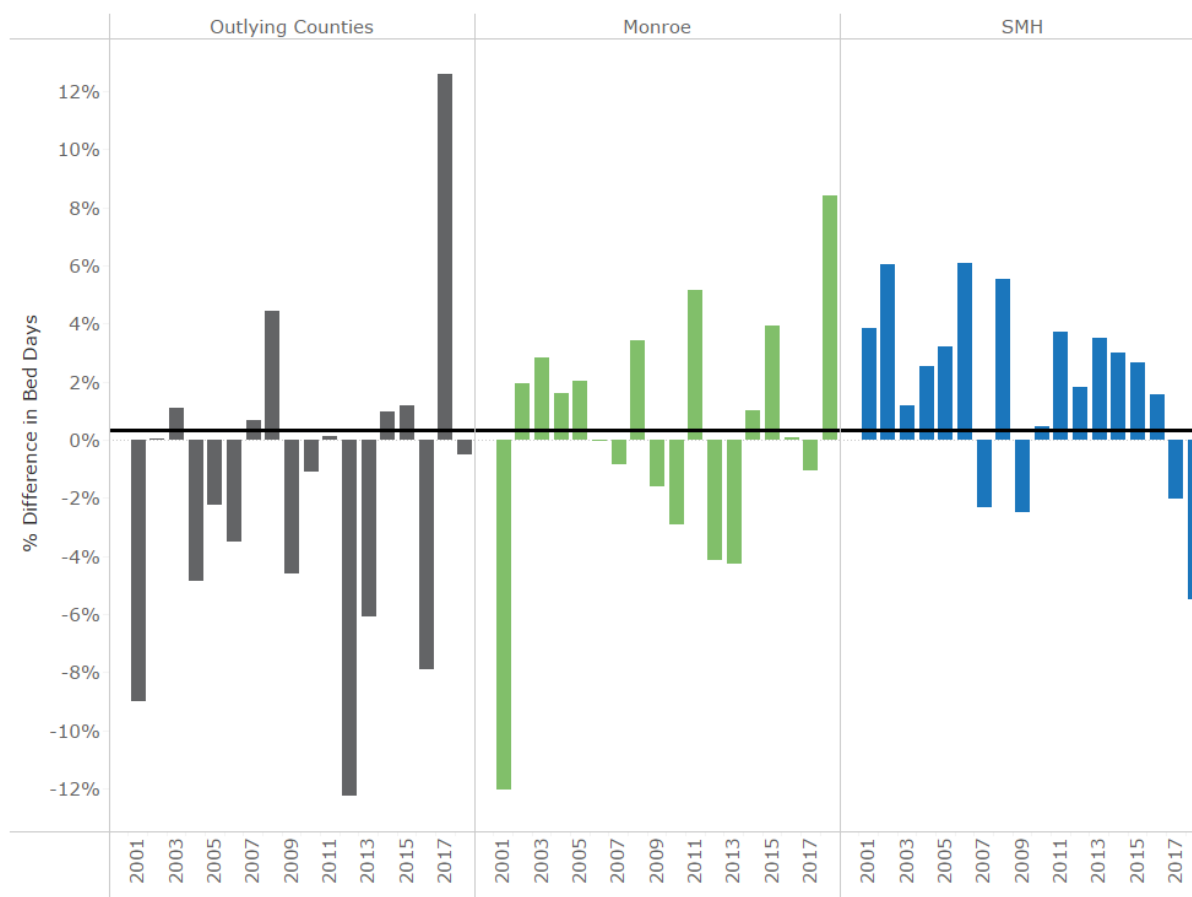
Source: Statewide Planning and Research Cooperative System (SPARCS), Years 2000 - 2018  
Analysis Completed by Common Ground Health

Since 2000 there has been significant volatility in the annual percent change of total bed days for the region. As seen above in Figure 2, there was a general upward trend in the number of bed days in the region since 2001. Figure 3 below illustrates the rate of change



in bed days over time since 2000, highlighting the regional average change from 2009 to 2018 (0.333%).

*Figure 3: Annual Percent Change of Bed Days in the Finger Lakes Region*



Source: Statewide Planning and Research Cooperative System (SPARCS), Years 2000 - 2018  
Analysis Completed by Common Ground Health

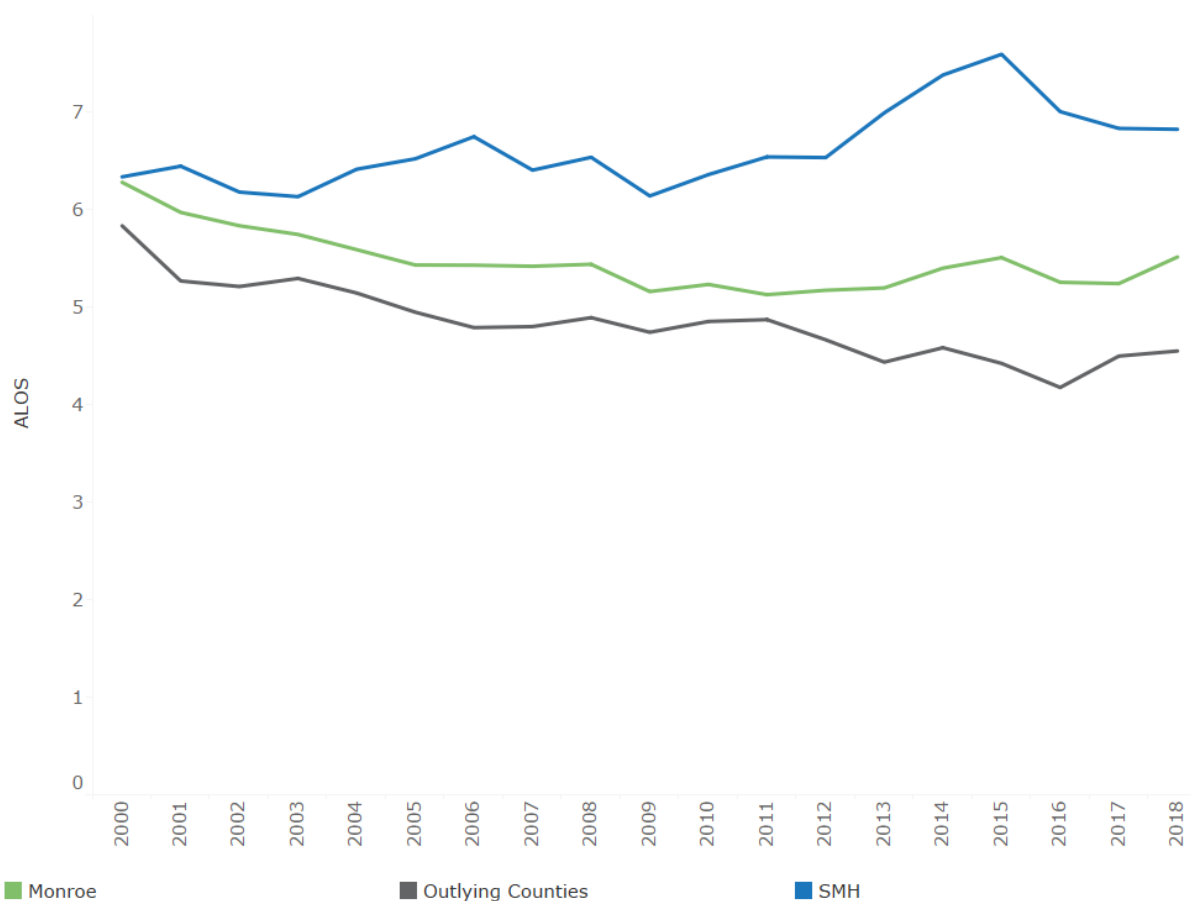
While total bed days in the region and in Monroe County have been volatile, there have been steady increases in bed days at SMH. The average year to year growth in the region since 2008 has remained close to zero. When we take a closer look we see that the average year to year growth in the region outside of Monroe County is on average -2.4%. The average year to year growth within the county has been under but close to 1%, and the average year to year growth at SMH has been over 3 times that. On average, SMH experienced a growth in beds days of 3%. One thing to note is the dip in bed days in 2017 and 2018 as Medicaid Managed Care and other Value Based Payment (VBP) insurance plans became more prevalent. It is unknown if there will be greater adoption of value based payment plans moving forward and the impact that may have on these metrics.

Inpatient Utilization – Average Length of Stay (ALOS)

The average length of stay (ALOS) for a patient in the hospital is used as a performance indicator for the hospital. Comparing trends for SMH, Monroe County, and the outlying counties we see differences in ALOS evolving over time. This metric is dependent on numerous factors, including average service intensity, 'sicker' inpatient population, and

patient demographics (older adults or complex cases require placement in post-acute facilities). Hospitals with these factors are likely to have a higher ALOS. Longer lengths of stay are not necessarily indicators of quality, however, they do provide insight into the number of needed acute inpatient beds.

*Figure 4: ALOS Trend for SMH, Monroe County Hospitals, and Outlying County Hospitals in the Finger Lakes Region*



Source: Statewide Planning and Research Cooperative System (SPARCS), Years 2000 - 2018  
Analysis Completed by Common Ground Health

The ALOS of patients at SMH has consistently been greater than that of the Finger Lakes region and Monroe County. From 2000 – 2015, we have seen the gap in ALOS between grow. From 2015 to 2018 though, SMH’s ALOS dropped by ~0.5 while Monroe County and Region were consistent. In 2000, the ALOS for an inpatient at SMH was 6.33 days. In 2018, the ALOS of an inpatient at SMH climbed to 6.81 days, which was 0.8 days lower than the peak in 2015. This was an overall growth of 7.6% in the years since 2000 but an 11% decrease since the peak ALOS in 2015. The year to year change has been twice that of the change for SMH was on average 0.5%, which Monroe County and the Finger Lakes Region had an average change of -0.68% and -1.29%, respectively. Along with that, SMH’s change in ALOS from 2000 to 2018 was 7.7%, while Monroe County and the Region were -12.2% and -22.0%, respectively. An increase in ALOS with increasing admissions at SMH highlights many of the challenges they are currently facing with capacity.

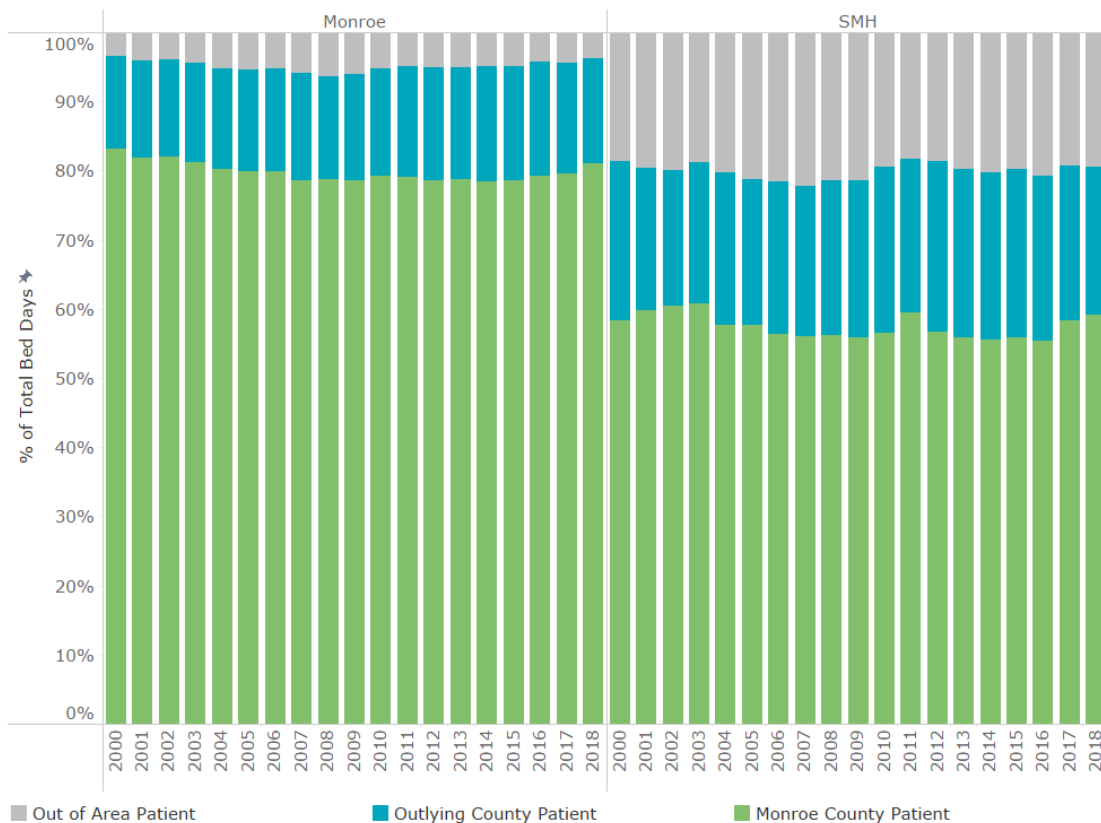
While the trends highlighted above from 2000 – 2018 show the stress that was being put on the hospitals capacity, the COVID-19 pandemic only further tested the limits of the system. Looking at the data from SMH, we see ALOS continue to rise from 2019 – 2021 along with increased admissions. The trend up for ALOS in 2020 and 2021 was due both to longer ALOS for both COVID and Flu patients. From 2000 to 2018, the ALOS for Flu patients was 6.3 days, with ALOS below that consistently since 2008. In 2019, 2020, and 2021, we saw ALOS for flu patients of 8.0, 13.3, and 13.9, respectively. COVID ALOS was slightly lower, with it being 11.8 in 2020 and 12.5 in 2021, but both of these being significantly higher than the historical ALOS contributed the upward trend in these years.

One other challenge currently being experienced by hospitals and health systems is the nursing shortage. This was an issue prior to COVID-19 and has been exacerbated by the pandemic. While many hospitals had the physical space to house patients, they have had to decrease the amount of patients in house due to the inability to staff all of their beds.

Inpatient Utilization – Patient Migration

Patient migration is an important aspect of calculating need, as patients will often come from outlying counties, the rest of New York State, the United States, and even internationally, to receive care in Rochester and specifically at SMH. Patient 'in migration' has been fairly stable for SMH and Monroe County hospitals. From 2000 to 2018, Monroe County patients seen at Monroe County hospitals and SMH were around 80% and 58%, respectively.

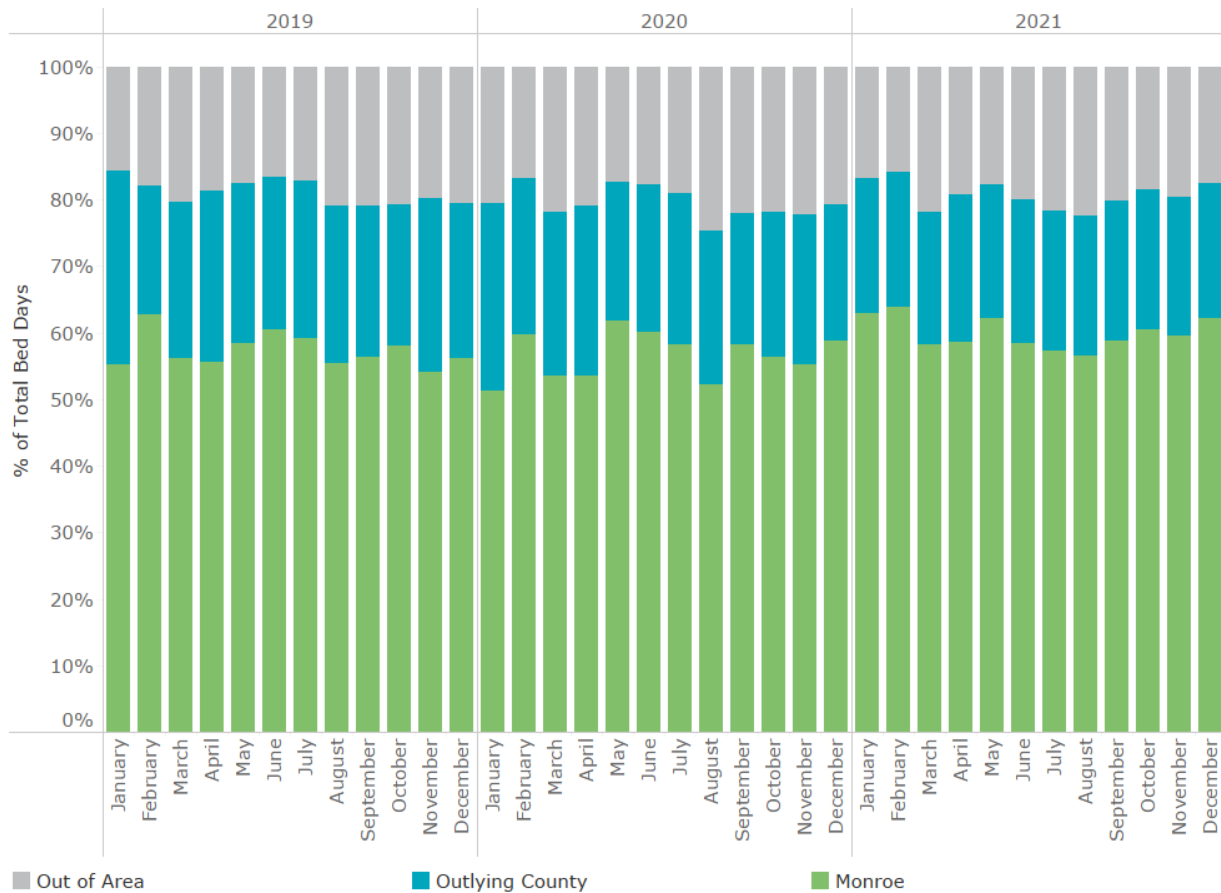
*Figure 5: Bed Days by Patient Residence*



Source: Statewide Planning and Research Cooperative System (SPARCS), Years 2000 - 2018  
Analysis Completed by Common Ground Health

Looking at this data for SMH during the COVID-19 Pandemic, we see similar in migration throughout 2019 – 2021. We see slightly more variation in Figure 6 than in Figure 5, but that is more attributed to the shorter time scale (months vs. years).

*Figure 6: Bed Days by Patient Residence - SMH*

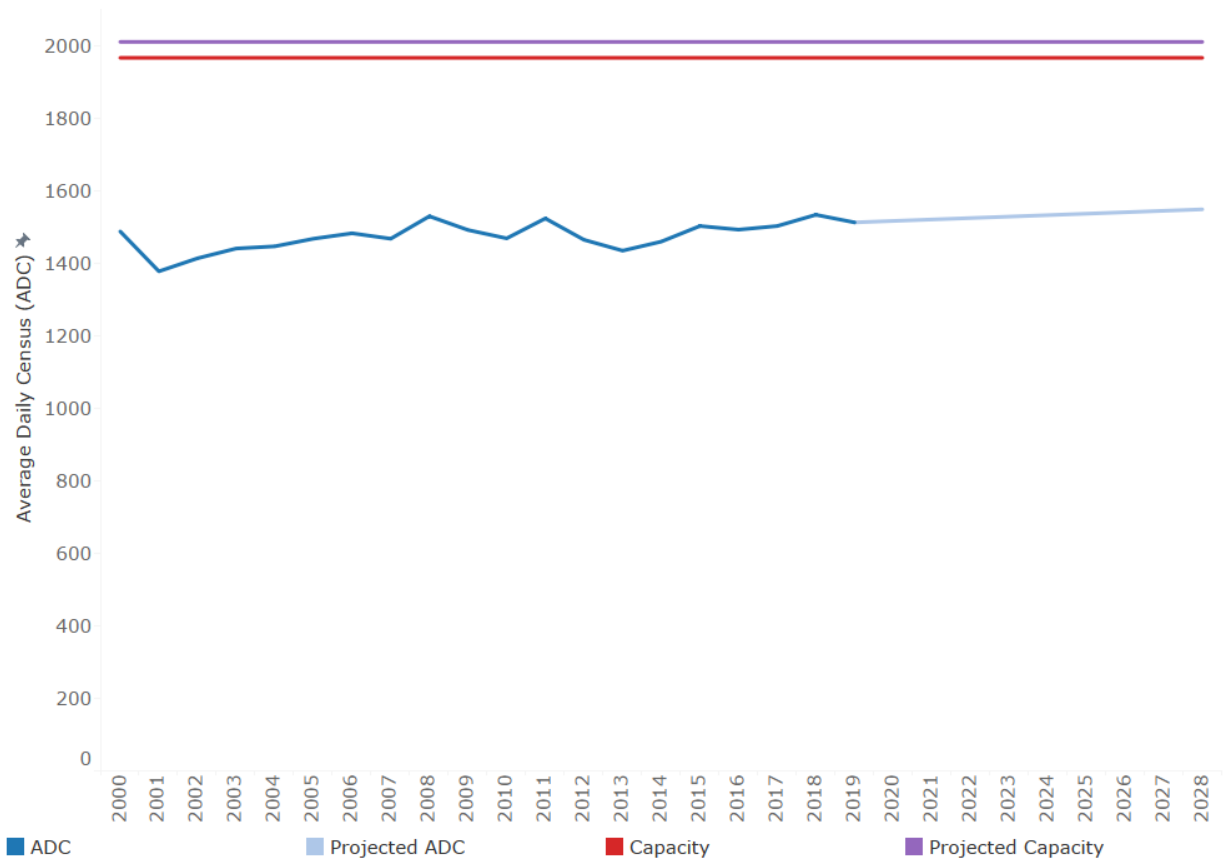


Source: Strong Memorial Hospital, Years 2019 - 2021  
Analysis Completed by Common Ground Health

**Average Daily Census (ADC)**

Utilizing a combination of these metrics, we can calculate what is known as the average daily census (ADC) for the hospitals in our region. This metric describes how many patients, on average, are utilizing inpatient beds on any given day. Further statistical analysis of this data allows for projection of future need at the institution, community, and regional levels. We performed a linear regression on the historical trends to forecast ADC through 2028 along with a Monte Carlo analysis to determine fluctuations in the ADC during this time period.

Figure 7: Finger Lakes Region ADC Projections

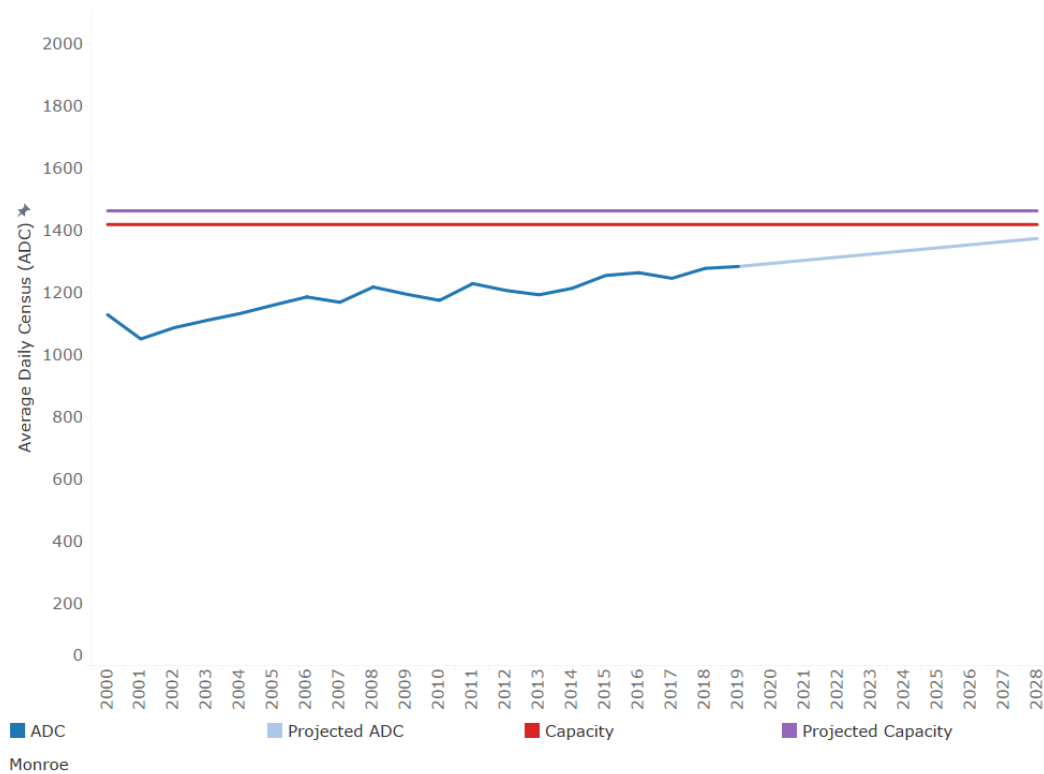


Finger Lakes

Source: Statewide Planning and Research Cooperative System (SPARCS), Years 2000 - 2018  
Analysis Completed by Common Ground Health

Looking at the ADC of the Finger Lakes Region as shown in Figure 7, there is more than sufficient bed capacity to manage the projected inpatient need. However, much of this excess capacity currently exists at rural community hospitals.

Figure 8: Monroe County ADC Projections



Source: Statewide Planning and Research Cooperative System (SPARCS), Years 2000 - 2018  
Analysis Completed by Common Ground Health

Within Monroe County, current bed capacity should continue to meet continued demand in most cases as shown in Figure 8. Because there is significant daily variation with the number of patients that may be needing care on a given day, we employ a separate statistical technique, Monte Carlo analysis, to determine whether current capacity is sufficient for surges in demand that occur throughout the year. Table 3 contains the results of that analysis. The boarders column shows how many patients would be boarding at the max census calculated in the simulation (aka the projected census on that day minus the capacity).

Table 3: Monroe County ADC Projections Monte Carlo Analysis

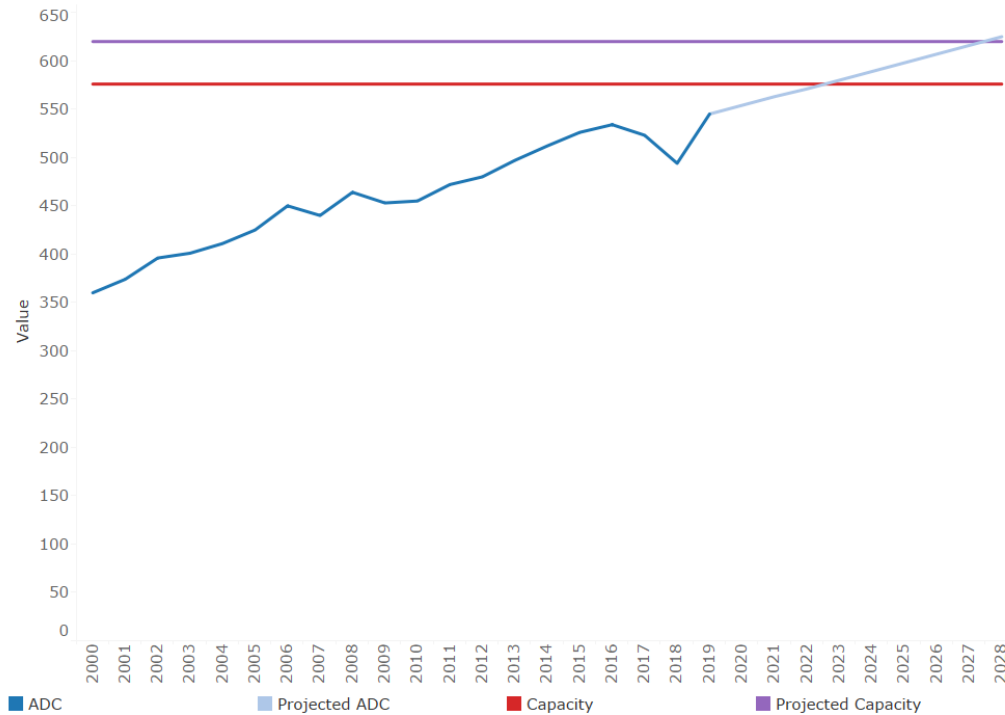
Year	ADC	Capacity	Days over Capacity	Boarders	Projected Capacity	Days over Projected Capacity	Boarders - Projected Capacity
2023	1,323	1,418	32	135	1,462	7	91
2024	1,333	1,418	40	110	1,462	9	66
2025	1,343	1,418	51	143	1,462	11	99
2026	1,353	1,418	55	110	1,462	20	66
2027	1,363	1,418	73	145	1,462	25	101
2028	1,373	1,418	92	172	1,462	31	128

Monroe

Source: Statewide Planning and Research Cooperative System (SPARCS), Years 2000 - 2018  
Analysis Completed by Common Ground Health

Taking the data from Figure 8 and Table 3 together, the analysis indicates is that within Monroe County the daily census at its peak in 2028 will be over the total capacity of 1,418 beds 25% of the time. On average, there will be a capacity of 45 beds, but during times of peak volume, as modeled by the Monte Carlo simulation, the County will be over capacity.

*Figure 9: SMH ADC Projections*



SMH

Source: Statewide Planning and Research Cooperative System (SPARCS), Years 2000 - 2018  
Analysis Completed by Common Ground Health

Although regionally and within Monroe County there appears to be sufficient capacity, SMH continues to trend up towards their current capacity. They will have an ADC exceeding the current capacity by 2023 and the projected capacity by 2027 based on the linear regression of the current data. Conducting the same Monte Carlo simulation at the institutional level reveals that SMH would be over capacity 53% of the time and their ADC would be 580 in 2023. Table 4 shows this analysis through 2028.

*Table 4: SMH ADC Projections Monte Carlo Analysis*

Year	ADC	Capacity	Days over Capacity	Boarders	Projected Capacity	Days over Projected Capacity	Boarders - Projected Capacity
2023	580	576	194	95	620	34	51
2024	589	576	242	126	620	53	82
2025	598	576	284	113	620	72	69
2026	607	576	304	144	620	113	100
2027	616	576	324	141	620	168	97
2028	625	576	349	143	620	197	99

SMH

Source: Statewide Planning and Research Cooperative System (SPARCS), Years 2000 - 2018  
Analysis Completed by Common Ground Health

## **Additional Considerations**

The NY State Department of Health (NYSDOH) through Section 1115 of the Social Security Act will be pursuing a Waiver Demonstration (the Waiver) that addresses the inextricably linked health disparities and systemic health care delivery issues that have been both highlighted and intensified by the COVID-19 pandemic. The current stated goals of the Waiver (which is still in draft form) are as follows:

1. Building a more resilient, flexible and integrated delivery system that reduces racial disparities, promotes health equity, and supports the delivery of social care
2. Developing supportive housing and alternatives to institutions for the long-term care population;
3. Redesigning and strengthening health and behavioral health system capabilities to provide optimal response to future pandemics and natural disasters; and
4. Creating statewide digital health and telehealth infrastructure

Goals 2 and 4 are not pertinent to this application, but goals 1 and 3 are likely to impact inpatient utilization and access to care. The plan to add mental health providers and have a modernized CPEP unit should increase access to care and quality of services. As far as goal 1, this will be discussed later in the report by looking at payor type and access to care.

### **Average Length of Stay**

Reflecting the data discussed in the review of community need, the ALOS for the region has been stable from 2011 to 2018 and decreasing for SMH from 2015 to 2018. However, as discussed previous, COVID and Flu have increased ALOS for SMH by ~5% and we'd expect similar effects across the region. SMH has a longer ALOS than the community at-large. The continued impact of COVID-19 on ALOS is yet to be seen.

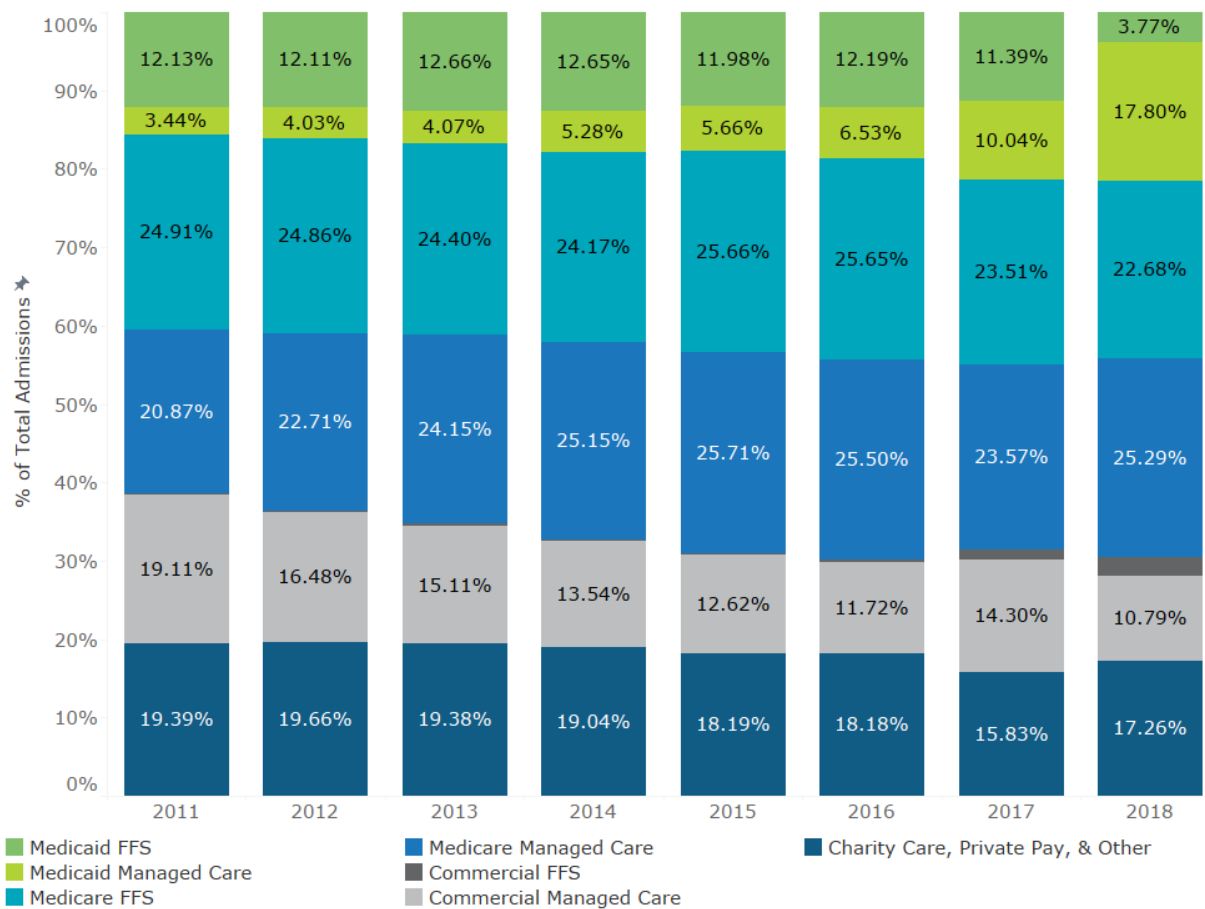
One other consideration on ALOS is patient needs for post-acute care placement in rehab or SNF beds. While the acute care facilities have had previously unforeseen work force challenges since the 2020, Nursing Homes have seen even greater challenges. Without staff to care for the patients, several facilities in the community have closed (Hill Haven in Monroe County closed in 2020) and those that remain open continue to face challenges in utilizing their full capacity.

### **Patient Mix by Payor Type**

Looking at data from 2011 to 2018 from SPARCS and data provided by SMH's for FY2021 (07/01/20 – 06/30/21), there were no significant differences in payor mix for inpatient admissions. 2017 and 2018 saw increases in Managed Medicaid admissions that was also reflected in the FY2021 data. While the analysis on SMH's 2019 – 2021 data did not look at the cross reference of COVID status and Payor type, staff feel it would be safe to assume that similar percentages from each payor would hold and there were no restrictions to care during the Pandemic based on payor type. Figure 10 shows this data.



Figure 10: Percent of SMH Admissions by Payor Type

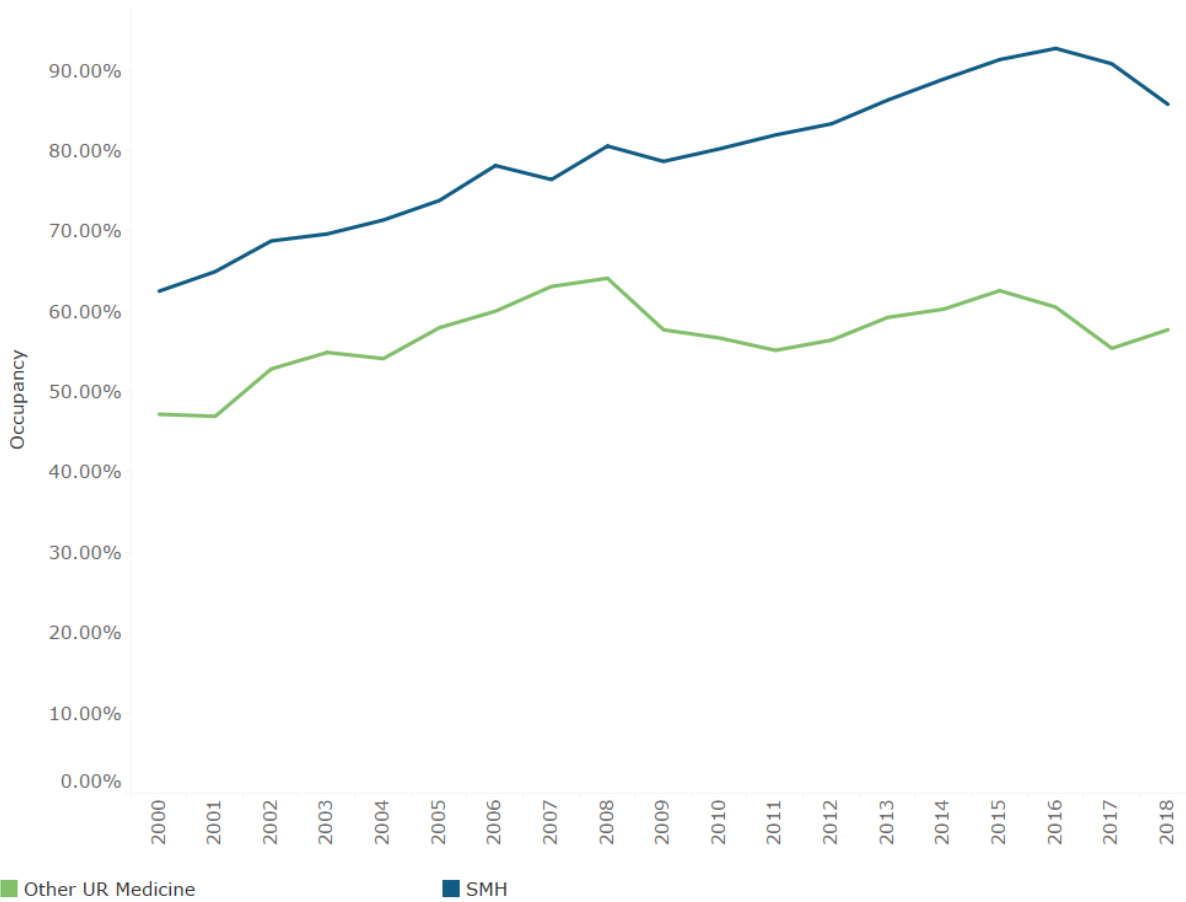


Source: Statewide Planning and Research Cooperative System (SPARCS), Years 2000 - 2018  
Analysis Completed by Common Ground Health

### Hospital Network Evolution

As economic pressures have continued to push hospital systems toward consolidation, both UR Medicine and Rochester Regional Health have become more affiliated with hospitals in outlying counties. Many of those hospitals demonstrate lower occupancy rates. As those affiliations become stronger the total network must be considered a component of institutional need. As seen in Figure 11, within the UR Medicine System, occupancy rates vary significantly. Since 2015, SMH’s occupancy rate has been over 90% (with a small dip to 85% in 2018) while the rest of the system has fluctuated between 50 – 60%.

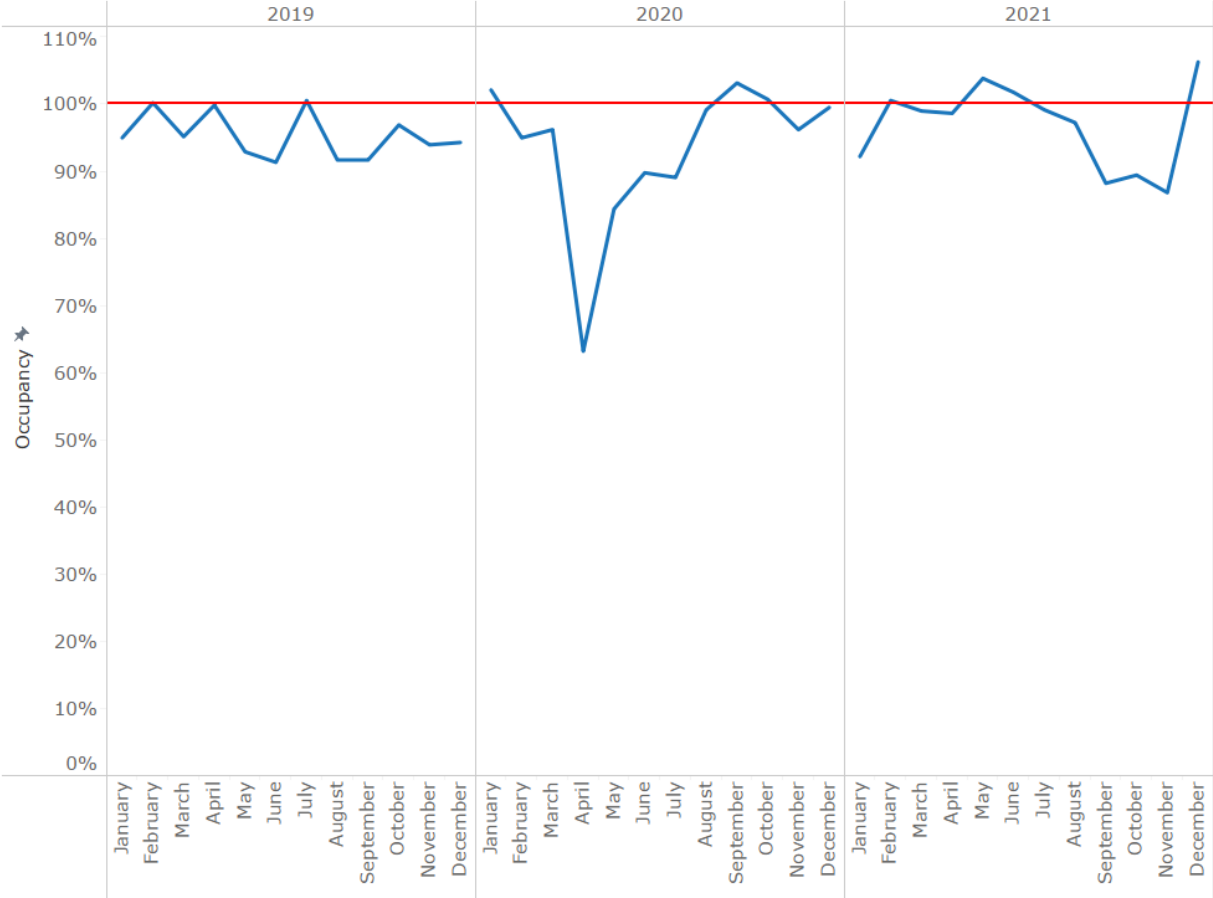
Figure 11: UR Medicine Medical/Surgical Occupancy Rates



Source: Statewide Planning and Research Cooperative System (SPARCS), Years 2000 - 2018  
Analysis Completed by Common Ground Health

From 2019 to 2021 we saw increased occupancy at SMH, with all three years being greater than the previous peak year of 2016. Looking at Figure 12, we see occupancy rates over 100% at several points during 2019 and during the surges of COVID in 2020 and 2021. As previously mentioned in this report, when occupancy is at such high rates, quality of care and patient privacy can suffer due to the need to board patients and care for them in ad-hoc treatment areas.

Figure 12: SMH Occupancy by Month



Source: Strong Memorial Hospital, Years 2019 - 2021  
Analysis Completed by Common Ground Health

**Staffing**

Health care has historically been a field that has gone through ebbs and flows for staffing. Looking through the literature, one can find articles every few years since 2000 discussing current and/or impending physician and nursing shortages. Specifically for nursing, as previously stated, this field has faced increased issues with staffing since the beginning of the pandemic. In completing this analysis, staff considered the addition of staff along with the addition of beds to see if the proposed expansion was appropriate.

In their application, SMH provided information on additional staffing they predict that will be needed to staff the additional beds. Their current plan is to add ~50 nurses, ~1 physician, and ~5 Nurse Practitioners per year in the initial 3 years of the project. They believe they will be able to sustain these projections, especially for nursing, as they have been able to add 50 – 100 nurses per year in the past decade. Table 5 shows the number of nursing FTE’s they have been able to add since 2012.

Table 5: SMH RN Staffing Additions

Fiscal Year	RN FTE's Added
2012	4.4
2013	61.7
2014	49.1
2015	108.2
2016	17.6
2017	70.7
2018	121.2
2019	56.9
2020	40.4
2021	72.6
2022	96.0

Source: Strong Memorial Hospital, Years 2012 - 2022  
Analysis Completed by Common Ground Health

### **Need Conclusion**

SMH demonstrates an institutional need for additional M/S bed capacity. Occupancy rates for beds at SMH are beyond comfortable levels and are likely impacting the care patients are receiving. One factor not discussed previously in the analysis is the aging population in Monroe County and their utilization of the health care system. As the share of population in Monroe County over the age of 65 continues to increase as it has in the past decade, these patients will need acute care services for the variety of conditions that impact our older adults. The future of the COVID-19 pandemic and the future stress it will place on our health care system is unknown. It would likely be prudent to plan for future surges and case increases to adequately care for patients in the Finger Lakes region.

Regionally, there appears to be adequate capacity. However there does appear to be a maldistribution of acute beds throughout the region and within the UR Medicine system, as there is a need for additional need and capacity at Strong Memorial Hospital. The re-balancing of current bed capacity could potentially mitigate the need to add to the total community capacity.

### **Financial Impact**

The total project cost is \$557,735,700 inclusive of CON fees and will be funded as follows: \$257,735,700 will be equity funded with the other \$300,000,000 being funded through bond/loan financing, which SMH has tentatively been approved for. Operating revenue from patient services in 2021 was \$1,047,723,373. Operating revenue is projected to increase by \$509M through year three (2028). The applicant has provided information regarding the source of that increased revenue. Incremental revenue is primarily associated with a projected increase in daily hospital services. The applicant anticipates an increase of 6,692 inpatient admissions and 22,527 outpatient admissions by the third year.

The resulting incremental increase in revenue is a function of projected increased volume for medical/surgical bed use resulting from increased efficiencies that are proposed as part of the project.

## **Quality**

This project may improve the quality of care for patients at SMH due to the move to private rooms. One factor that may improve with private rooms is patient satisfaction. Along with this, having private rooms allows for more procedures to be completed in the room. When looking at factors like hospital infection rates, recovery rates, and patient safety incidences, there is not sufficient data to show that private rooms make any impact on those measures.<sup>4</sup> There are no proposed changes in the advancement of M/S services. The increase in the number of medical/surgical beds may increase available resources. In that case there may be the potential for quality care improvement, most likely in that it will allow patients to be admitted sooner and not have to board in the ED for significant lengths of time.

## **Access**

There is no proposed change to geographic access as a result of the project. Improved workflows may allow patients who would have previously been treated elsewhere to access care closer to their place of residence. SMH has a good record of providing care to underserved populations (Medicaid and Uninsured patients). Financial access for patients is not a concern.

## **Staff Recommendation**

After consideration of the above analysis, staff recommends approval of the application by SMH based upon the following considerations:

- Modernizing SMH's current space along with adding the capacity will allow SMH to continue to meet the growing demands and needs of the community.
- Based on projections in the staff analysis, SMH should be able to accommodate growing demand and/or surge cases in the future.
- Current CTAAB review criteria make it difficult to assess restraints on capacity with regard to staffing, which has become a significant issue, locally and nationally.

Beyond scope of community need, there are several items which staff considered in the development of their recommendation:

- **Workforce Retention** – while SMH has shown an ability historically to keep pace with the staffing needs they project for the new beds, staff would like SMH to consider the workforce retention/attrition and the net change to workforce in future applications. As noted previously in the analysis, the pandemic has greatly impacted the health care workforce and lead to some unforeseen changes (such as nurses forgoing traditional employment with health care system to working for travel

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<sup>4</sup> <https://doi.org/10.1016/j.healthpol.2007.06.002>

agencies at much higher rates and higher costs to the systems). Retention, especially of more seasoned staff with training in specialty service lines, is an important factor in maintaining the specialty services SMH offers and delivering high quality care

- **Impact of Expanded ED, CPEP, and Observation Units** – while the application stated beds would be added in these areas, no numbers were given for the ED and CPEP beds. It is anticipated that these two areas will experience the greatest demand by the community. While it is outside the scope of this CON application, the staff are interested in the impact this added outpatient capacity will have on both ED metrics and the inpatient metrics discussed in the analysis
- **More Robust Data for Planned CON Application Regarding this Space** – SMH shared in their application this is the first step regarding the total capacity in this tower. There is planned shell space for two more units (28 and 30 beds, respectively) and OR/Special Procedure rooms. As part of these application(s), staff and CTAAB would like to see data on the following metrics as part of the application:
  - All metrics included in current analysis
  - Aforementioned workforce metrics (attrition/net change of staff)
  - Staffed Beds to supplement current capacity metrics
  - ED metrics (boarders, turnaround time for patients only seen in ED, Decision to admit to on unit time, etc.)
  - Any related quality and patient satisfaction metrics SMH measure related to the move from semi-private to private rooms

## Appendix A - Methods

The statistical methods used for this analysis were linear regression and Monte Carlo simulations. Below is a brief description of both and how they were applied in this analysis.

**Linear Regression** – an attempt to model the relationship between two variables by fitting a linear equation to observed data, where one variable is considered to be an explanatory variable and the other as a dependent variable.<sup>5</sup> In this case, it was used to forecast the ADC (dependent variable) vs. year (independent variable). This analysis was completed with Microsoft Excel using their built-in functions along with calculating a +/- 5% confidence interval on these projections. In completing the regression, the fit of the model was tested with the more current data from SMH (2019, 2020, 2021). The model showed a good fit as the actual numbers were within the confidence intervals on the projection.

**Monte Carlo Simulation** – a model used to predict the probability of different outcomes when the intervention of random variables is present. Monte Carlo simulations help to explain the impact of risk and uncertainty in prediction and forecasting models.<sup>6</sup> For this analysis, Monte Carlo simulations were run to account for lower and higher demand on the Monroe County Hospitals and SMH based on the forecasted ADC for each year. This analysis was completed with Microsoft Excel using their built-in functions completing 1000 simulations for daily census. This was done to simulate the variation in demand on the system during different times of year and other unknown factors.

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<sup>5</sup> <https://doi.org/10.1016/bs.host.2018.07.004>

<sup>6</sup>

<https://www.investopedia.com/terms/m/montecarlosimulation.asp#:~:text=A%20Monte%20Carlo%20simulation%20is,in%20prediction%20and%20forecasting%20models.>

**Market Share Analysis for 0413:STRONG MEMORIAL HOSPITAL**  
**Service area: 85% of hospital discharges based on patient Zip codes of origin**  
**----- including the facility with the biggest share in each zip code -----**  
**Data source: SPARCS inpatient data (Apr. 1, 2019 - Mar. 31, 2020)- Date last update: 10/21/2020**

221105  
 BPNR Attachment A

Patients zip code	Post office name	Annual average discharges	Percent of facility's total discharges	Cumulative percent	Facility's share of zip code	Facility with biggest share of this zip code (%)
14450	FAIRPORT	1,280	3.7	3.7	34.3	0413:STRONG MEMORIAL HOSPITAL(34%)
14609	ROCHESTER	1,167	3.4	7.0	20.6	0411:ROCHESTER GENERAL HOSPITAL(51%)
14620	ROCHESTER	1,146	3.3	10.3	41.0	0413:STRONG MEMORIAL HOSPITAL(41%)
14611	ROCHESTER	1,109	3.2	13.5	37.7	0413:STRONG MEMORIAL HOSPITAL(38%)
14624	ROCHESTER	1,072	3.1	16.6	29.2	0471:THE UNITY HOSPITAL OF ROCHESTER(36%)
14621	ROCHESTER	1,034	3.0	19.6	18.6	0411:ROCHESTER GENERAL HOSPITAL(60%)
14580	WEBSTER	938	2.7	22.3	18.7	0411:ROCHESTER GENERAL HOSPITAL(55%)
14534	PITTSFORD	910	2.6	24.9	38.7	0413:STRONG MEMORIAL HOSPITAL(39%)
14606	ROCHESTER	859	2.5	27.3	22.1	0471:THE UNITY HOSPITAL OF ROCHESTER(39%)
14618	ROCHESTER	802	2.3	29.6	43.3	0413:STRONG MEMORIAL HOSPITAL(43%)
14623	ROCHESTER	792	2.3	31.9	44.6	0413:STRONG MEMORIAL HOSPITAL(45%)
14612	ROCHESTER	695	2.0	33.9	16.2	0471:THE UNITY HOSPITAL OF ROCHESTER(42%)
14619	ROCHESTER	683	2.0	35.9	39.9	0413:STRONG MEMORIAL HOSPITAL(40%)
14626	ROCHESTER	624	1.8	37.7	15.6	0471:THE UNITY HOSPITAL OF ROCHESTER(55%)
14608	ROCHESTER	618	1.8	39.4	34.8	0413:STRONG MEMORIAL HOSPITAL(35%)
14526	PENFIELD	578	1.7	41.1	31.1	0411:ROCHESTER GENERAL HOSPITAL(31%)
14616	ROCHESTER	550	1.6	42.7	15.7	0471:THE UNITY HOSPITAL OF ROCHESTER(44%)
14424	CANANDAIGUA	542	1.6	44.2	19.2	0678:F F THOMPSON HOSPITAL(60%)
14607	ROCHESTER	516	1.5	45.7	38.8	0413:STRONG MEMORIAL HOSPITAL(39%)
14467	HENRIETTA	468	1.3	47.1	46.2	0413:STRONG MEMORIAL HOSPITAL(46%)
14613	ROCHESTER	465	1.3	48.4	22.5	0411:ROCHESTER GENERAL HOSPITAL(41%)
14610	ROCHESTER	452	1.3	49.7	31.6	0409:HIGHLAND HOSPITAL(33%)
14420	BROCKPORT	448	1.3	51.0	26.7	0471:THE UNITY HOSPITAL OF ROCHESTER(43%)



**Market Share Analysis for 0413:STRONG MEMORIAL HOSPITAL**  
**Service area: 85% of hospital discharges based on patient Zip codes of origin**  
**----- including the facility with the biggest share in each zip code -----**  
**Data source: SPARCS inpatient data (Apr. 1, 2019 - Mar. 31, 2020)- Date last update: 10/21/2020**

221105  
 BPNR Attachment A,  
 continued

Patients zip code	Post office name	Annual average discharges	Percent of facility's total discharges	Cumulative percent	Facility's share of zip code	Facility with biggest share of this zip code (%)
14615	ROCHESTER	410	1.2	52.2	20.2	0471:THE UNITY HOSPITAL OF ROCHESTER(34%)
14605	ROCHESTER	405	1.2	53.3	20.8	0411:ROCHESTER GENERAL HOSPITAL(55%)
14617	ROCHESTER	390	1.1	54.5	16.3	0411:ROCHESTER GENERAL HOSPITAL(56%)
14564	VICTOR	389	1.1	55.6	31.7	0413:STRONG MEMORIAL HOSPITAL(32%)
14020	BATAVIA	344	1.0	56.6	10.8	0339:UNITED MEMORIAL MEDICAL CENTER NORTH STREET CAMPUS(54%)
14586	WEST HENRIETTA	341	1.0	57.5	39.2	0413:STRONG MEMORIAL HOSPITAL(39%)
14468	HILTON	330	0.9	58.5	18.1	0471:THE UNITY HOSPITAL OF ROCHESTER(51%)
14559	SPENCERPORT	312	0.9	59.4	19.1	0471:THE UNITY HOSPITAL OF ROCHESTER(52%)
14445	EAST ROCHESTER	305	0.9	60.3	38.7	0413:STRONG MEMORIAL HOSPITAL(39%)
14411	ALBION	303	0.9	61.1	20.4	0471:THE UNITY HOSPITAL OF ROCHESTER(25%)
14625	ROCHESTER	302	0.9	62.0	29.3	0411:ROCHESTER GENERAL HOSPITAL(33%)
14843	HORNELL	283	0.8	62.8	20.1	0870:ST. JAMES HOSPITAL(32%)
14414	AVON	281	0.8	63.6	43.4	0413:STRONG MEMORIAL HOSPITAL(43%)
14510	MOUNT MORRIS	281	0.8	64.4	33.4	0393:NICHOLAS H NOYES MEMORIAL HOSPITAL(34%)
14428	CHURCHVILLE	279	0.8	65.2	31.7	0471:THE UNITY HOSPITAL OF ROCHESTER(36%)
14425	FARMINGTON	274	0.8	66.0	25.7	0678:F F THOMPSON HOSPITAL(35%)
14437	DANSVILLE	248	0.7	66.7	25.8	0393:NICHOLAS H NOYES MEMORIAL HOSPITAL(49%)
14456	GENEVA	239	0.7	67.4	11.5	0671:GENEVA GENERAL HOSPITAL(47%)
14502	MACEDON	224	0.6	68.1	22.7	0411:ROCHESTER GENERAL HOSPITAL(28%)
14472	HONEOYE FALLS	219	0.6	68.7	35.2	0413:STRONG MEMORIAL HOSPITAL(35%)
14482	LE ROY	211	0.6	69.3	26.2	0339:UNITED MEMORIAL MEDICAL CENTER NORTH STREET CAMPUS(34%)
14470	HOLLEY	210	0.6	69.9	25.5	0471:THE UNITY HOSPITAL OF ROCHESTER(44%)
14527	PENN YAN	209	0.6	70.5	17.1	0678:F F THOMPSON HOSPITAL(22%)

**Market Share Analysis for 0413:STRONG MEMORIAL HOSPITAL**  
**Service area: 85% of hospital discharges based on patient Zip codes of origin**  
**----- including the facility with the biggest share in each zip code -----**  
**Data source: SPARCS inpatient data (Apr. 1, 2019 - Mar. 31, 2020)- Date last update: 10/21/2020**

221105  
 BPNR Attachment A,  
 continued

Patients zip code	Post office name	Annual average discharges	Percent of facility's total discharges	Cumulative percent	Facility's share of zip code	Facility with biggest share of this zip code (%)
14895	WELLSVILLE	204	0.6	71.1	17.6	0039:MEMORIAL HOSP OF WM F & GERTRUDE F JONES A/K/A JONES MEMORIAL HOSP(55%)
14487	LIVONIA	198	0.6	71.6	41.5	0413:STRONG MEMORIAL HOSPITAL(42%)
14454	GENESEO	197	0.6	72.2	35.1	0413:STRONG MEMORIAL HOSPITAL(35%)
14546	SCOTTSVILLE	191	0.5	72.8	41.3	0413:STRONG MEMORIAL HOSPITAL(41%)
14519	ONTARIO	188	0.5	73.3	16.3	0411:ROCHESTER GENERAL HOSPITAL(58%)
14622	ROCHESTER	182	0.5	73.8	12.5	0411:ROCHESTER GENERAL HOSPITAL(64%)
14423	CALEDONIA	180	0.5	74.3	42.0	0413:STRONG MEMORIAL HOSPITAL(42%)
14514	NORTH CHILI	179	0.5	74.9	27.8	0471:THE UNITY HOSPITAL OF ROCHESTER(44%)
14513	NEWARK	159	0.5	75.3	6.9	1028:NEWARK-WAYNE COMMUNITY HOSPITAL(63%)
14485	LIMA	149	0.4	75.7	38.9	0413:STRONG MEMORIAL HOSPITAL(39%)
14568	WALWORTH	147	0.4	76.2	28.7	0411:ROCHESTER GENERAL HOSPITAL(36%)
14604	ROCHESTER	145	0.4	76.6	31.8	0411:ROCHESTER GENERAL HOSPITAL(35%)
14464	HAMLIN	142	0.4	77.0	18.9	0471:THE UNITY HOSPITAL OF ROCHESTER(52%)
14522	PALMYRA	140	0.4	77.4	14.0	1028:NEWARK-WAYNE COMMUNITY HOSPITAL(34%)
14469	BLOOMFIELD	134	0.4	77.8	26.1	0678:F F THOMPSON HOSPITAL(45%)
14569	WARSAW	129	0.4	78.1	15.2	1153:WYOMING COUNTY COMMUNITY HOSPITAL(47%)
13148	SENECA FALLS	119	0.3	78.5	9.6	0671:GENEVA GENERAL HOSPITAL(44%)
14589	WILLIAMSON	119	0.3	78.8	13.8	0411:ROCHESTER GENERAL HOSPITAL(42%)
13165	WATERLOO	116	0.3	79.2	9.0	0671:GENEVA GENERAL HOSPITAL(51%)
14543	RUSH	116	0.3	79.5	43.9	0413:STRONG MEMORIAL HOSPITAL(44%)
14103	MEDINA	114	0.3	79.8	8.8	0339:UNITED MEMORIAL MEDICAL CENTER NORTH STREET CAMPUS(24%)
14530	PERRY	113	0.3	80.1	22.1	1153:WYOMING COUNTY COMMUNITY HOSPITAL(38%)
13021	AUBURN	110	0.3	80.5	2.1	0085:AUBURN COMMUNITY HOSPITAL(58%)

**Market Share Analysis for 0413:STRONG MEMORIAL HOSPITAL**  
**Service area: 85% of hospital discharges based on patient Zip codes of origin**  
**----- including the facility with the biggest share in each zip code -----**  
**Data source: SPARCS inpatient data (Apr. 1, 2019 - Mar. 31, 2020)- Date last update: 10/21/2020**

221105  
 BPNR Attachment A,  
 continued

Patients zip code	Post office name	Annual average discharges	Percent of facility's total discharges	Cumulative percent	Facility's share of zip code	Facility with biggest share of this zip code (%)
14505	MARION	110	0.3	80.8	17.6	1028:NEWARK-WAYNE COMMUNITY HOSPITAL(35%)
14512	NAPLES	110	0.3	81.1	25.8	0678:F F THOMPSON HOSPITAL(56%)
14572	WAYLAND	109	0.3	81.4	25.0	0393:NICHOLAS H NOYES MEMORIAL HOSPITAL(46%)
14435	CONESUS	107	0.3	81.7	46.1	0413:STRONG MEMORIAL HOSPITAL(46%)
14810	BATH	105	0.3	82.0	7.9	0116:ARNOT OGDEN MEDICAL CENTER(41%)
14416	BERGEN	102	0.3	82.3	26.6	0471:THE UNITY HOSPITAL OF ROCHESTER(30%)
14850	ITHACA	97	0.3	82.6	2.9	0977:CAYUGA MEDICAL CENTER AT ITHACA(81%)
14845	HORSEHEADS	96	0.3	82.9	4.2	0116:ARNOT OGDEN MEDICAL CENTER(68%)
14807	ARKPORT	82	0.2	83.1	35.7	0413:STRONG MEMORIAL HOSPITAL(36%)
14614	ROCHESTER	80	0.2	83.3	54.8	0413:STRONG MEMORIAL HOSPITAL(55%)
14830	CORNING	79	0.2	83.6	4.8	0866:CORNING HOSPITAL(57%)
14517	NUNDA	78	0.2	83.8	25.0	0393:NICHOLAS H NOYES MEMORIAL HOSPITAL(42%)
14901	ELMIRA	75	0.2	84.0	3.3	0116:ARNOT OGDEN MEDICAL CENTER(73%)
14823	CANISTEO	74	0.2	84.2	20.3	0870:ST. JAMES HOSPITAL(30%)
14837	DUNDEE	69	0.2	84.4	14.7	0671:GENEVA GENERAL HOSPITAL(18%)
14489	LYONS	65	0.2	84.6	5.6	1028:NEWARK-WAYNE COMMUNITY HOSPITAL(60%)
14642	ROCHESTER	63	0.2	84.8	84.0	0413:STRONG MEMORIAL HOSPITAL(84%)
14904	ELMIRA	62	0.2	85.0	2.8	0116:ARNOT OGDEN MEDICAL CENTER(76%)

**Strong Memorial Hospital**  
(A division of the University of Rochester)  
**Financial Statements**  
**June 30, 2021 and 2020**

**Strong Memorial Hospital**  
(A division of the University of Rochester)  
**Index**  
**June 30, 2021 and 2020**

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## Report of Independent Auditors

To the Audit and Risk Assessment Committee  
University of Rochester Medical Center

We have audited the accompanying financial statements of Strong Memorial Hospital (the "Hospital"), a division of the University of Rochester, which comprise the balance sheets as of June 30, 2021 and 2020, and the related statements of operations and changes in net assets and of cash flows for the years then ended.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

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

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



***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Strong Memorial Hospital as of June 30, 2021 and 2020, and the results of its operations, changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*PricewaterhouseCoopers LLP*

Rochester, New York  
October 27, 2021

**Strong Memorial Hospital**  
(A division of the University of Rochester)  
**Balance Sheets**  
**June 30, 2021 and 2020**

CON #221105  
BFA Attachment A  
(continued)

	2021	2020
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 659,080,349	\$ 484,150,623
Investments	529,264,906	314,455,863
Patient accounts receivable	196,537,071	176,521,198
Insurance claims receivable	17,815,551	18,359,845
Other receivables	67,645,647	65,337,558
Inventory	57,741,670	51,263,483
Assets whose use is limited	4,173,044	-
Other current assets	6,721,889	6,275,086
Total current assets	1,538,980,127	1,116,363,656
Assets whose use is limited	191,769,442	9,209,249
Insurance claims receivable	45,669,862	42,547,368
Investments held for long-term purposes	9,610,572	9,065,545
Other investments	27,287,039	27,287,039
Property and equipment, net	750,642,831	739,342,232
Operating lease right-of-use assets	65,601,566	67,514,983
Other noncurrent assets	31,526,059	33,488,486
Total assets	\$ 2,661,087,498	\$ 2,044,818,558
<b>Liabilities and Net Assets</b>		
Current liabilities		
Current installments of long-term debt	\$ 12,517,051	\$ 18,446,020
Accounts payable and accrued expenses	100,706,675	77,546,595
Construction accounts payable	21,962,366	27,470,964
Accrued payroll	29,356,123	17,391,934
Accrued vacation	36,892,460	34,448,457
Accrued postemployment benefits	9,295,274	4,677,794
Accrued postretirement benefits	1,879,434	2,632,870
Accrued professional liability costs	18,302,628	18,899,980
Accrued third-party payor and other settlements	143,185,611	124,271,851
Medicare accelerated payment advances	86,049,440	133,323,209
Operating lease liabilities	14,464,475	14,307,843
Deferred revenue	37,551,311	37,041,912
Total current liabilities	512,162,848	510,459,429
Accrued postemployment benefits	63,103,147	42,933,036
Accrued postretirement benefits	107,106,094	121,586,092
Accrued professional liability costs	67,021,946	63,556,932
Accrued third-party payor settlements	53,664,890	45,235,980
Medicare accelerated payment advances	27,979,838	-
Operating lease liabilities	51,137,091	53,207,140
Long-term debt, excluding current installments	498,244,724	266,307,351
Other noncurrent liabilities	6,488,128	12,216,501
Total liabilities	1,386,908,706	1,115,502,461
Commitments and contingencies (notes 9, 10, 11 and 17)		
Net assets		
Without donor restrictions	1,223,008,152	884,350,361
With donor restrictions	51,170,640	44,965,736
Total net assets	1,274,178,792	929,316,097
Total liabilities and net assets	\$ 2,661,087,498	\$ 2,044,818,558

The accompanying notes are an integral part of these financial statements.



**Strong Memorial Hospital**  
 (A division of the University of Rochester)  
**Statements of Operations and Changes in Net Assets**  
**Years Ended June 30, 2021 and 2020**

	2021	2020
<b>Operating revenues</b>		
Patient service revenue	\$ 2,165,645,713	\$ 1,860,905,742
Other revenue	646,110,086	528,623,698
Net assets released from restrictions - operations	1,405,579	1,822,472
Total operating revenues	<u>2,813,161,378</u>	<u>2,391,351,912</u>
<b>Expenses</b>		
Salaries	875,041,662	831,747,397
Benefits	285,738,181	255,027,437
Pharmaceutical and medical supplies	749,790,431	644,256,737
Professional and contract services	52,140,719	47,996,564
Interest	11,379,529	11,410,626
Depreciation and amortization	100,411,081	97,393,980
University and Medical Center cost allocations	135,291,050	127,977,768
University of Rochester Medical Faculty Group clinical support	67,663,224	74,445,564
Other expenses	205,026,299	208,088,847
Total expenses	<u>2,482,482,176</u>	<u>2,298,344,920</u>
Income from operations	330,679,202	93,006,992
<b>Other gains (losses), net</b>		
Investment activity	106,160,339	17,275,326
Other components of net periodic postretirement benefit cost	(3,102,051)	(4,712,890)
Postretirement plan actuarial gains (losses)	18,661,168	(10,050,305)
Other	(21,319,508)	(1,152,406)
Total other gains, net	<u>100,399,948</u>	<u>1,359,725</u>
Excess of revenues over expenses	431,079,150	94,366,717
<b>Other changes in net assets without donor restrictions</b>		
Net assets released from restrictions - capital	7,080,097	2,469,693
Transfers to the University of Rochester Medical Center Divisions	(99,501,456)	(65,012,383)
Increase in net assets without donor restrictions	<u>338,657,791</u>	<u>31,824,027</u>
<b>Net assets with donor restrictions</b>		
Contributions	1,824,772	4,140,974
Investment income	1,628,567	1,529,624
Net realized and unrealized gains (losses) on investments	11,405,301	(579,616)
Change in valuation of deferred gift annuities	(267,015)	3,753
Transfers	98,955	493,466
Net assets released from restrictions	(8,485,676)	(4,292,165)
Increase in net assets with donor restrictions	<u>6,204,904</u>	<u>1,296,036</u>
Increase in net assets	344,862,695	33,120,063
<b>Net assets</b>		
Beginning of year	929,316,097	896,196,034
End of year	<u>\$ 1,274,178,792</u>	<u>\$ 929,316,097</u>

The accompanying notes are an integral part of these financial statements.

**Strong Memorial Hospital**  
(A division of the University of Rochester)  
**Statements of Cash Flows**  
**Years Ended June 30, 2021 and 2020**

CON #221105  
BFA Attachment A  
(continued)

	2021	2020
<b>Cash flows from operating activities</b>		
Change in net assets	\$ 344,862,695	\$ 33,120,063
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	100,411,081	97,393,980
Loss on disposal of property and equipment, net	462,710	477,176
Loss on extinguishment of debt	72,747	-
Transfers to the University of Rochester Medical Center Divisions	99,501,456	65,012,383
Net realized/unrealized gains on investments	(112,095,979)	(5,820,722)
Restricted contributions and investment income received	(3,677,259)	(5,174,467)
(Increase) decrease in operating assets and increase (decrease) in operating liabilities		
Patient accounts receivable	(20,015,873)	44,779,769
Insurance claims receivable	(2,578,200)	(10,503,442)
Other receivables, inventory and other current assets	(8,642,747)	(14,113,423)
Accounts payable and accrued expenses	23,160,080	(74,552)
Other current liabilities	14,917,591	7,862,487
Accrued postemployment benefits	24,787,591	1,891,098
Accrued postretirement benefits	(15,233,434)	16,265,793
Accrued professional liability costs	2,867,662	10,486,767
Accrued third-party payor and other settlements	27,342,670	18,699,427
Medicare accelerated payment advances	(19,293,931)	133,323,209
Other noncurrent liabilities	(5,728,373)	22,903
Net cash provided by operating activities	<u>451,120,487</u>	<u>393,648,449</u>
<b>Cash flows from investing activities</b>		
Purchases of property and equipment	(120,021,060)	(105,807,025)
Proceeds from disposal of equipment	305,608	36,315
Purchases of investments	(104,509,989)	(38,135,408)
(Increase) decrease in assets whose use is limited	(185,481,339)	1,714,227
Decrease (increase) in other noncurrent assets	1,060,700	(3,937,661)
Net cash used in investing activities	<u>(408,646,080)</u>	<u>(146,129,552)</u>
<b>Cash flows from financing activities</b>		
Proceeds from long-term debt	275,535,488	-
Repayment of long-term debt and capital lease obligations	(45,758,268)	(16,440,405)
Deferred financing costs	(1,497,704)	(5,310)
Transfers to the University of Rochester Medical Center Divisions	(99,501,456)	(65,012,383)
Restricted contributions and investment income received	3,677,259	5,174,467
Net cash provided by (used in) financing activities	<u>132,455,319</u>	<u>(76,283,631)</u>
Net increase in cash and cash equivalents	174,929,726	171,235,266
<b>Cash and cash equivalents</b>		
Beginning of year	<u>484,150,623</u>	<u>312,915,357</u>
End of year	<u>\$ 659,080,349</u>	<u>\$ 484,150,623</u>
<b>Supplemental disclosures of cash flow information</b>		
Cash paid during the period for interest	\$ 13,965,925	\$ 11,650,081
(Decrease) increase in construction accounts payable	(5,508,598)	3,540,230
<b>Noncash activities</b>		
Equipment acquired through issuance of finance lease obligation	\$ -	\$ 15,000,000

The accompanying notes are an integral part of these financial statements.

**Strong Memorial Hospital**  
(A division of the University of Rochester)  
**Notes to Financial Statements**  
**June 30, 2021 and 2020**

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**1. Summary of Significant Accounting Policies and Practices**

Strong Memorial Hospital (the “Hospital”) is a tertiary care teaching institution located in Rochester, New York. It is an integrated division of the University of Rochester (the “University”). The Hospital provides health care services through its inpatient and outpatient care facilities. Admitting physicians are primarily practitioners in the local area. The Hospital also serves as a referral center for various tertiary and quaternary services throughout Western New York. The Hospital routinely obtains assignment of (or is otherwise entitled to receive) patients’ benefits payable under their health insurance programs, plans, or policies (e.g., Medicare, Medicaid, Blue Cross, health maintenance organizations, and commercial insurance policies).

**Basis of Presentation**

The Hospital’s financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America, consistent with the *Health Care Entities (“Topic 954”)*. In accordance with the provisions of Topic 954, net assets and revenue, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets without donor restrictions are net assets that are not subject to donor-imposed stipulations and are available for operations. Net assets with donor restrictions are those whose use by the Hospital has been limited by donors to a specific time period or purpose or who stipulate that their donated resources be maintained permanently. The Hospital is permitted to use or expend part or all of the income and gains derived from the donated assets, restricted only by the donors’ wishes.

**Recently Adopted Accounting Standard**

*ASU 2017-07 Compensation – Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost*

In March 2017, the FASB issued ASU 2017-07, *Compensation – Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost*. Under the new standard, only the service cost component of net periodic postretirement benefit cost is included within income from operations as a component of benefits expense. All other components of net periodic postretirement benefit cost as defined by ASC 715 are reported in other gains (losses), net within the statements of operations and changes in net assets. ASU 2017-07 is effective for the fiscal year ended June 30, 2020 and is applied on a retrospective basis.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. The most significant areas which are affected by the use of estimates include implicit price concessions, estimated third-party payor settlements, self-insurance reserves, postretirement and postemployment obligations.

**Excess of Revenues Over Expenses**

The Hospital’s excess of revenues over expenses includes all operating revenues, gains, expenses, and losses for the reporting period, except for net assets released from restrictions for capital purposes and transfers to the University of Rochester Medical Center Divisions (the “Medical Center”).

**Strong Memorial Hospital**  
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**Notes to Financial Statements**  
**June 30, 2021 and 2020**

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**Cash and Cash Equivalents**

The Hospital's cash is included with the University's cash and cash equivalents within the same financial institution account, which mainly consists of cash in banks and short-term investments with original maturities less than 90 days, except that such instruments purchased with endowment, annuity and life income assets on deposit with trustees are classified as investments. Interest income allocated from the University is included in other gains (losses), net in the accompanying statements of operations and changes in net assets for the years ended June 30, 2021 and 2020.

**Investments**

The Hospital's investments are held as part of the University's consolidated investment pool, and are subject to the same asset allocation between stocks, debt securities, hedge funds and other investments as the overall University investment pool. The Hospital reports investments in equity and debt securities at fair value in the balance sheets based on quoted market prices of public securities markets. The fair value of other investments is based upon values reported by the respective investment managers and consists of readily marketable securities that may be less liquid than the University's other investments.

Investment income or loss (including realized gains or losses on investments, interest, and dividends) is included in the excess of revenues over expenses, unless their use is restricted by donor stipulations or law. Unrealized gains and losses on investments are included in the operating measure as the investments are trading securities.

**Inventory**

Inventory consists of pharmaceuticals and medical supplies and is valued at the lower of cost (first-in, first-out) or market.

**Assets Whose Use is Limited**

Assets whose use is limited is comprised of investments held by trustees in accordance with indenture agreements to be used for the acquisition of property and equipment and debt retirement. Assets whose use is limited also includes investments whose purpose is designated by the University of Rochester Medical Center Board (the "Board"). Investment income on assets whose use is limited is classified as other gains (losses), net in the accompanying statements of operations and changes in net assets for the years ended June 30, 2021 and 2020.

**Other Investments**

The Hospital's other investments are measured at cost and include an investment in a captive insurance company (Note 6).

**Property and Equipment**

Property and equipment are recorded at cost. Donated property and equipment are recorded at estimated fair value at the date of receipt. The Hospital calculates depreciation using the straight-line method applied to the following useful lives:

Property and fixed equipment	3–50 years
Moveable equipment	3–20 years

**Strong Memorial Hospital**  
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The University owns the related land and land improvements where the main Hospital building is located, and as such, these assets are not recorded on the Hospital's financial statements. Costs to maintain these land and land improvements are charged to the Hospital based on various allocation methodologies. Land purchased at other locations for the Hospital's use is included on the Hospital's financial statements.

Interest cost incurred on borrowed funds during the period of construction of property and equipment is capitalized as a component of the cost of acquiring those assets.

**Long-Lived Assets**

In the event circumstances indicate, the Hospital applies guidance related to the impairment or disposal of long-lived assets. Under the guidance, the Hospital reviews the carrying value of its long-lived assets, other than goodwill and purchased intangible assets with indefinite useful lives, if any, for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. The Hospital assessment would include an estimate of the undiscounted future cash flows that are directly associated with and that are expected to arise from the use of and eventual disposition of such asset group and if the carrying value of the asset group exceeded the estimated undiscounted cash flows, the Hospital would record an impairment charge to the extent the carrying value of the long-lived assets exceeds its estimated fair value. No such charges were recorded in 2021 and 2020.

In connection with its assessment of recoverability of its long-lived assets and its ongoing strategic review of the business and its operations, the Hospital continually reviews the remaining useful lives of its long-lived assets. If this review indicates that the remaining useful life of the long-lived assets has been reduced, the Hospital adjusts the depreciation on that asset to facilitate full cost recovery over its revised estimated remaining useful life. No such adjustments were made in 2021 and 2020.

**Leases**

The Hospital determines if an arrangement is or contains a lease at inception of the contract and classifies leases as either operating or finance depending upon the terms and conditions set forth in the contract.

Operating leases are included in operating lease right-of-use ("ROU") assets and operating lease liabilities, both current and noncurrent, on the balance sheets. Finance leases are included in property and equipment and long-term debt including current installments, on the balance sheets. Operating lease ROU assets represent the Hospital's right to use an underlying asset for the lease term and lease liabilities represent the Hospital's obligation to make lease payments arising from the lease. ROU assets and lease liabilities are recognized at commencement date based on the present value of lease payments over the lease term. The Hospital uses an incremental borrowing rate based on the information available at commencement date in determining the present value of lease payments when the rate implicit in the lease is not readily available. The incremental borrowing rate for each identified lease is calculated using the current treasury rate and the Hospital's current borrowing rate over a similar term.

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The Hospital's lease terms may include options to extend or terminate the lease when it is reasonably certain that it will exercise that option. ROU assets are reduced each period by an amount equal to the difference between the operating lease expense and the amount of interest expense on the lease liability utilizing the effective interest method. Operating lease expense for lease payments is recognized on a straight-line basis over the lease term.

Finance lease assets are depreciated on a straight-line basis over the lease term. Interest expense associated with finance leases is recorded using the effective interest method.

**Derivative Instruments and Hedging Activities**

On August 5, 2020 the Hospital's allocated portion of the University's interest rate swap agreements was terminated. The University's Series 2020 bond issuance refinanced the outstanding bonds for Series 2003B, 2003C, and 2006B and also financed the swap termination.

Prior to the swap termination, the Hospital's allocated portion of derivative instruments related to the University's long-term debt was recorded as the fair value of interest rate swaps on the balance sheets. The change in the fair value of the allocated derivative instruments was included in other gains (losses), net in the statements of operations and changes in net assets.

**Insurance Claims**

The Hospital's provision for estimated professional liability and workers' compensation claims includes estimates of the ultimate costs for claims incurred, but not reported. Self-insured professional liability and workers' compensation claim losses and expenses are recorded based upon management's estimate of losses associated with pending and probable claims. Loss estimates are derived from data developed by representatives of the Hospital's legal counsel, insurance company, physicians, insurance advisor, actuary, and management.

**Asset Retirement Obligations**

The Hospital accounts for asset retirement obligations in accordance with asset retirement and environmental obligations guidance. The Hospital accrues for asset retirement obligations in the period in which they are incurred if sufficient information is available to reasonably estimate the fair value of the obligation. Over time, the liability is accreted to its settlement value. Upon settlement of the liability, the Hospital will recognize a gain or loss for any difference between the settlement amount and liability recorded.

**Benefit Plans**

The Hospital participates in a University program which provides certain health care and life insurance benefits to retired employees and spouses under a defined benefit plan.

These benefits include basic hospital, surgical and medical insurance, major medical insurance, dental assistance insurance, and group life insurance. Postretirement health care and other benefits are accounted for as a form of deferred compensation that is recognized over the service life of employees.

Postemployment benefits include benefits provided to former or inactive employees after employment but before retirement. Such benefits provided under the University program include workers' compensation benefits, short-term disability benefits and benefits provided under various other programs. Refer to Note 12 for further discussion of benefit plans.

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**Donor-Restricted Gifts**

Unconditional promises to give cash and other assets are reported at fair value at the date the promise is received. The gifts are reported as net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the statements of operations and changes in net assets as net assets released from restrictions. Donor-restricted contributions whose restrictions are met within the same year as received are reflected as restricted contributions and net assets released from restrictions in the accompanying statements of operations and changes in net assets for the years ended June 30, 2021 and 2020.

**Revenue**

The Hospital contracts with customers to provide technical and professional healthcare services, recorded as patient service revenue, and retail prescription fulfillment services, recorded as a component of other revenue. The Hospital records customer revenues at amounts that reflect the consideration to which it expects to be entitled in exchange for these services.

The transaction price is the amount the Hospital expects to collect for services performed and not our published rates. The Hospital determines the transaction price based on gross charges for goods provided or services performed, reduced by contractual adjustments given to third-party payors based on contractual agreements, and discounts provided to uninsured customers under the Hospital's charity care program (explicit price concessions).

Implicit price concessions further reduce customer accounts to their net realizable value at the time they are recorded and represent estimated uncollectible balances of self-pay, deductibles and co-payments extended primarily to uninsured or under-insured customers. Estimates of implicit price concessions are determined based on historical collection experience with these classes of customers using a portfolio approach as a practical expedient to account for customer contracts as collective groups rather than as individual contracts. The financial statement effects of using this practical expedient are not materially different from an individual contract approach.

There are various factors that can impact collection trends, such as changes in the local economy, unemployment rates, the number of uninsured and underinsured customers, the volume of customers through the emergency departments, the increased burden of co-pays, co-insurance amounts and deductibles to be made by customers with insurance, and business practices related to collection efforts. These factors continuously change and can have an impact on collection trends and the estimation process. Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to customer revenues in the period of the change.

Settlements with third-party payors for retroactive revenue adjustments due to audits, reviews or investigations are considered variable consideration and are also included in the determination of the estimated transaction price using the most likely outcome method. These settlements are estimated based on the terms of the contractual agreement with the payor, correspondence from the payor, and historical settlement activity including an assessment to ensure that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the retroactive adjustment is subsequently resolved. Estimated settlements are adjusted in future periods as adjustments become known (that is, as new information becomes available), or as years are settled or are no longer subject to such audits, reviews and investigations. Refer to Note 3, Third Party Reimbursement, for enhanced disclosure of the Hospital's major payor agreements and retroactive settlement activity.

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The Hospital recognizes customer revenues in the period in which it satisfies performance obligations to the customer. Generally, revenue for technical, professional, and retail prescription fulfillment services is recognized when the customer receives the service and does not require any additional services related to the obligation. In contrast, inpatient acute care service revenue is recognized over time as the customer consumes the benefit of the services as they are provided. The pattern of revenue recognition over time corresponds with the measurement of progress toward satisfaction of the performance obligation, which is generally the time of discharge. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected (or actual) charges. The Hospital believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation.

The amounts related to services provided to customers for which the Hospital has not billed and that do not meet the conditions of unconditional right to payment at the end of the reporting period are considered contract assets. Contract assets are included in patient accounts receivable on the accompanying balance sheets. The Hospital's performance obligations to its customers generally relate to contracts with a duration of less than one year and as a result, has elected to apply the optional exemption provided in ASC 606-10-50-14(a) and therefore, are not required to disclose the aggregate amount of the transaction price allocated to unsatisfied or partially unsatisfied performance obligations at the end of the reporting period. These obligations are primarily related to inpatient acute care services. The performance obligations for these contracts are generally completed when customers are discharged, which typically occurs within days or weeks after the end of the reporting period.

**Charity Care**

The Hospital's policy is to treat patients in need of medical services without regard to their ability to pay for such services. The Hospital maintains records to identify and monitor the level of uncompensated care it provides. These records include the amount of charges forgone for services and supplies furnished under its charity care policy. In addition to charity care, the Hospital also provides services at rates significantly below the cost of rendering those services. The estimated difference between the cost of services provided to Medicaid patients and the reimbursement from New York State for this patient care is also monitored.

In order to qualify for charity care, patients are expected to submit financial information demonstrating need. In many cases, patients may be unable or unwilling to provide that data. In those cases, the uncompensated care is classified as implicit price concessions unless the Hospital is able to obtain information that would indicate the patient appears to be eligible for charity care assistance.

As the Hospital does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue. The Hospital calculates the cost of charity care by applying the ratio of cost to gross charges to the gross uncompensated charges under the charity care policy. The cost of services and supplies furnished under the Hospital's charity care policy were approximately \$28,376,000 and \$19,084,000 in 2021 and 2020, respectively. The Hospital received reimbursements of approximately \$10,511,000 and \$12,131,000 from New York State in 2021 and 2020, respectively, related to providing charity care to customers.



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**University and Medical Center Cost Allocations**

Costs incurred by the University and certain other Medical Center Divisions include administrative and support services and are allocated to the Hospital based on various allocation methodologies. Costs in this category include items such as human resources, information systems and security.

**Income Taxes**

The University is a not-for-profit organization as described in Section 501(c)(3) of the Internal Revenue Code and is generally exempt from income taxes on related income pursuant to Section 501(a) of the Code.

**2. Fair Value of Financial Instruments**

The Hospital follows fair value measurements accounting, which defines fair value, establishes a framework of measuring fair value, and expands disclosures related to fair value measurements. Assets and liabilities recorded at fair value in the balance sheet are categorized based upon the level of judgment associated with the inputs used to measure their fair value. An asset or liability's categorization within the fair value hierarchy is based on the lowest level of judgment input to its valuation. Hierarchical levels are directly related to the amount of subjectivity associated with the inputs to fair valuation of these assets and liabilities as follows:

- Level 1 Valuations are based on quoted prices in active markets for identical assets or liabilities that the Hospital has the ability to access. Such valuations are based on quoted prices that are readily and regularly available in active markets. Valuation of these products does not entail a significant degree of judgment.
- Level 2 Valuations are based on quoted prices in active markets for similar assets or liabilities, quoted prices in markets that are not active or for which all significant inputs are observable, directly or indirectly.
- Level 3 Valuations are based on inputs that are unobservable and significant to the overall fair value measurement. These are generally company generated inputs and are not market based inputs.
- NAV Net asset value ("NAV") represents the Hospital's ownership interest in the University's endowment pool. As a practical expedient, the Hospital uses its ownership interest in the NAV to determine the fair value of the investments. The Hospital has performed due diligence around these investments to ensure NAV is an appropriate measure of fair value at June 30.

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The following tables present the financial instruments carried at fair value as of June 30, 2021 and 2020, on the balance sheets based on the valuation hierarchy defined above:

<b>2021</b>				
	<b>Investments</b>	<b>Assets Whose Use is Limited</b>	<b>Interest Rate Swaps</b>	<b>Total</b>
Level 1	\$ -	\$ 189,785,302	\$ -	\$ 189,785,302
Level 2	-	-	-	-
Level 3	-	-	-	-
NAV	<u>538,875,478</u>	<u>6,157,184</u>	-	<u>545,032,662</u>
	<u>\$ 538,875,478</u>	<u>\$ 195,942,486</u>	<u>\$ -</u>	<u>\$ 734,817,964</u>

<b>2020</b>				
	<b>Investments</b>	<b>Assets Whose Use is Limited</b>	<b>Interest Rate Swaps</b>	<b>Total</b>
Level 1	\$ -	\$ 4,561,173	\$ -	\$ 4,561,173
Level 2	-	-	5,614,439	5,614,439
Level 3	-	-	-	-
NAV	<u>323,521,408</u>	<u>4,648,076</u>	-	<u>328,169,484</u>
	<u>\$ 323,521,408</u>	<u>\$ 9,209,249</u>	<u>\$ 5,614,439</u>	<u>\$ 338,345,096</u>

The valuation methods described below may produce a fair value calculation that may not be indicative of net realizable value 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.

Interest rate swaps allocated from the University are valued using both observable and unobservable inputs, such as quotations received from the counterparty, dealers or brokers, whenever available and considered reliable. In instances where models are used, the value of the allocated interest rate swap depends upon the contractual terms of, and specific risks inherent in, the instrument as well as the availability and reliability of observable inputs. Such inputs include market prices for reference securities, yield curves, credit curves, measures of volatility, prepayment rates, assumptions for nonperformance risk, and correlations of such inputs. The Hospital's allocated interest rate swap arrangements have inputs which can generally be corroborated by market data and are therefore classified within Level 2.

**3. Third Party Reimbursement**

A summary of the key payment arrangements with major third-party payors for patient service revenue is as follows:

**Medicare**

Under the Medicare program, the Hospital receives reimbursement under a prospective payment system ("PPS") for inpatient services. Under the hospital inpatient PPS, fixed payment amounts per inpatient discharge are established based on the patient's assigned diagnosis related group ("DRG").

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When the estimated cost of treatment for certain patients is higher than the average and exceeds specified thresholds, providers typically will receive additional outlier payments. The Hospital also receives reimbursement under a prospective payment system for certain medical outpatient services, based on service groups, called ambulatory payment classifications (“APCs”). Other outpatient services are based upon a fee schedule and/or actual costs. The Hospital’s Medicare cost reports are subject to audit by the fiscal intermediary and have been audited and final settled through December 31, 2009.

**Medicaid and Other Third-Party Payors**

The New York Health Care Reform Act of 1996 (“HCRA”), as amended, governs payments to hospitals in New York State through March 31, 2023. Under the HCRA, Medicaid, workers compensation and no-fault payors payment rates are promulgated by the New York State Department of Health. Fixed payment amounts per inpatient discharge are established based on the patient’s assigned case mix intensity similar to a Medicare DRG. All other third-party payors, principally Blue Cross, other private insurance companies, Health Maintenance Organizations (“HMOs”), Preferred Provider Organizations (“PPOs”) and other managed care plans, negotiate payment rates directly with the hospitals. Such arrangements vary from DRG-based payment systems, to per diems, case rates and percentage of billed charges. If such rates are not negotiated, then the payors are billed at the Hospital’s established charges. Effective December 1, 2009, NYS implemented inpatient reimbursement reform. The reform updated the data used to calculate payment rates utilizing All Patient Refined DRGs (“APR-DRGs”). APR-DRGs used revised Service Intensity Weights (“SIWs”) to adjust each APR-DRG for patient acuity. Similar type outpatient reforms were implemented effective December 1, 2008 by connecting outpatient payments to Ambulatory Payment Groups (“APGs”) which use outpatient SIWs based on types of service and resource consumption.

In addition, under HCRA, all non-Medicare payors are required to make surcharge payments for the subsidization of indigent care and other health care initiatives. The percentage amounts of the surcharge vary by payor and apply to a broader array of health care services. Also, certain payors are required to provide additional funds through surcharges on payments to hospitals for inpatient services or through voluntary election to pay a covered lives assessment directly to the Department of Health.

Revenue from Blue Cross and MVP Health Care accounted for approximately 31% and 4% and 30% and 4%, respectively, of the Hospital’s patient service revenue for the years ended June 30, 2021 and 2020. Revenue from Medicare and Medicaid programs (including Medicare Advantage and Medicaid Managed Care plans) accounted for approximately 36% and 17% and 35% and 16%, respectively, of the Hospital’s patient service revenue for the years ended June 30, 2021 and 2020.

Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by material amounts in the near term.

The Hospital believes that it is in compliance, in all material respects, with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing. Compliance with such laws and regulations can be subject to future government review and interpretation. Noncompliance with such laws and regulations could result in repayments of amounts improperly reimbursed, substantial monetary fines, civil and criminal penalties and exclusion from the Medicare and Medicaid programs.

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Both Federal and New York State regulations provide for certain adjustments to current and prior years' payment rates and indigent care pool distributions based on industry-wide and hospital-specific data. The Hospital has established estimates based on information presently available of the amounts due to or from Medicare, Medicaid, workers compensation and no-fault payors and amounts due from the indigent care pool for such adjustments. Those adjustments which can be reasonably estimated have been provided for in the accompanying financial statements. The Hospital has estimated the potential impact of such adjustments based on the most recent information available. However, those which are either (a) without current specific regulations to implement such adjustments, or (b) are dependent upon certain future events, cannot be reasonably estimated and have not been provided for in the accompanying financial statements.

Management believes the amounts recorded in the accompanying financial statements will not be materially affected upon the implementation of such adjustments. During 2021 and 2020, the Hospital recognized increases in patient service revenue as a result of changes in estimates related to third party settlements of approximately \$14,500,000 and \$13,400,000 related to the years ended June 30, 2021 and 2020, respectively.

There are various other proposals at the Federal and New York State levels relating to Medicare and Medicaid, that could, among other things, reduce reimbursement rates, modify reimbursement methods and increase managed care penetration. The ultimate outcome of these proposals and other market changes cannot presently be determined.

Patient service revenue, net of explicit and implicit price concessions, recognized in the period by major payor class, is as follows for the years ended June 30, 2021 and 2020:

	<b>2021</b>	<b>2020</b>
Government	\$ 1,126,949,036	\$ 944,484,945
Non-government	<u>1,038,696,677</u>	<u>916,420,797</u>
Total patient service revenue	<u>\$ 2,165,645,713</u>	<u>\$ 1,860,905,742</u>

**4. Patient Accounts Receivable**

Under the provisions of ASC 606, when an entity has an unconditional right to payment for goods or services provided, subject only to the passage of time, the right is treated as a receivable. The Hospital's patient accounts receivable, including billed and unbilled accounts, and estimated amounts due from third party payors for retroactive adjustments, are receivables as the right to consideration is unconditional and only the passage of time is required before payment is due. Estimates for uncollectable amounts are made based on past history and trends for each major payor source and are generally considered implicit price concessions that are recorded as direct reductions to patient accounts receivable.

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The Hospital grants unsecured credit to its patients, most of whom are local residents and are insured under third-party payor arrangements. Concentrations of patient accounts receivable by payor at June 30 are as follows:

	<b>2021</b>	<b>2020</b>
Medicare	12 %	14 %
Medicaid	5	7
Blue Cross	33	33
MVP Health Care	5	4
Commercial insurance	26	22
Self-pay	12	13
All other	7	7
	<u>100 %</u>	<u>100 %</u>

**5. Liquidity and Availability of Resources**

The Hospital is substantially supported by revenue from its operations. In addition, the Hospital holds financial assets for specific purposes which are limited as to use. Thus, financial assets reported on the accompanying balance sheets may not be available for general expenditure within one year of the balance sheet date.

The Hospital's financial assets at June 30 available to meet cash needs for general expenditures within one year from the balance sheet date are as follows:

	<b>2021</b>	<b>2020</b>
Cash and cash equivalents	\$ 659,080,349	\$ 484,150,623
Liquid investments available for general use	399,308,939	224,747,870
Patient accounts receivable	196,537,071	176,521,198
Other receivables	67,645,647	65,337,558
	<u>\$ 1,322,572,006</u>	<u>\$ 950,757,249</u>

The Hospital's ability to meet its cash needs is dependent on timely collection of patient accounts receivable and maintaining a high level of inpatient occupancy and outpatient activity. In 2021, the Hospital generated positive cash flow from operations of approximately \$451,100,000 and has consistently generated positive cash flow from operations in previous periods.

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**6. Investment in Captive Insurance Company**

The Hospital, together with other universities and teaching hospitals, has formed a captive insurance company (the "captive") to insure the professional liability risks of the subscribers. The dissolution provisions of the captive agreement indicate that the Hospital's financial participation (based on percentage of premiums paid) is approximately 6% of the financial results of the captive.

The Hospital's premiums are based on its professional liability experience and a shared risk factor with the other participants. Premiums are subject to retrospective adjustment based on, among other things, actual loss experience of the Hospital.

The most recent financial information for the captive is summarized below for the years ended December 31:

	<b>2021</b>	<b>2020</b>
Net earned premiums	\$ 417,679,258	\$ 404,168,918
Expenses	(478,748,075)	(518,940,994)
Investment income and realized gains on securities	<u>126,889,107</u>	<u>229,605,820</u>
Net income	65,820,290	114,833,744
Other comprehensive income	<u>15,941,512</u>	<u>3,527,787</u>
Comprehensive income	81,761,802	118,361,531
Net capital distributions to subscribers	<u>(39,272,810)</u>	<u>(9,046,001)</u>
Change in subscribers' equity	<u>\$ 42,488,992</u>	<u>\$ 109,315,530</u>
Financial position		
Total assets	\$ 2,297,163,813	\$ 2,063,379,977
Total liabilities	<u>1,585,391,590</u>	<u>1,394,096,746</u>
Subscribers' equity	<u>\$ 711,772,223</u>	<u>\$ 669,283,231</u>

**7. Investments**

**Assets Whose Use is Limited**

Assets whose use is limited is comprised of the following at June 30:

	<b>2021</b>	<b>2020</b>
By board for property and equipment replacement, debt retirement, and other designated purposes		
Pooled investments, at fair value - noncurrent	\$ 6,157,184	\$ 4,648,076
Held by trustees under indenture agreements		
Cash and short-term investments, at fair value - current portion	4,173,044	-
Cash and short-term investments, at fair value - noncurrent	<u>185,612,258</u>	<u>4,561,173</u>
Total assets whose use is limited	<u>\$ 191,769,442</u>	<u>\$ 9,209,249</u>

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**Investments**

Investments, including investments held for long term purposes, are held as part of the University's consolidated investment pool and are comprised of the following at June 30:

	<b>2021</b>	<b>2020</b>
Investments without donor restrictions, at cost	\$ 305,647,955	\$ 205,647,955
Investments with donor restrictions, at cost	17,271,627	16,711,319
Market value appreciation		
Of investments without donor restrictions	188,213,978	85,553,356
Of investments with donor restrictions	<u>27,741,918</u>	<u>15,608,778</u>
	<u>\$ 538,875,478</u>	<u>\$ 323,521,408</u>

**8. Property and Equipment**

Property and equipment is comprised of the following at June 30:

	<b>2021</b>	<b>2020</b>
Land	\$ 7,767,566	\$ 2,044,174
Property and fixed equipment	988,686,409	954,326,676
Moveable equipment	<u>609,690,936</u>	<u>611,557,665</u>
	1,606,144,911	1,567,928,515
Less: Accumulated depreciation and amortization	<u>(940,881,222)</u>	<u>(897,401,286)</u>
	665,263,689	670,527,229
Construction in progress	<u>85,379,142</u>	<u>68,815,003</u>
Property and equipment, net	<u>\$ 750,642,831</u>	<u>\$ 739,342,232</u>

Construction in progress is made up of certain projects started but not completed at June 30, 2021. These include the Ambulatory Orthopaedics building, Emergency Department and Inpatient Tower enabling projects, inpatient unit renovations, onsite and offsite ambulatory renovations, faculty officing renovations, imaging sciences renovations, infrastructure projects, and information technology projects and upgrades. The estimated cost to complete these projects is \$260,163,000. These costs are expected to be funded through a combination of philanthropy, external borrowing and hospital equity.

In 2021 and 2020, the Hospital capitalized interest costs incurred on borrowed funds during the period of construction of property and equipment of \$7,205,951 and \$35,939, respectively.

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**9. Long-Term Debt Arrangements**

Long-term debt arrangements are entered into by the University, with amounts recorded by the Hospital based on its allocated share of each respective debt issuance.

Long-term debt obligations at the University level which have been allocated to the Hospital consist of the following at June 30:

	<b>2021</b>	<b>2020</b>
Dormitory Authority of the State of New York ("DASNY")		
Series 2003B	\$ -	\$ 9,298,611
Series 2003C	-	10,715,923
Series 2006B	-	7,103,305
Series 2009C	-	675,417
Monroe County Industrial Development Corp ("MCIDC")		
Series 2011B	1,138,115	2,226,239
Series 2013A	327,868	332,164
Series 2013B	6,061,276	7,911,712
Series 2015B	45,610,419	47,221,059
Series 2015C	9,246,508	9,736,972
Series 2017B	32,870,585	34,530,213
Series 2017C	4,238,110	4,269,622
Series 2017D	93,326,382	93,630,737
Series 2020A	264,240,213	-
Series 2020B	-	-
New York Life ("NYL")		
2017 Note	10,447,672	10,760,729
2019 Note	30,951,143	32,056,545
Banc of America 2020 Finance Lease	12,303,484	14,284,123
	<u>510,761,775</u>	<u>284,753,371</u>
Less: Current installments of long-term debt	<u>(12,517,051)</u>	<u>(18,446,020)</u>
	<u>\$ 498,244,724</u>	<u>\$ 266,307,351</u>

**DASNY - Series 2003B**

Pursuant to an agreement between the University and DASNY dated November 6, 2003, DASNY issued and sold \$49,650,000 of bonds, of which a portion was used to finance the expansion of the Parking Garage and various other Hospital capital projects and equipment. On August 5, 2020 the outstanding DASNY Series 2003B bonds were refinanced and the interest rate swap agreements were terminated through the issuance of MCIDC tax-exempt Series 2020A bonds and taxable Series 2020B bonds. A loss on extinguishment of debt due to bond refinancing of \$36,918 was recognized.



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**DASNY - Series 2003C**

Pursuant to an agreement between the University and DASNY dated November 6, 2003, DASNY issued and sold \$82,225,000 of bonds, of which a portion was used to finance the construction of the Adult Intensive Care Unit and other Hospital capital projects and equipment. On August 5, 2020 the outstanding DASNY Series 2003C bonds were refinanced and the interest rate swap agreements were terminated through the issuance of MCIDC tax-exempt Series 2020A bonds and taxable Series 2020B bonds. A loss on extinguishment of debt due to bond refinancing of \$37,646 was recognized.

**DASNY – Series 2006B**

Pursuant to an agreement between the University and DASNY dated March 16, 2006, DASNY issued and sold \$17,050,000 of bonds which refinanced a portion of the University of Rochester Series 1999B bonds. On August 5, 2020 the outstanding DASNY Series 2006B bonds were refinanced and the interest rate swap agreements were terminated through the issuance of MCIDC tax-exempt Series 2020A bonds. A loss on extinguishment of debt due to bond refinancing of \$11,836 was recognized.

**DASNY - Series 2009C**

Pursuant to an agreement between the University and DASNY dated July 22, 2009, DASNY issued and sold \$11,135,000 of bonds whose proceeds were used to finance the electrical switchgear relocation project. On April 5, 2017 a portion of the outstanding DASNY Series 2009C bonds were refinanced through MCIDC Series 2017B. On August 5, 2020 the outstanding DASNY Series 2009C bonds were refinanced through the MCIDC tax-exempt Series 2020A bond issue. A gain on extinguishment of debt due to bond refinancing of \$13,653 was recognized.

**MCIDC - Series 2011B**

Pursuant to an agreement between the University and MCIDC dated September 1, 2011, MCIDC issued and sold \$39,320,000 of bonds whose proceeds were used to finance the Cancer Center vertical expansion, relocation of the Bone Marrow Transplant unit, the Operating Room air handler renovation and the replacement of angiography lab equipment. On April 5, 2017 a portion of the outstanding MCIDC Series 2011B bonds were refinanced through MCIDC Series 2017B. On December 14, 2017 a portion of the outstanding MCIDC Series 2011B bonds were refinanced through MCIDC Series 2017D. The Hospital is repaying \$5,125,000 of Series 2011B which was not refinanced over a 5- year period ending July 2022 at rates of interest varying from 2.5% to 5.0%.

**MCIDC - Series 2013A**

Pursuant to an agreement between the University and MCIDC dated September 19, 2013, MCIDC issued and sold \$3,975,000 of bonds, of which a portion was used to partially finance the Pediatric 3<sup>rd</sup> Floor of the New Imaging and Medical Office Building. The debt transferred from the University to the Hospital in December 2016. On December 14, 2017 a portion of the outstanding MCIDC Series 2013A bonds were refinanced through MCIDC Series 2017C. The Hospital is repaying \$315,000 of Series 2013A which was not refinanced over a 7-year period ending July 2024 at a rate of 5.0%.

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**MCIDC - Series 2013B**

Pursuant to an agreement between the University and MCIDC dated September 19, 2013, MCIDC issued and sold \$74,905,000 of bonds whose proceeds were used to finance a portion of the New Golisano Pediatric Tower, relocation of the Main Inpatient Pharmacy and the acquisition of Lakeside/Strong West. On December 14, 2017 a portion of the outstanding MCIDC Series 2013B bonds were refinanced through MCIDC Series 2017D. The Hospital is repaying \$12,690,000 of Series 2013B which was not refinanced over a 7-year period ending July 2024 at rates of interest varying from 2.5% to 5.0%.

**MCIDC – Series 2015B**

Pursuant to an agreement between the University and MCIDC dated June 24, 2015, MCIDC issued and sold \$48,120,000 of bonds, of which a portion was used to partially finance the construction of the Imaging Sciences Medical Building, the Sterile Processing Department renovation and the Neonatal ICU Bed Expansion. Series 2015B also refinanced a portion of the University of Rochester Series 2007B bonds. The Hospital is repaying the indebtedness to the University over a 30-year period ending July 1, 2045 at rates of interest varying from 2.0% to 5.0%.

**MCIDC - Series 2015C**

Pursuant to an agreement between the University and MCIDC dated June 24, 2015, MCIDC issued and sold \$12,135,000 of taxable revenue bonds whose proceeds financed various Hospital unit renovations. The Hospital is repaying the indebtedness to the University over a 20-year period ending July 1, 2035 at rates of interest varying from 0.868% to 4.631%.

**MCIDC - Series 2017B**

Pursuant to an agreement between the University and MCIDC dated April 5, 2017, MCIDC issued and sold \$34,510,000 of bonds, of which a portion were used to partially finance the Pediatric Intensive Care Unit and Operating Room Renovations and other laboratory and clinical space renovations. Series 2017B also refinanced a portion of the University of Rochester Series 2009C and Series 2011B bonds. The Hospital is repaying the indebtedness to the University over a 20-year period ending July 1, 2037 at rates of interest varying from 3.85% to 5.0%.

**MCIDC - Series 2017C**

Pursuant to an agreement between the University and MCIDC dated December 14, 2017, MCIDC issued and sold \$3,860,000 of bonds to refinance a portion of the MCIDC Series 2013A bonds. The Hospital is repaying the indebtedness to the University over a 16-year period ending July 1, 2033 at rates of interest varying from 4.0% to 5.0%.

**MCIDC - Series 2017D**

Pursuant to an agreement between the University and MCIDC dated December 14, 2017, MCIDC issued and sold \$86,775,000 of bonds to refinance a portion of the MCIDC Series 2011B and Series 2013B bonds. The Hospital is repaying the indebtedness to the University over a 26-year period ending July 1, 2043 at rates of interest varying from 3.0% to 5.0%.

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**MCIDC - Series 2020A**

Pursuant to an agreement between the University and MCIDC dated August 5, 2020, MCIDC issued and sold tax-exempt bonds to the University of which \$232,036,090 was allocated to the Hospital to finance the expansion of the Emergency Room and Inpatient Tower, the construction of a new offsite Ambulatory Orthopaedics building, and the renovation of certain Hospital facilities. Series 2020A also refinanced the University of Rochester DASNY Series 2003B, 2003C, 2006B, and 2009C bonds and partially financed the termination of Series 2003 and 2006 interest rate swap agreements. The Hospital is repaying the indebtedness to the University over a 30-year period ending July 1, 2050 at rates of interest varying from 4.0% to 5.0%.

**MCIDC - Series 2020B**

Pursuant to an agreement between the University and MCIDC dated August 5, 2020, MCIDC issued and sold taxable bonds to the University of which \$2,835,395 was allocated to the Hospital to partially finance the termination of Series 2003 interest rate swap agreements. The Hospital is repaying the indebtedness to the University over a 1-year period ending July 1, 2021 at an interest rate of 0.69%.

**NYL - 2017 Note**

Pursuant to an agreement between the University and New York Life dated April 6, 2017, New York Life issued \$11,386,359 of term notes. The notes were issued to partially finance the expansion and renovation of the Bailey Road Clinical Laboratory building. The Hospital is repaying the indebtedness to the University over a 30-year period ending July 1, 2047 at a fixed rate of 3.56%.

**NYL - 2019 Note**

Pursuant to an agreement between the University and New York Life dated June 26, 2019, New York Life issued \$33,193,000 of term notes. The notes were issued to partially finance the continued expansion of the Bailey Road Clinical Laboratory building, the Pediatric Intensive Care Unit, Operating Room renovations, and other offsite ambulatory renovations. The Hospital is repaying the indebtedness to the University over a 30-year period ending July 1, 2049 at a fixed rate of 3.26%.

**Banc of America - 2020 Finance Lease**

Pursuant to a master lease agreement between the University and Banc of America Leasing & Capital, LLC dated April 15, 2020, Banc of America issued a \$15,000,000 finance lease to partially fund various medical and scientific equipment, network upgrades, and fixed equipment purchases. The Hospital is repaying the indebtedness to the University over a 7-year period ending March 15, 2027 at a fixed rate of 2.60%.

Scheduled principal repayments on long-term debt including unamortized premiums for the next five years are as follows:

2022	\$ 15,310,750
2023	16,007,323
2024	16,767,534
2025	15,118,818
2026	15,667,794
Thereafter	431,889,556
	<u>\$ 510,761,775</u>

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On July 31, 2003 the University executed \$164,425,000 of interest rate swaps with third parties related to the DASNY Series 2003 debt issuances. The University entered into interest rate swap agreements to exchange variable rate debt for a fixed rate obligation without the exchange of the underlying principal amount. Under these agreements, the counterparties pay the University a variable interest rate equal to 61.5% of one-month LIBOR plus 56 basis points. The University will pay the counterparties a fixed interest rate of 3.97%. Net payments or receipts under the swap agreements are recorded as an adjustment to interest expense by the University. The University is obligated to make payments under the Series 2003 agreement. The Hospital is allocated its pro rata portion of these swaps based on its allocated share of the Series 2003 debt issuance.

On March 16, 2006 the University executed \$111,180,000 of interest rate swaps with a third party related to the DASNY Series 2006 debt issuances. The University entered into an interest rate swap agreement to exchange variable rate debt for the fixed rate obligation without the exchange of the underlying principal amount. Under this agreement, the counterparty will pay the University a variable interest rate based on the Bond Market Association (BMA) Municipal Swap Index. The University will pay the counterparty a fixed interest rate of 3.92%. Net payments or receipts under the swap agreement are recorded as an adjustment to interest expense by the University. The University is obligated to make payments under the Series 2006 agreement. The Hospital is allocated its pro rata portion of the swap based on its allocated share of the Series 2006 debt issuance.

On August 5, 2020 the University terminated the DASNY Series 2003 and 2006 interest rate swap agreements which were financed through the MCIDC Series 2020A and 2020B bond issuances.

For the years ended June 30, 2021 and 2020, the Hospital was allocated the liabilities of \$0 and \$5,614,439, respectively, associated with the fair value of the interest rate swap agreements which are included in other noncurrent liabilities on the balance sheets. Under the agreements, for the years ended June 30, 2021 and 2020, the Hospital recorded net losses of \$72,434 and \$302,363, respectively. The Hospital's portion of the net loss is based on its share of the Series 2003 and Series 2006 debt issuances. This amount is included in other gains (losses), net on the statements of operations and changes in net assets for the years ended June 30, 2021 and 2020.

## **10. Lease Commitments**

### **Adoption of ASU 2016-02, Leases (Topic 842)**

On July 1, 2019, the Hospital adopted Topic 842 using the optional transition method. Consequently, financial information for reporting periods beginning after July 1, 2019 are presented under Topic 842.

Topic 842 provides a number of optional practical expedients as part of the transition from Topic 840. The Hospital elected the 'package of practical expedients', which permits it to not reassess, under Topic 842, its prior conclusions about lease identification, lease classification and initial direct costs. Topic 842 also provides practical expedients for an entity's ongoing accounting under Topic 842. The Hospital elected the short-term lease recognition exemption for all leases that qualify, and elected the practical expedient to combine lease and nonlease components as a single combined lease component for all of its leases.

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On adoption, the Hospital recognized lease liabilities and right-of-use assets of \$62,236,857 based on the present value of the remaining minimum rental payments under Topic 840 for operating leases that existed as of the adoption date.

The adoption of Topic 842 did not have an impact on the Hospital's compliance with debt covenants.

**Operating Leases**

The Hospital has operating leases for office space primarily attributable to its satellite primary care, ambulatory care, and other outpatient locations. For these leases, the office space is an explicitly identified asset within the contract. The Hospital has an equipment operating lease for scientific microbiology equipment. The Hospital determined it has obtained substantially all of the economic benefits from the use of the underlying asset and directs how and for what purpose the asset is used during the term of the contract.

The Hospital's operating leases have remaining lease terms ranging between one and fourteen years. The Hospital's lease term on certain of its multi-year office space leases include options to extend those leases for periods ranging from an additional five to ten years. If the Hospital is not reasonably certain it will exercise the options to extend these leases, the payment amounts related to these lease term extensions have been excluded from determining its right-of-use asset and lease liability. Certain of the Hospital's operating leases for office space include nonlease components (such as utilities and operating expenses) that vary based on actual expenses and are adjusted on an annual basis. Changes in lease terms, including renewal options and incremental borrowing rates, and the corresponding impact to the right-of-use assets and lease liabilities, are recognized in the period incurred.

*Components of lease expense for the year ended June 30:*

	2021	2020
Operating lease expense	\$ 16,871,278	\$ 15,205,452
Variable lease expense	-	-
Total operating lease expense	<u>\$ 16,871,278</u>	<u>\$ 15,205,452</u>

*Cash paid for amounts included in the measurement of lease liabilities for the year ended June 30:*

	2021	2020
Operating cash flows from operating leases	\$ 16,871,278	\$ 15,205,452
Right-of-use assets obtained in exchange for new operating lease obligations	16,255,751	15,450,793

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*Supplemental balance sheet information related to operating leases as of June 30:*

	2021	2020
Operating lease right-of-use assets	\$ 65,601,566	\$ 67,514,983
Operating lease liabilities, current portion	\$ 14,464,475	\$ 14,307,843
Operating lease liabilities, long-term portion	51,137,091	53,207,140
Total operating lease liabilities	<u>\$ 65,601,566</u>	<u>\$ 67,514,983</u>
Weighted average remaining lease term	5.75 years	5.66 years
Weighted average discount rate	2.54 %	2.49 %

*Future maturities of operating lease liabilities for the next five years are as follows:*

2022	\$ 14,464,475
2023	14,721,385
2024	9,871,366
2025	7,866,806
2026	5,485,655
Thereafter	<u>18,363,929</u>
Total operating lease payments	70,773,616
Less imputed interest	<u>(5,172,050)</u>
Total operating lease liabilities	<u>\$ 65,601,566</u>

## 11. Professional Liability Claims

The Hospital's coverage for professional liability insurance is provided under insurance policies obtained jointly with other universities and teaching hospitals. The primary layer of coverage as well as the buffer and self-insured layers of excess insurance, were written by MCIC Vermont, Inc. (A Risk Retention Group) formed and directed by the participating insured institutions. Multiple layers of excess insurance were purchased from several different insurance companies. The maximum coverage for the Hospital is \$225,000,000 per claim. The per claim coverage amount at each of the six participating institutions has been tailored to their own experiences and exposures.

The Hospital follows the principles of insurance claim and recovery accounting for professional liability claims. This requires liability claims and any anticipated insurance recoveries to be reported on a gross basis versus the previous practice of netting the recoveries against liability claims. The insurance claims receivable as calculated by the actuaries was \$52,661,992 and \$50,245,883 as of June 30, 2021 and 2020, respectively, along with a corresponding increase to the accrued professional liability costs.

Based on estimates provided by the actuaries retained by MCIC Vermont, Inc., the Hospital's obligation for incurred but not reported claims was \$32,662,582 and \$32,211,029 as of June 30, 2021 and 2020, respectively. The obligation for claims and insurance recoveries were allocated between current and noncurrent based upon projected future payments on professional liability claims as determined by the actuaries and have not been discounted.

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**12. Benefit Plans**

**Self-Insurance Plans**

The University is self-insured for workers' compensation. Liabilities for asserted and unasserted claims under the workers' compensation program at June 30, 2021 and 2020 were discounted by 1.45% and 1.32% and amounted to \$65,287,673 and \$66,213,621, respectively. The Hospital's allocated portion of this liability at June 30, 2021 and 2020 amounted to \$38,572,521 and \$39,290,930, respectively.

This liability is offset by a receivable for the expected insurance direct payment against these claims of \$10,823,421 and \$10,661,330 at June 30, 2021 and 2020, respectively.

The University has a surety bond with Liberty Mutual Insurance Company to cover potential liabilities under the University's self-insured workers' compensation program.

The University is self-insured for health care benefits. Based on estimates provided by actuaries, the Hospital's portion of the University's obligation for incurred but not reported claims was \$8,334,140 and \$6,336,146 as of June 30, 2021 and 2020, respectively. This amount has not been discounted.

**Retirement Plan**

The University provides defined contribution retirement plans to employees in eligible positions. The University of Rochester's Retirement Program is administered by TIAA-CREF. The University makes contributions to the Plan after two years of service based on a percentage of the employee's salary which are immediately vested for the benefit of the participants. Hospital contributions to the plans amounted to \$42,713,133 and \$49,080,655 for the years ended June 30, 2021 and 2020, respectively.

**Postemployment Benefits**

The Hospital participates in a postemployment benefit plan sponsored by the University. The University has employed independent actuaries to estimate the postemployment benefit costs of the University. Accrued postemployment benefits of the Hospital amounted to \$72,398,421 and \$47,610,830 at June 30, 2021 and 2020, respectively. This amount is inclusive of workers' compensation, disability and medical benefits amounts as discussed above. The current portion of the postemployment benefits has been actuarially determined to be \$9,295,274 and \$4,677,794 as of June 30, 2021 and 2020, respectively. During the year ended June 30, 2021, the Hospital recorded \$21,887,000 in postemployment benefit costs classified in the other financial statement line item within other gains (losses), net in the statements of operations and changes in net assets.

**Postretirement Benefit Plan**

The University's postretirement benefit plan includes basic medical, major medical, dental coverage and life insurance. Benefit levels differ for current retirees, current employees eligible to retire, and current employees not eligible to retire.

The Hospital's internally allocated portion of the University's postretirement liability was \$108,985,528 and \$124,218,962 for the plan years ended June 30, 2021 and 2020, respectively. The current portion of the postretirement benefits has been determined to be \$1,879,434 and \$2,632,870 as of June 30, 2021 and 2020, respectively. The current portion was determined based upon the actual benefits paid out during the year ended June 30, 2021 as a percentage of the postretirement liability as of June 30, 2020 and applied to the June 30, 2021 balance.

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The Hospital's internally allocated portion of the University's net periodic postretirement benefit cost was \$5,569,864 and \$8,503,598 for the plan years ended June 30, 2021 and 2020, respectively.

The following table presents the plan's status recognized on a University wide basis, including the Hospital, using the actuarial valuation performed as of June 30:

	2021	2020
<b>Change in benefit obligations</b>		
Benefit obligation at beginning of period	\$ 260,938,005	\$ 227,872,703
Service cost	5,660,479	8,861,058
Interest cost	6,045,259	7,997,110
Plan participants' contributions	5,904,411	5,703,648
Amendments, curtailments, special termination	(27,158,355)	-
Actuarial (gain) loss	(14,575,196)	26,512,947
Benefits paid, net	(12,487,885)	(16,009,461)
	<u>\$ 224,326,718</u>	<u>\$ 260,938,005</u>
Benefit obligation at end of period		
<b>Change in plan assets</b>		
Fair value of plan assets at beginning of period	\$ -	\$ -
Employer contributions	6,583,474	10,305,813
Participant contributions	5,904,411	5,703,648
Benefits paid, net	(12,487,885)	(16,009,461)
	<u>\$ -</u>	<u>\$ -</u>
Fair value of plan assets at end of period		
<b>Components of accrued benefit</b>		
Funded status	\$ (224,326,718)	\$ (260,938,005)
Unamortized net actuarial loss	62,429,235	80,125,716
Unamortized prior service (credit) cost	(24,909,141)	197,913
	<u>\$ (186,806,624)</u>	<u>\$ (180,614,376)</u>
Accrued benefit		
<b>Amounts recognized in the balance sheet consist of</b>		
Accrued postretirement benefit cost	\$ (180,614,376)	\$ (171,042,403)
Net postretirement benefit expense	(12,775,722)	(19,877,786)
Net benefits paid	6,583,474	10,305,813
	<u>(186,806,624)</u>	<u>(180,614,376)</u>
Accrued benefits paid at end of year		
Amount recorded in net assets without donor restrictions	<u>(37,520,094)</u>	<u>(80,323,629)</u>
Net amount recognized in balance sheet	<u>\$ (224,326,718)</u>	<u>\$ (260,938,005)</u>
<b>Components of net periodic benefit cost</b>		
Service cost	\$ 5,660,479	\$ 8,861,058
Interest cost	6,045,259	7,997,110
Amortization of prior service (credit) cost and net loss	1,069,984	3,019,618
	<u>\$ 12,775,722</u>	<u>\$ 19,877,786</u>
Net periodic benefit cost		
<b>Amounts recorded in net assets without donor restrictions</b>		
Prior service credit	\$ (27,158,355)	\$ -
Net (gain) loss during period	(14,575,196)	26,512,947
Amortization recognition	(1,069,984)	(3,019,618)
	<u>\$ (42,803,535)</u>	<u>\$ 23,493,329</u>
Total changes recognized in net assets without donor restrictions		



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Estimated future contributions, benefit payments, and prescription drug subsidy receipts, are as follows:

	<b>Estimated Contributions/ Benefit Payments</b>	<b>Estimated Rx Subsidy Receipts</b>
2022	\$ 12,189,831	\$ (328,410)
2023	12,348,541	-
2024	12,461,970	-
2025	12,623,930	-
2026	12,793,132	-
2027 to 2031	64,526,901	-
Total estimated future payments and receipts	\$ 126,944,305	\$ (328,410)

Benefits are valued based upon the projected unit cost method. The weighted average assumptions used at the measurement date, July 1, are as follows:

	<b>2021</b>	<b>2020</b>
Discount rate for obligation	2.75 %	2.75 %
Expected return on plan assets	N/A	N/A
Rate of compensation increase	N/A	N/A
Health care cost trend rate - initial, pre-age 65	6.75	6.50
Health care cost trend rate - initial, post-age 65	N/A	4.40
Health care cost trend rate - initial prescription drug	6.75	6.75
Health care cost trend rate - final	3.78	3.78

The rate increase in healthcare costs was assumed to decrease to 3.78% in 2075 and to remain at that level thereafter.

A single actuarial calculation is performed for all employees covered by the postretirement benefit plan. The components of net periodic postretirement benefit cost and the actuarial present values of postretirement benefit obligations are not calculated for the individual divisions of the University. Instead, total net periodic postretirement benefit cost is allocated to the individual divisions of the University.

The Medicare Prescription Drug Improvement and Modernization Act of 2003 provides for a direct government subsidy for employers who continue to offer a retiree drug program that is deemed to be actuarially equivalent to the government plan. The University qualified for the Medicare Part D prescription drug federal subsidy however effective under a January 2021 plan amendment, the University will no longer sponsor coverage for Medicare-eligible retirees and therefore is not eligible to apply for the subsidy after 2022.

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Employers are required to recognize the over-funded or under-funded status of a defined benefit pension and postretirement plan as an asset or liability in its balance sheet and to recognize changes in that funded status in the year in which the changes occur through changes in net assets without donor restrictions. In addition, employers are required to measure the funded status of the Plan as of the balance sheet date.

**13. Related Party and Inter-Divisional Transactions**

The Hospital provides support to and purchases services from other affiliated entities and divisions of the University of Rochester including administrative support, guarantees of affiliated entity intercompany balances as well as inter-divisional transfers. The following summarizes significant transactions and balances with affiliated entities and other University divisions:

The Hospital has a loan receivable from Highlands at Brighton, included in other noncurrent assets. As of June 30, 2021 and 2020, the amount outstanding, including accumulated interest of \$1,740,529 was \$5,160,906. The terms of the loan include interest at 9.5% per annum through December 31, 2001. This loan receivable is fully reserved as of June 30, 2021 and 2020.

The Hospital guarantees outstanding receivable balances of The Highlands at Brighton, which is due from Visiting Nurse Services, in the event there is insufficient cash flow from Visiting Nurse Services. During the years ended June 30, 2021 and 2020, the Hospital's guarantee was \$95,000 and \$197,000, respectively.

The Hospital guarantees outstanding receivable balances of The Highlands Living Center, which is due from Visiting Nurse Services, in the event there is insufficient cash flow from Visiting Nurse Services. During the years ended June 30, 2021 and 2020, the Hospital's guarantee was \$83,000 and \$101,000, respectively.

The Hospital guarantees to support the operations of The Highlands at Brighton and The Highlands Living Center through at least December 31, 2021, if necessary.

The Hospital provides services to Highland Hospital for operating and capital needs. During the years ended June 30, 2021 and 2020, the Hospital charged Highland Hospital approximately \$19,164,000 and \$13,423,000 respectively for these needs.

In addition, the Hospital purchases administrative services from Highland Hospital. During the years ended June 30, 2021 and 2020, the Hospital was charged approximately \$6,436,000 and \$6,454,000 respectively, for these services which are included on the statements of operations and changes in net assets for the years ended June 30, 2021 and 2020.

The Hospital is allocated costs of certain administrative services from the University and the Medical Center. During the years ended June 30, 2021 and 2020, the Hospital was charged \$135,291,050 and \$127,977,768, respectively, for these services which are included in University and Medical Center cost allocations on the statements of operations and changes in net assets.

The Hospital purchases professional clinical services from the Medical Faculty Group division of the University ("URMFG") to provide primary care and specialist services to patients. During the years ended June 30, 2021 and 2020, URMFG charged the Hospital \$67,663,224 and \$74,445,564, respectively, for these services which are included in University of Rochester Medical Faculty Group clinical support on the statements of operations and changes in net assets.

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In order to fulfill specific strategic initiatives of the Hospital and Medical Center, each year the Hospital funds, through inter-divisional transfers, certain capital and operating needs of other divisions of the Medical Center. These transfers include amounts for research and other strategic initiatives of the Medical Center. The transfers to the University of Rochester Medical Center Divisions were \$99,501,456 and \$65,012,383 for the years ended June 30, 2021 and 2020, respectively.

Beginning in September 2010, the Hospital began to fund certain capital costs of URMFG related to the ambulatory electronic medical record project. The funds were loaned to URMFG based on actual costs incurred, up to a maximum of \$10,658,000 until federal stimulus funding was received to repay the loan beginning in 2013. The loan was forgiven by the Hospital during 2020.

In September 2017, the Hospital began to fund capital costs incurred by the Health Sciences division of the University ("HSD") for construction of a medical office building. The project was completed during 2020 with funding totaling approximately \$18,069,000 based on actual costs incurred. The loan is repaid by HSD through rental income for leased space over twenty years with interest of 4% per annum. The loan balance as of June 30, 2021 and 2020 was \$16,874,256 and \$17,347,967, respectively, and is reported in other noncurrent assets on the balance sheets.

In September 2017, the Hospital purchased computer equipment on behalf of Visiting Nurse Service and established a loan receivable which is included in other noncurrent assets on the balance sheets. The amount outstanding as of June 30, 2021 and 2020 was \$87,560 and \$245,759, respectively. The terms of the loan include a repayment period of four years with interest at 2% per annum.

In March 2018, the Hospital sold radiation oncology equipment to Noyes Memorial Hospital and established a loan receivable which is included in other noncurrent assets on the balance sheets. The amount outstanding as of June 30, 2021 and 2020 was \$390,081 and \$632,991, respectively. The terms of the loan include a repayment period of five years with interest at 2% per annum.

In February 2020, the Hospital entered into a Line of Credit Note agreement with St. James Hospital for the purpose of providing funding for construction and equipment costs related to a new facility. Pursuant to the terms of the Note agreement, St. James can borrow up to \$4,700,000 from the Hospital with payments due quarterly beginning September 1, 2020 through June 1, 2035. Interest on the unpaid principal balance will accrue at 2.3% per annum beginning with the first draw. The balance as of June 30, 2021 and 2020 was \$3,915,521 and \$4,150,000, respectively, and is reported in other noncurrent assets on the balance sheets.

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**14. Net Assets With Donor Restrictions**

Net assets with donor restrictions are designated for the following purposes at June 30:

	<b>2021</b>	<b>2020</b>
Specific acute hospital costs	\$ 18,592,952	\$ 13,130,581
Other health care costs	19,228,758	12,756,586
Construction, renovations and purchase of equipment	3,605,869	9,860,790
Funds held in perpetuity	9,610,572	9,065,545
Research	132,489	152,234
	<u>\$ 51,170,640</u>	<u>\$ 44,965,736</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes of the following for the years ended June 30:

	<b>2021</b>	<b>2020</b>
Hospital operations	\$ 1,405,579	\$ 1,822,472
Construction, renovations and purchase of equipment	7,080,097	2,469,693
	<u>\$ 8,485,676</u>	<u>\$ 4,292,165</u>

**15. Endowment Net Assets**

The New York Prudent Management of Institutional Funds Act (“NYPMIFA”) was adopted by the University. As the Hospital is a division of the University, the Hospital has adopted this guidance as well. In accordance with the guidance provided under NYPMIFA and under the direction of the University’s Board of Trustees, the University and the Hospital adopted a methodology designed to avoid spending below the historical dollar value of endowment funds, absent explicit donor direction to the contrary.

The University’s Board of Trustees interprets NYPMIFA to allow for the spending of income and gains on investments of endowment net assets in a manner that is prudent, considering such factors as the duration and preservation of the fund, general economic conditions including the potential effect of inflation or deflation, the expected total return of the fund, other resources of the University, the needs of the University and the fund to make distributions and preserve capital, and the University’s investment policy.

Investment of the Hospital’s net assets held for endowment and similar purposes is based upon a total return policy, and the utilization of its endowment resources for current operating and capital needs as related to this policy. Although NYPMIFA does not preclude the University from spending below the original gift value of endowment funds, the University’s policy is to spend no more than a stated percentage of fair value of its investment portfolio over time. To the extent that the total return requirement for the current year is not fulfilled by interest and dividends, the University utilizes the appreciation of its endowment and similar net assets for operating purposes. To the extent that the total return requirement for the current year is exceeded by interest and dividends, the University reinvests the excess in its net assets held for endowment and similar purposes.

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The University, in compliance with NYPMIFA, notified available donors who had established endowments prior to September 17, 2010 of the new law, and offered these donors the option of requiring the University to maintain historical dollar value for their endowment funds. A minority of donors requested this option; for those who did, the University has designed procedures to ensure that the University maintains historical dollar value.

Endowment net assets consist of the following at June 30, 2021:

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Board-designated funds	\$ 100,710,178	\$ -	\$ 100,710,178
Donor-restricted funds			
True endowments	-	41,496,169	41,496,169
Term endowments	-	1,874,454	1,874,454
Total endowment funds	<u>\$ 100,710,178</u>	<u>\$ 43,370,623</u>	<u>\$ 144,080,801</u>

Endowment net assets consist of the following at June 30, 2020:

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Board-designated funds	\$ 71,101,517	\$ -	\$ 71,101,517
Donor-restricted funds			
True endowments	-	29,706,530	29,706,530
Term endowments	-	1,237,660	1,237,660
Total endowment funds	<u>\$ 71,101,517</u>	<u>\$ 30,944,190</u>	<u>\$ 102,045,707</u>

Rollforward of endowment net assets from June 30, 2020 to June 30, 2021:

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Endowment net assets at June 30, 2020</b>	<u>\$ 71,101,517</u>	<u>\$ 30,944,190</u>	<u>\$ 102,045,707</u>
Investment return			
Investment income	1,012,140	727,840	1,739,980
Net appreciation	28,596,521	11,405,301	40,001,822
Total investment return	29,608,661	12,133,141	41,741,802
New gifts	-	560,307	560,307
Other changes and reclassifications	-	(267,015)	(267,015)
<b>Endowment net assets at June 30, 2021</b>	<u>\$ 100,710,178</u>	<u>\$ 43,370,623</u>	<u>\$ 144,080,801</u>

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Rollforward of endowment net assets from June 30, 2019 to June 30, 2020:

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Endowment net assets at June 30, 2019</b>	<b>\$ 69,361,308</b>	<b>\$ 31,351,042</b>	<b>\$ 100,712,350</b>
Investment return			
Investment income	335,307	(97,026)	238,281
Net appreciation (depreciation)	1,404,902	(579,616)	825,286
Total investment return	1,740,209	(676,642)	1,063,567
New gifts	-	266,037	266,037
Other changes and reclassifications	-	3,753	3,753
<b>Endowment net assets at June 30, 2020</b>	<b>\$ 71,101,517</b>	<b>\$ 30,944,190</b>	<b>\$ 102,045,707</b>

**16. Functional Expenses**

Expenses are presented by functional classification in accordance with the overall service missions of the Hospital. Each functional classification displays all expenses related to the underlying operations by natural classification. Expenses in natural classifications including interest, depreciation and amortization, and cost allocations are allocated primarily to the General Service mission due to their fixed nature. Benefits expense is allocated as a percentage of salary expense based upon employee classification and benefit eligibility. The remaining expenses are generally considered variable and are allocated to the mission that best aligns to the type of service provided.

The Hospital's expenses on a functional and natural basis for the year ended June 30, 2021 are as follows:

	<b>Ancillary Service</b>	<b>General Service</b>	<b>Outpatient Service</b>	<b>Inpatient Service</b>	<b>Total</b>
Salaries	\$ 283,418,815	\$ 187,644,595	\$ 220,581,202	\$ 183,397,050	\$ 875,041,662
Benefits	88,825,101	71,099,105	62,046,757	63,767,218	285,738,181
Pharmaceutical and medical supplies	619,630,380	6,913,781	102,232,088	21,014,182	749,790,431
Professional and contract services	23,916,692	21,237,715	6,772,265	214,047	52,140,719
Interest	-	11,379,529	-	-	11,379,529
Depreciation and amortization	-	100,407,331	3,750	-	100,411,081
University and Medical Center cost allocations	64,191	135,226,859	-	-	135,291,050
University of Rochester Medical Faculty Group clinical support	-	-	43,682,405	23,980,819	67,663,224
Other expenses	52,384,150	105,912,345	42,422,859	4,306,945	205,026,299
Total operating expenses	1,068,239,329	639,821,260	477,741,326	296,680,261	2,482,482,176
Other components of net periodic postretirement benefit cost	-	3,102,051	-	-	3,102,051
Total	<u>\$ 1,068,239,329</u>	<u>\$ 642,923,311</u>	<u>\$ 477,741,326</u>	<u>\$ 296,680,261</u>	<u>\$ 2,485,584,227</u>

**Strong Memorial Hospital**  
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(continued)

The Hospital's expenses on a functional and natural basis for the year ended June 30, 2020 are as follows:

	Ancillary Service	General Service	Outpatient Service	Inpatient Service	Total
Salaries	\$ 270,983,442	\$ 178,554,511	\$ 205,410,951	\$ 176,798,493	\$ 831,747,397
Benefits	87,607,462	43,270,882	61,532,592	62,616,501	255,027,437
Pharmaceutical and medical supplies	523,439,041	5,916,690	96,545,042	18,355,964	644,256,737
Professional and contract services	24,124,835	15,162,346	7,677,419	1,031,964	47,996,564
Interest	-	11,410,626	-	-	11,410,626
Depreciation and amortization	-	97,383,563	10,417	-	97,393,980
University and Medical Center cost allocations	57,367	127,920,401	-	-	127,977,768
University of Rochester Medical Faculty Group clinical support	-	-	48,298,215	26,147,349	74,445,564
Other expenses	49,144,538	102,876,024	44,961,186	11,107,099	208,088,847
Total operating expenses	955,356,685	582,495,043	464,435,822	296,057,370	2,298,344,920
Other components of net periodic postretirement benefit cost	-	4,712,890	-	-	4,712,890
Total	\$ 955,356,685	\$ 587,207,933	\$ 464,435,822	\$ 296,057,370	\$ 2,303,057,810

**17. Commitments and Contingencies**

In the ordinary course of operations, the Hospital is named as a defendant in various lawsuits, or events occur which could lead to litigation, claims, or assessments. Although the outcome of such matters cannot be predicted with certainty, management believes that insurance coverage is sufficient to cover current or potential claims, or that the final outcomes of such matters will not have a material adverse effect on the financial position.

**18. Risks and Uncertainties - COVID-19**

In March 2020, the World Health Organization declared the global novel coronavirus disease outbreak of 2019 ("COVID-19") a pandemic and the United States federal government declared COVID-19 a national emergency. The Hospital's operations were adversely impacted by the pandemic in 2020 due to reduced revenues from inpatient services and outpatient visits as well as incremental expenses incurred to prevent, prepare for, and respond to the coronavirus.

The President of the United States signed into law on March 27, 2020 the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") to provide economic assistance to a wide array of industries, including healthcare. Under the CARES Act, in addition to providing general and targeted grant funding under the provisions of the Provider Relief Fund ("PRF"), the Centers for Medicare and Medicaid Services expanded its Accelerated and Advance Payment Program which allows participants to receive expedited payments during periods of national emergencies.

During the fiscal year ended June 30, 2021, the Hospital received \$98,228,494 in PRF payments of which \$81,976,679 was recognized as grant revenue and recorded as a component of other operating revenue in the statements of operations and changes in net assets. The remaining balance of \$16,251,815 was transferred to other qualifying entities within the healthcare system. During the fiscal year ended June 30, 2020, the Hospital received and recognized \$76,614,994 in PRF grant revenue. The recognition and transfer of PRF was a result of satisfying the conditions of general and targeted grant funding established under the CARES Act and was based on information contained in laws and regulations, as well as interpretations issued by the Department of Health and Human Services governing the funding that was publicly available as of June 30, 2021 and 2020.

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**June 30, 2021 and 2020**

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The Hospital recorded balances of \$114,029,278 and \$133,323,209 as of June 30, 2021 and 2020, respectively, under the Medicare Accelerated and Advance Payment Program of the CARES Act. The funding represents working capital financing to be repaid by September 2022 through the provision of future services and is recorded as a contract liability as a payment received before performing services. The obligation was allocated between current and noncurrent based on projected future payments as defined in rules and regulations that were publicly available as of June 30, 2021 and 2020, and reported under the caption Medicare accelerated payment advances in the corresponding balance sheets. As of June 30, 2021 and 2020, the Hospital classified \$27,979,838 and \$0 as noncurrent, respectively.

The Hospital continues to address the challenges and impacts of the COVID-19 pandemic including protecting the health and safety of employees and patients as well as assessing the availability of personal protective equipment, ICU beds, ventilators, and other needed supplies to be better positioned for potential surges. Additionally, the Hospital continues to evaluate the impact of new or changes to laws and regulations at the federal, state, and local levels including vaccination mandates for healthcare workers and the potential effect on Hospital staffing and operations.

**19. Subsequent Events**

The Hospital has performed an evaluation of subsequent events through October 27, 2021, the date on which the financial statements were issued and no other subsequent events were identified.



STRONG MEMORIAL HOSPITAL  
**STATEMENT OF OPERATIONS**  
FOR THE NINE MONTHS ENDED MARCH 31, 2022

	<b>March YTD Actual</b>
<b>Operating revenues</b>	
Patient service revenue	\$1,765,649,636
Reserve for third-party settlements	(33,908,193)
Patient service revenue before uncompensated care	1,731,741,443
Charity care	(28,115,752)
Provision for bad debts	(19,899,034)
Net patient service revenue	1,683,726,657
Other operating revenue	480,503,424
Net assets released from restriction for operations	1,063,448
Total operating revenues	2,165,293,529
<b>Operating expenses</b>	
Salaries	730,096,781
Outside temporary service costs	37,540,787
Benefits	241,457,510
University allocations	32,851,556
Medical Center allocations	81,814,844
Professional liability insurance	702,165
Depreciation and amortization	79,257,088
Interest	8,180,858
Medical supplies	208,004,249
Pharmaceuticals	393,455,823
Clinical transfers	82,729,891
Other expenses	192,022,552
Total operating expenses	2,088,114,103
Income from operations	77,179,426
	<b>3.6%</b>
<b>Non-operating activity</b>	
Auxiliary activities	569,681
Advancement activities	825,845
Investment income	3,028,810
Net realized gains (losses) on investments	16,755,069
Net unrealized gains (losses) on investments	(33,723,348)
Grants	0
Postretirement benefit costs	(3,525,000)
Gains (losses) on interest rate swaps	0
Loss on early extinguishment of debt	0
Gain (loss) on disposal of fixed assets, net of sales	106,354
Net assets released from restriction for capital	792,845
Other non-operating activity	0
Total non-operating activity	(15,169,744)
Non-clinical transfers	(94,533,322)
Other transfers	0
<b>Decrease in net assets without donor restrictions</b>	<b>(\$32,523,639)</b>

STRONG MEMORIAL HOSPITAL  
**BALANCE SHEET**  
 FOR THE PERIOD ENDED MARCH 31, 2022

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 BFA Attachment B  
 (continued)

	March 31, 2022
<b>Assets</b>	
Current assets:	
Cash and cash equivalents	\$690,088,776
Short-term investments at market value	512,886,188
Patient accounts receivable, net of estimated uncollectible amounts	287,798,962
Advances from third-party payors	(111,529,282)
Net patient accounts receivable	176,269,681
Assets whose use is limited	0
Pledges receivable	2,400,431
Insurance claims receivable	19,855,772
Other receivables	70,743,402
Deposits in captive insurance company	0
Inventory	60,715,215
Other current assets	4,176,290
Total current assets	1,537,135,755
Assets whose use is limited	108,498,762
Pledges receivable	896,561
Insurance claims receivable	46,617,234
Right of use finance lease assets	0
Right of use operating lease assets	59,934,277
Investments held for long-term purposes	10,359,519
Other investments	27,287,039
Property and equipment, net	810,681,904
Other noncurrent assets	29,717,435
<b>Total assets</b>	<b>\$2,631,128,486</b>
 <b>Liabilities and Net Assets</b>	
Current liabilities:	
Current installments of long-term debt	\$11,963,834
Due to other University of Rochester divisions	0
Accounts payable and accrued expenses	102,742,794
Construction accounts payable	24,837,639
Accrued payroll and payroll taxes	44,033,749
Accrued vacation	36,105,865
Accrued postemployment benefits	9,578,321
Accrued postretirement benefits	1,959,622
Accrued professional liability costs	20,346,863
Accrued third-party payor settlements	179,278,284
Medicare accelerated payment advances	17,463,320
Finance lease liabilities	0
Operating lease liabilities	15,280,557
Deferred revenue	57,342,461
Total current liabilities	520,933,311
Accrued postemployment benefits	64,695,100
Accrued postretirement benefits	111,675,906
Accrued professional liability costs	68,835,971
Accrued third-party payor settlements	53,664,890
Medicare accelerated payment advances	27,979,838
Finance lease liabilities	0
Operating lease liabilities	44,653,720
Fair value of interest rate swaps	0
Fair value of asset retirement obligation	6,488,128
Other long-term liabilities	0
Long-term debt, excluding current installments	494,755,564
Total liabilities	1,393,682,428
Net assets:	
Without donor restrictions	1,190,484,513
With donor restrictions	46,961,545
Total net assets	1,237,446,058
<b>Total liabilities and net assets</b>	<b>\$2,631,128,486</b>

## Niagara ASC, LLC

### Balance Sheet

December 31, 2020

#### Assets

##### Current

Cash	\$ 88,846
Accounts receivable, net	319,606
Due from related party	100,000
Inventory	45,351
Prepaid expenses	17,141

**Total Current Assets** 570,944

**Property and Equipment, net** 147,569

\$ 718,513

#### Liabilities and Members' Deficit

##### Current

Accounts payable	\$ 107,208
Credit cards payable	26,091
Due to related parties	870,100
Accrued expenses	53,381
Current maturities of long-term debt	78,303

**Total Current Liabilities** 1,135,083

**Long-Term Debt, less current maturities** 113,553

**Total Liabilities** 1,248,636

**Members' Deficit** (530,123)

\$ 718,513

## Niagara ASC, LLC

### Statement of Operations

*Year Ended December 31, 2020*

**Revenue**

Net fees from patient services \$ 2,436,319

**Operating Expenses**

Supplies	992,866
Employee salaries	574,445
Rent	213,527
Depreciation	114,158
Repairs and maintenance	82,535
Payroll taxes	49,655
Professional fees	46,848
Office expenses	42,825
Property taxes	26,761
Insurance	23,913
New York State public goods pool	18,833
Accounting	17,480
Utilities	13,470
Compulink	13,319
Other benefits	13,310
Computer expenses	12,302
Telephone and internet	10,696
Bank charges	10,420
Memberships and licenses	7,782
Advertising	5,553
Other patient expenses	4,966
Legal	3,650
Payroll service fee	2,177
Postage	1,999
Training	1,775
New York State taxes	1,500
Dues and subscriptions	456
Employee relations	197
Charitable donations	100
Other travel expenses	43
Bad debt (recovery)	(6,000)
Miscellaneous	359

**Total Operating Expenses** 2,301,920

**Operating Income** 134,399

*Other Income (Expense):*

PPP loan forgiveness	169,540
Federal stimulus grants	58,510
Interest expense	(22,473)
Miscellaneous income	3,797

**Other Income - Net** 209,374

**Net Income** \$ 343,773

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NIAGARA ASC LLC

Balance Sheet

As of October 31, 2021

11/10/21

Accrual Basis

	Oct 31, 21	Oct 31, 20	\$ Change
<b>ASSETS</b>			
<b>Current Assets</b>			
Checking/Savings			
1010 · CASH - BOFA CHECKING	164,179.94	78,412.75	85,767.19
1015 · PETTY CASH	300.00	300.00	0.00
<b>Total Checking/Savings</b>	<b>164,479.94</b>	<b>78,712.75</b>	<b>85,767.19</b>
Other Current Assets			
1100 · ACCOUNTS RECEIVABLE - PATIENTS	391,812.14	323,426.46	68,385.68
1120 · ALLOWANCE DOUBTFUL ACCTS	(5,000.00)	(1,000.00)	(4,000.00)
1600 · MEDICAL INVENTORY	30,612.98	62,614.00	(32,001.02)
1751 · PREPAID EXPENSES	29,161.97	24,498.75	4,663.22
<b>Total Other Current Assets</b>	<b>446,587.09</b>	<b>409,539.21</b>	<b>37,047.88</b>
<b>Total Current Assets</b>	<b>611,067.03</b>	<b>488,251.96</b>	<b>122,815.07</b>
<b>Fixed Assets</b>			
1500 · FURNITURE & EQUIPMENT	661,000.07	655,020.61	5,979.46
1510 · ACCUM. DEPRECIATION	(561,911.55)	(481,607.47)	(80,304.08)
<b>Total Fixed Assets</b>	<b>99,088.52</b>	<b>173,413.14</b>	<b>(74,324.62)</b>
Other Assets			
1750 · LOAN RECEIVABLE - CREH	5,000.00	100,000.00	(95,000.00)
<b>Total Other Assets</b>	<b>5,000.00</b>	<b>100,000.00</b>	<b>(95,000.00)</b>
<b>TOTAL ASSETS</b>	<b>715,155.55</b>	<b>761,665.10</b>	<b>(46,509.55)</b>
<b>LIABILITIES &amp; EQUITY</b>			
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Accounts Payable			
2000 · ACCOUNTS PAYABLE	115,407.12	102,060.67	13,346.45
<b>Total Accounts Payable</b>	<b>115,407.12</b>	<b>102,060.67</b>	<b>13,346.45</b>
Credit Cards			
2120 · TRE- AMEX PAYABLE	56.89	837.03	(780.14)
2140 · TRE-NORTHWEST VISA 2603	0.00	255.91	(255.91)
<b>Total Credit Cards</b>	<b>56.89</b>	<b>1,092.94</b>	<b>(1,036.05)</b>
Other Current Liabilities			
2010 · DUE TO FEES	109,684.48	122,653.77	(12,969.29)
2200 · ACCRUED PAYROLL	17,695.26	12,269.00	5,426.26
2210 · ACCRUED PTO	23,314.81	26,389.00	(3,074.19)
2220 · ACCRUED PAYROLL TAXES	3,137.27	3,093.00	44.27
2230 · PAYROLL LIABILITIES	532.01	503.64	28.37
2312 · PPP LOAN	0.00	169,540.00	(169,540.00)
2313 · PPP LOAN - DEBT FORGIVENESS	0.00	(169,540.00)	169,540.00
2410 · CURR PORTION OF \$530,000 LOAN	79,665.97	78,028.33	1,637.64
2420 · CURR PORTION OF \$150,000 LOAN	0.00	11,651.15	(11,651.15)
<b>Total Other Current Liabilities</b>	<b>234,029.80</b>	<b>254,587.89</b>	<b>(20,558.09)</b>
<b>Total Current Liabilities</b>	<b>349,493.81</b>	<b>357,741.50</b>	<b>(8,247.69)</b>
Long Term Liabilities			
2610 · \$530,000 TERM LOAN DUE BOA	47,087.97	126,706.87	(79,618.90)
2710 · LOAN PAYABLE - FEES	0.00	250,000.00	(250,000.00)
2720 · DUE TRE	290,725.00	300,750.00	(10,025.00)
2730 · DUE MJE	290,725.00	300,750.00	(10,025.00)
<b>Total Long Term Liabilities</b>	<b>628,537.97</b>	<b>978,206.87</b>	<b>(349,668.90)</b>
<b>Total Liabilities</b>	<b>978,031.78</b>	<b>1,335,948.37</b>	<b>(357,916.59)</b>
<b>Equity</b>			

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11/10/21  
Accrual Basis

**NIAGARA ASC LLC**  
**Balance Sheet**  
As of October 31, 2021

	Oct 31, 21	Oct 31, 20	\$ Change
3035 · TRE EQUITY	(265,061.48)	(392,550.30)	127,488.82
3045 · MJE EQUITY	(265,061.48)	(392,550.30)	127,488.82
Net Income	267,246.73	210,817.33	56,429.40
Total Equity	(262,876.23)	(574,283.27)	311,407.04
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>715,155.55</b>	<b>761,665.10</b>	<b>(46,509.55)</b>

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NIAGARA ASC LLC

Profit & Loss

October 2021

11/10/21

Accrual Basis

	Oct 21	Oct 20	\$ Change
Ordinary Income/Expense			
Income			
4000 · INCOME			
4010 · PATIENT PAYMENTS	83,335.19	88,131.47	(4,796.28)
4020 · INSURANCE PAYMENTS	233,499.60	158,559.43	74,940.17
4030 · ACCTS REC ADJ ACCT	(21,955.87)	97,034.46	(118,990.33)
Total 4000 · INCOME	294,878.92	343,725.36	(48,846.44)
4100 · PATIENT REFUNDS	(1,578.64)	0.00	(1,578.64)
4900 · MISC INCOME	0.00	10.00	(10.00)
Total Income	293,300.28	343,735.36	(50,435.08)
Cost of Goods Sold			
5020 · SURGICAL INSTRUMENTS	1,166.13	291.16	874.97
5030 · MEDICAL & SURGICAL SUPPLIES			
5031 · MEDICAL SURGICAL SUPPLIES	36,564.57	0.00	36,564.57
5032 · RETINA	20,401.56	0.00	20,401.56
5033 · IMPLANTS	63,479.15	0.00	63,479.15
5030 · MEDICAL & SURGICAL SUPPLIES - Other	0.00	108,856.84	(108,856.84)
Total 5030 · MEDICAL & SURGICAL SUPPLIES	120,445.28	108,856.84	11,588.44
5035 · LINEN SERVICE	1,877.83	2,276.20	(398.37)
5040 · MEDICAL EQUIP. REPAIRS & MAINT.	637.20	1,628.94	(991.74)
5050 · SURGICAL GASES	193.85	209.59	(15.74)
5070 · MEDICAL WASTE	136.08	406.08	(270.00)
5080 · PATIENT SPECIAL SERVICES	1,077.98	413.26	664.72
5090 · MEDICAL LICENSES & FEES	503.00	50.00	453.00
5095 · PROFESSIONAL LIAB. INSURANCE	628.65	621.00	7.65
5200 · MEDICAL CONSULTANTS	1,771.88	1,500.00	271.88
5210 · SOURCEONE - MED. CREDENTIALS	60.00	388.00	(328.00)
5220 · SYCAMORE - TRANSCRIPTIONS	60.13	98.29	(38.16)
Total COGS	128,558.01	116,739.36	11,818.65
Gross Profit	164,742.27	226,996.00	(62,253.73)
Expense			
6000 · SALARIES & WAGES	70,704.82	59,352.50	11,352.32
6010 · PAYROLL TAXES	5,857.17	4,781.19	1,075.98
6020 · HEALTH INSURANCE	1,200.00	900.00	300.00
6022 · DENTAL, DBL & LIFE INS.	88.20	70.80	17.40
6024 · NYS DBL & PFL INS.	(356.22)	(247.91)	(108.31)
6027 · 401K MATCH	616.08	0.00	616.08
6045 · GENESIS PAYROLL SERVICE	240.41	275.52	(35.11)
6050 · IT SERVICES - SYNCHRONET	2,464.83	1,110.51	1,354.32
6060 · COMPULINK CLAIMS PROCESSING	1,181.70	1,121.35	60.35
6065 · EMPLOYEE BENEFITS ADMIN.	0.00	816.20	(816.20)
6080 · FEES SERVICES TO NASC	5,000.00	2,000.00	3,000.00
6100 · RENT - CREH	23,487.94	21,352.67	2,135.27
6110 · PROPERTY TAXES	2,840.56	2,490.00	350.56
6120 · UTILITIES	2,226.74	920.33	1,306.41
6132 · CLEANING & JANITORIAL EXP	2,867.37	2,548.59	318.78
6134 · GENERAL REPAIRS & MAINT	1,260.90	868.58	392.32
6140 · FIRE ALARM SERVICE CONTRACT	254.03	0.00	254.03
6150 · EQUIP REPAIRS & MAINTENANCE	1,305.00	1,112.24	192.76
6190 · INSURANCE	424.43	568.00	(143.57)
6200 · ADVERTISING & PROMOTIONS	200.00	200.00	0.00
6300 · OFFICE SUPPLIES	(494.51)	2,387.39	(2,881.90)
6301 · TOSHIBA COPIER EXPENSES	110.07	47.16	62.91
6304 · TELEPHONE & INTERNET	877.31	562.01	315.30
6308 · POSTAGE EXPENSE	573.72	0.00	573.72
6310 · DUES & SUBSCRIPTIONS	390.00	0.00	390.00
6315 · EMPLOYEE RELATIONS	0.00	100.00	(100.00)
6350 · BANK & CREDIT CARD CHARGES	1,251.44	1,105.87	145.57
6360 · NYS - PUBLIC GOODS POOL	3,333.00	2,178.00	1,155.00

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NIAGARA ASC LLC

Profit & Loss

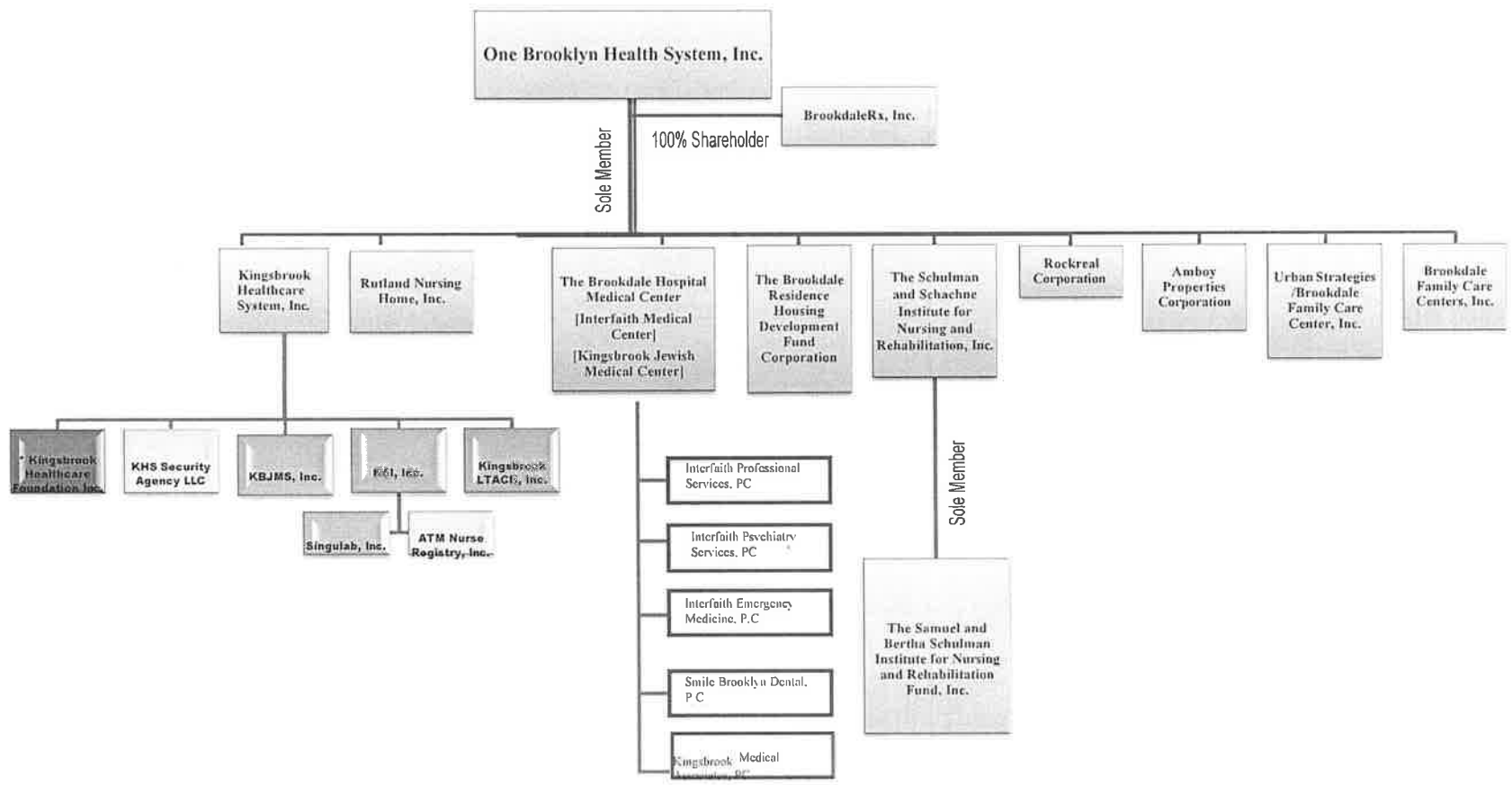
October 2021

11/10/21

Accrual Basis

	Oct 21	Oct 20	\$ Change
6380 · DEPRECIATION EXPENSE	5,545.65	8,839.15	(3,293.50)
6610 · INTEREST EXP - BOFA	242.22	404.48	(162.26)
6615 · INTEREST EXP - MJE, TRE	1,450.00	1,500.00	(50.00)
<b>Total Expense</b>	<b>135,142.86</b>	<b>117,364.63</b>	<b>17,778.23</b>
<b>Net Ordinary Income</b>	<b>29,599.41</b>	<b>109,631.37</b>	<b>(80,031.96)</b>
<b>Net Income</b>	<b>29,599.41</b>	<b>109,631.37</b>	<b>(80,031.96)</b>





**Financial Summary - Rutland Nursing Home, Inc.**

	<u>12-31-19</u>	<u>12-31-20</u>	<u>draft</u> <u>12-31-21</u>	<u>draft</u> <u>3-31-22</u>
<b>ASSETS - CURRENT</b>	\$7,132,000	\$8,402,000	\$9,958,355	\$12,472,000
<b>ASSETS - FIXED AND OTHER</b>	5,610,000	5,114,000	4,682,983	(8,442,000)
<b>LIABILITIES - CURRENT</b>	13,439,000	1,987,000	5,622,841	7,988,000
<b>LIABILITIES - LONG-TERM</b>	<u>12,711,000</u>	<u>23,289,000</u>	<u>56,344,432</u>	<u>19,434,000</u>
<b>EQUITY</b>	(\$13,408,000)	(\$11,760,000)	(\$47,325,935)	(\$23,392,000)
<hr/>				
<b>INCOME</b>	\$62,462,000	\$67,453,000	\$57,305,000	\$14,457,000
<b>EXPENSE</b>	<u>94,641,000</u>	<u>96,596,000</u>	<u>92,871,000</u>	<u>22,997,000</u>
<b>Excess (Deficiency) of Revenue over Expenses</b>	(\$32,179,000)	(\$29,143,000)	(\$35,566,000)	(\$8,540,000)
<b>Transfers from related parties</b>	\$26,580,000	\$30,791,000	\$0	\$0
<b>(Increase)/Decrease in Net Deficit</b>	(\$5,599,000)	\$1,648,000	(\$35,566,000)	(\$8,540,000)
<hr/>				
<b>NUMBER OF BEDS</b>	466	466	466	466
<b>PERCENT OF OCCUPANCY (DAYS)</b>	96.24%	87.17%	80.32%	89.15%
<hr/>				
<b>Medicaid</b>	93.26%	90.06%	92.17%	88.71%
<b>Medicare</b>	5.72%	6.33%	6.40%	9.62%
<b>Private Pay/Other</b>	1.02%	3.61%	1.42%	1.67%

# Rutland Nursing Home

## Balance Sheet

<b>Rutland Nursing Home Balance Sheet</b>					
	<b>Current Year</b>		<b>Prior Year</b>		<b>Variance</b>
<b><u>Assets:</u></b>					
Cash & Equivalents	\$	2,993	\$	2,675	\$ 318
Patient AR	\$	9,479	\$	5,894	\$ 3,585
Due to/from Affiliates	\$	(13,090)	\$	(7,397)	\$ (5,693)
Prepaid & Other	\$	14	\$	7	\$ 7
PP&E	\$	4,634	\$	4,964	\$ (330)
<b>Total Assets</b>	<b>\$</b>	<b>4,030</b>	<b>\$</b>	<b>6,142</b>	<b>\$ (2,112)</b>
<b><u>Liabilities</u></b>					
LT Debt Current	\$	342	\$	342	\$ -
AP & Accrued Expenses	\$	4,305	\$	1,739	\$ (2,565)
Accrued salaries and related liabilities	\$	1,687	\$	226	\$ (1,461)
Other Current Liabilities	\$	1,654	\$	908	\$ (746)
Due to Third Parties	\$	17,198	\$	21,007	\$ 3,809
LT Debt	\$	2,236	\$	2,530	\$ 294
<b>Total Liabilities</b>	<b>\$</b>	<b>27,421</b>	<b>\$</b>	<b>26,752</b>	<b>\$ (669)</b>
Unrestricted Net Assets	\$	(14,851)	\$	(11,760)	\$ 3,092
CY Net Income	\$	(8,540)	\$	(8,850)	\$ (310)
<b>Total net assets (deficiency)</b>	<b>\$</b>	<b>(23,391)</b>	<b>\$</b>	<b>(20,610)</b>	<b>\$ 2,781</b>
<b>Total liabilities and net assets (deficiency)</b>	<b>\$</b>	<b>4,030</b>	<b>\$</b>	<b>6,142</b>	<b>\$ 2,112</b>

# Rutland Nursing Home

## Income Statement

Rutland Nursing Home								
	March 2022				March 2022 YTD			
	Actual	Budget	Fav (Unfav)	PY Period	Actual	Budget	Fav (Unfav)	PY YTD
<u>Revenue and Other Support</u>								
Net Patient Service Revenue	\$ 4,235	\$ 6,903	\$ (2,668)	\$ 4,052	\$ 14,225	\$ 20,040	\$ (5,815)	\$ 13,848
Net Capitation Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
VIPQIP	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
CARES Act Stimulus Payments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 415
Other Operating Revenue	\$ 121	\$ 125	\$ (4)	\$ 63	\$ 232	\$ 375	\$ (143)	\$ 455
<b>Total Revenue and Other Support</b>	<b>\$ 4,356</b>	<b>\$ 7,028</b>	<b>\$ (2,672)</b>	<b>\$ 4,115</b>	<b>\$ 14,457</b>	<b>\$ 20,415</b>	<b>\$ (5,958)</b>	<b>\$ 14,718</b>
<u>Operating Expenses:</u>								
Salaries and Wages	\$ 4,257	\$ 4,443	\$ 186	\$ 3,122	\$ 12,222	\$ 12,899	\$ 677	\$ 9,132
Overtime	\$ 362	\$ -	\$ (362)	\$ 182	\$ 1,191	\$ -	\$ (1,191)	\$ 855
Employee Benefits	\$ 1,358	\$ 2,130	\$ 772	\$ 1,449	\$ 3,992	\$ 6,184	\$ 2,192	\$ 4,425
Purchased Services	\$ 718	\$ 722	\$ 4	\$ 1,702	\$ 2,430	\$ 2,097	\$ (333)	\$ 4,232
Medical/Surgical/Blood	\$ 166	\$ 336	\$ 170	\$ 441	\$ 544	\$ 976	\$ 431	\$ 1,405
Pharmacy Expenses	\$ 116	\$ 113	\$ (3)	\$ 116	\$ 348	\$ 327	\$ (21)	\$ 348
Equipment / Office Supplies / Maintenance	\$ 157	\$ 110	\$ (46)	\$ 184	\$ 359	\$ 321	\$ (38)	\$ 279
Utility Expense	\$ 371	\$ 155	\$ (216)	\$ 60	\$ 869	\$ 451	\$ (418)	\$ 335
Administrative & General	\$ 347	\$ 491	\$ 144	\$ 233	\$ 852	\$ 1,426	\$ 574	\$ 691
Interest Expense	\$ 25	\$ 27	\$ 2	\$ 28	\$ 75	\$ 80	\$ 5	\$ 84
Depreciation and Amortization	\$ 39	\$ 40	\$ 1	\$ 50	\$ 116	\$ 119	\$ 4	\$ 150
<b>Total Operating Expenses</b>	<b>\$ 7,917</b>	<b>\$ 8,568</b>	<b>\$ 651</b>	<b>\$ 7,569</b>	<b>\$ 22,997</b>	<b>\$ 24,880</b>	<b>\$ 1,883</b>	<b>\$ 21,937</b>
<b>Income (Loss) from Operations</b>	<b>\$ (3,562)</b>	<b>\$ (1,541)</b>	<b>\$ (2,021)</b>	<b>\$ (3,454)</b>	<b>\$ (8,540)</b>	<b>\$ (4,465)</b>	<b>\$ (4,075)</b>	<b>\$ (7,219)</b>
Non-Operating Income (Loss)	-	-	-	-	-	-	-	-
<b>Net Income (Loss)</b>	<b>\$ (3,562)</b>	<b>\$ (1,541)</b>	<b>\$ (2,021)</b>	<b>\$ (3,454)</b>	<b>\$ (8,540)</b>	<b>\$ (4,465)</b>	<b>\$ (4,075)</b>	<b>\$ (7,219)</b>

ONE BROOKLYN HEALTH SYSTEM, INC.

Consolidating Balance Sheet

December 31, 2020

(In thousands)

Assets	One Brooklyn Health System, Inc.	The Brookdale Hospital Medical Center	Kingsbrook Jewish Medical Center	Interfaith Medical Center	The Schulman and Schachne Institute for Nursing and Rehabilitation, Inc. and Subsidiary	Rutland Nursing Home	Brookdale Family Care Center, Inc.	Urban Strategies Brookdale Family Care Center, Inc.	Brookdale Residence Housing Development Fund Corporation	Other Brookdale Hospital Medical Center Related Entities	Eliminations	Consolidated total
<b>Current assets:</b>												
Cash	\$ —	42,737	26,222	9,052	3,221	3,154	172	122	41	1,989	—	86,710
Patient accounts receivable	—	34,927	10,190	10,264	7,688	3,802	170	87	—	—	—	67,128
Supplies	—	6,865	3,297	2,360	258	—	—	—	—	914	—	13,694
Due from related parties	—	9,543	—	2,835	—	103	—	—	—	—	(12,481)	—
Assets limited or restricted as to use	—	65,293	9,100	35,947	222	280	—	—	—	—	—	110,842
Due from third-party payors	—	13,086	516	6,414	—	—	—	—	—	—	—	20,016
Grants receivable	—	6,643	4,330	4,689	—	—	—	—	—	—	—	15,662
Prepaid expenses	338	7,441	3,745	3,347	4	—	—	4	—	64	—	14,943
Other current assets	—	8,624	1,535	4,293	31	1,063	—	—	59	263	—	15,868
Insurance receivable	—	7,793	25	16,622	—	—	—	—	—	—	—	24,440
<b>Total current assets</b>	<b>338</b>	<b>202,952</b>	<b>58,960</b>	<b>95,823</b>	<b>11,424</b>	<b>8,402</b>	<b>342</b>	<b>213</b>	<b>100</b>	<b>3,230</b>	<b>(12,481)</b>	<b>369,303</b>
Assets limited or restricted as to use, less current portion	3,290	25,737	—	1,607	—	—	—	—	210	—	—	30,844
Property, plant, and equipment, net	58,758	40,499	25,922	18,018	3,931	5,114	2,995	511	2,521	916	—	159,185
Insurance receivable, less current portion	—	72,404	4,587	—	—	—	—	—	—	—	—	76,991
Other assets	—	159	—	20,834	—	—	—	—	—	352	(352)	20,993
Due from related parties	—	3,919	—	—	—	—	—	—	—	—	(3,919)	—
<b>Total assets</b>	<b>\$ 62,386</b>	<b>345,670</b>	<b>89,469</b>	<b>136,282</b>	<b>15,355</b>	<b>13,516</b>	<b>3,337</b>	<b>724</b>	<b>2,831</b>	<b>4,498</b>	<b>(16,752)</b>	<b>657,316</b>
<b>Liabilities and Net Deficit</b>												
<b>Current liabilities:</b>												
Current portion of long-term debt	\$ —	395	25	—	—	342	36	—	—	—	—	798
Accounts payable and accrued expenses	19,185	67,825	44,860	30,524	2,132	1,056	289	112	205	70	—	166,258
Accrued salaries and related liabilities	—	36,745	16,447	14,545	5,415	—	473	133	—	—	—	73,758
Accrued workers' compensation	—	4,597	—	771	—	—	—	—	—	—	—	5,368
Estimated professional liabilities	—	8,335	5,200	1,913	—	—	—	—	—	—	—	15,448
Due to third-party payors	—	6,408	—	—	2,665	309	5	—	—	—	—	9,387
Due to related parties	—	—	12,481	—	245,010	—	34,747	12,605	251	17,904	(322,998)	—
Deferred obligations	—	60,735	7,797	22,364	—	—	—	—	—	—	—	90,896
Other current liabilities	1,162	3,821	1,306	14,579	28	280	—	1	4	—	—	21,181
<b>Total current liabilities</b>	<b>20,347</b>	<b>188,861</b>	<b>88,116</b>	<b>84,696</b>	<b>255,250</b>	<b>1,987</b>	<b>35,550</b>	<b>12,851</b>	<b>460</b>	<b>17,974</b>	<b>(322,998)</b>	<b>383,094</b>
Accrued salaries and related liabilities, less current portion	—	1,738	915	615	—	—	—	—	—	—	—	3,268
Long-term debt, less current portion	—	177,562	109	—	—	2,577	1,439	—	8,568	—	—	190,255
Accrued workers' compensation, less current portion	—	21,977	—	—	—	—	—	—	—	—	—	21,977
Estimated professional liabilities, less current portion	—	159,781	28,230	18,238	—	—	—	—	—	—	—	206,249
Due to third-party payors, less current portion	—	15,377	16,449	7,066	48,672	20,603	—	—	—	—	—	108,167
Accrued pension liability	—	60,002	5,552	—	—	—	—	—	—	—	—	65,554
Other noncurrent liabilities	16,440	34,703	32,319	13,356	221	109	1,050	264	21	—	—	98,483
<b>Total liabilities</b>	<b>36,787</b>	<b>660,001</b>	<b>171,890</b>	<b>123,971</b>	<b>304,143</b>	<b>25,276</b>	<b>38,039</b>	<b>13,115</b>	<b>9,049</b>	<b>17,974</b>	<b>(322,998)</b>	<b>1,077,047</b>
<b>Net deficit:</b>												
Net deficit without donor restriction	459	(314,331)	(82,221)	12,201	(288,788)	(11,760)	(34,702)	(12,391)	(6,218)	(13,476)	306,246	(444,981)
Net assets with donor restriction	25,140	—	—	110	—	—	—	—	—	—	—	25,250
<b>Total net deficit</b>	<b>25,599</b>	<b>(314,331)</b>	<b>(82,221)</b>	<b>12,311</b>	<b>(288,788)</b>	<b>(11,760)</b>	<b>(34,702)</b>	<b>(12,391)</b>	<b>(6,218)</b>	<b>(13,476)</b>	<b>306,246</b>	<b>(419,731)</b>
<b>Total liabilities and net deficit</b>	<b>\$ 62,386</b>	<b>345,670</b>	<b>89,469</b>	<b>136,282</b>	<b>15,355</b>	<b>13,516</b>	<b>3,337</b>	<b>724</b>	<b>2,831</b>	<b>4,498</b>	<b>(16,752)</b>	<b>657,316</b>

ONE BROOKLYN HEALTH SYSTEM, INC.

Consolidating Statement of Operations and Changes in Net Deficit

Year ended December 31, 2020

(In thousands)

	One Brooklyn Health System, Inc.	The Brookdale Hospital Medical Center	Kingsbrook Jewish Medical Center	Interfaith Medical Center	The Schulman and Schachne Institute for Nursing and Rehabilitation, Inc. and Subsidiary	Rutland Nursing Home	Brookdale Family Care Center, Inc.	Urban Strategies Brookdale Family Care Center, Inc.	Brookdale Residence Housing Development Fund Corporation	Other Brookdale Hospital Medical Center Related Entities	Eliminations	Consolidated total
Revenue and other support:												
Net patient service revenue	\$ —	337,348	129,918	131,681	53,091	59,532	3,179	918	—	—	—	715,667
Capitation revenue	—	639	31	4,757	—	—	342	1	—	—	—	5,770
Other revenue	581	95,229	63,051	17,279	1,814	1,398	1,217	314	1,262	4,525	(84,640)	102,030
Grant revenue	—	195,810	103,126	89,881	7,814	6,523	108	87	—	—	—	403,349
Total revenue and other support	581	629,026	296,126	243,598	62,719	67,453	4,846	1,320	1,262	4,525	(84,640)	1,226,816
Expenses:												
Salaries and wages	—	306,945	122,259	127,827	38,766	42,017	3,733	998	266	—	(11,489)	631,322
Employee benefits	—	102,575	59,191	42,035	13,841	16,816	1,320	272	102	—	(16,806)	219,346
Supplies and other	8	180,131	89,275	76,907	31,222	36,475	2,423	783	915	3,671	(56,342)	365,468
Interest	—	2,583	181	272	147	731	163	2	—	—	—	4,079
Depreciation and amortization	—	8,237	4,412	4,442	518	557	131	35	146	50	—	18,528
Provision for uncollectible amounts due from related parties, net	—	23,329	—	—	—	—	—	—	—	—	(23,329)	—
Total expenses	8	623,800	275,318	251,483	84,494	96,596	7,770	2,090	1,429	3,721	(107,966)	1,238,743
Gain (loss) from operations	573	5,226	20,808	(7,885)	(21,775)	(29,143)	(2,924)	(770)	(167)	804	23,326	(11,927)
Nonoperating gain – net periodic pension costs other than service costs	—	502	(1,214)	—	—	—	—	—	—	—	—	(712)
Excess (deficiency) of revenue and other support over expenses	573	5,728	19,594	(7,885)	(21,775)	(29,143)	(2,924)	(770)	(167)	804	23,326	(12,639)
Other changes in net deficit without donor restriction:												
Pension-related changes other than net periodic pension cost	—	(11,236)	187	—	—	—	—	—	—	—	—	(11,049)
Transfers from related parties	—	(46,406)	(24,427)	40,042	—	30,791	—	—	—	—	—	—
Grant for capital-related items	—	18	—	—	—	—	—	—	—	—	—	18
(Decrease) increase in net deficit without donor restriction	\$ 573	(51,896)	(4,646)	32,157	(21,775)	1,648	(2,924)	(770)	(167)	804	23,326	(23,670)

ONE BROOKLYN HEALTH SYSTEM HOSPITALS  
AND AFFILIATES  
December 31, 2021  
Balance Sheet  
(In thousands)

	The Brookdale Hospital and Medical Center and Subsidiaries	Kingbrook Jewish Medical Center	Interfaith Medical Center	Combined		The Brookdale Hospital and Medical Center and Subsidiaries	Kingbrook Jewish Medical Center	Interfaith Medical Center
	12/31/2021	12/31/2021	12/31/2021	12/31/2021	12/31/2020	12/31/2020	12/31/2020	12/31/2020
<b>Assets</b>								
<b>Current assets:</b>								
Cash & Equivalents	\$ 23,003	5,344	6,094	34,441	78,011	\$ 42,737	26,222	9,052
Investments	-	-	-	-	-	-	-	-
Patent AR (Incl. PIP)	15,258	6,026	23,490	44,775	55,380	34,926	10,190	10,264
Supplies	5,784	2,112	2,779	10,675	12,522	6,865	3,297	2,360
Assets Limited to Use - Current	5,247	2,345	9,787	17,379	110,340	65,293	9,100	35,947
Due from Affiliates - Current	164,196	(81,037)	(45,259)	37,900	3,816	13,462	(12,481)	2,835
Due from 3rd Party Payors	16,749	530	-	17,278	20,017	13,087	516	6,414
Other Receivables	-	-	-	-	-	-	-	-
Prepaid & Other	28,229	4,894	3,485	36,608	44,645	22,706	9,610	12,329
Insurance Recoveries - Current	-	25	16,622	16,647	-	-	-	-
<b>Total current assets</b>	<b>258,467</b>	<b>(59,761)</b>	<b>16,998</b>	<b>215,704</b>	<b>324,732</b>	<b>199,076</b>	<b>46,454</b>	<b>79,201</b>
Due from 3rd Party Payors-LT	159	-	-	159	159	159	-	-
Assets Limited to Use -LT	26,737	-	976	27,713	27,345	25,737	-	1,608
Def Finance Charges	-	-	-	-	-	-	-	-
PP&E	44,532	22,738	15,388	82,657	84,439	40,499	25,922	18,018
Other Assets	-	-	20,879	20,879	20,894	-	-	20,834
Due from affiliates-LT	16,346	-	-	16,346	-	-	-	-
Insurance receivable, less current portion	93,952	4,587	-	98,539	101,431	80,197	4,612	16,622
<b>Total assets</b>	<b>\$ 440,193</b>	<b>(32,436)</b>	<b>54,241</b>	<b>461,997</b>	<b>558,939</b>	<b>\$ 345,668</b>	<b>76,988</b>	<b>136,283</b>
<b>Liabilities</b>								
LT Debt - current	\$ 390	25	-	414	420	\$ 395	25	-
Due to affiliates current	-	-	-	-	-	-	-	-
AP & Accrued Expenses	100,367	24,746	14,886	139,999	143,276	67,893	44,859	30,524
Accrued salaries and related liabilities	39,212	25,327	18,183	82,722	70,392	38,484	17,363	14,545
Short Term W/C Liability	10,567	-	771	11,337	5,369	4,598	-	771
Malpractice Payable - Current	8,450	2,306	1,913	12,669	15,449	8,336	5,200	1,913
Accrued Pension Payable	-	-	-	-	-	-	-	-
Due to Third Parties - Current	22,469	-	-	22,469	6,404	6,404	-	-
Other Current Liabilities	76	-	11,619	11,695	15,445	-	886	14,579
Deferred Obligation	1,246	-	-	1,246	90,896	60,735	7,797	22,364
A/R Clearing(Unposted) & PIP Liab(Asset)	-	-	-	-	-	-	-	-
<b>Total current liabilities</b>	<b>182,777</b>	<b>52,404</b>	<b>47,371</b>	<b>282,553</b>	<b>347,650</b>	<b>186,845</b>	<b>76,110</b>	<b>84,695</b>
Accrued salaries, less current portion	-	-	-	-	-	-	-	-
LT Debt	177,123	(121)	-	177,002	177,671	177,562	109	-
Long Term Workers Compensation Payable	22,677	-	-	22,677	21,977	21,977	-	-
Malpractice Payable - LT	163,617	28,230	18,239	210,085	206,864	159,781	28,230	18,853
Due to Affiliates	-	-	-	-	-	-	-	-
Due to Third Parties - LT	15,377	6,671	3,929	25,977	38,891	15,377	16,449	7,065
Other non current liabilities - LT	77,630	3,173	(1,275)	79,528	83,410	38,454	31,599	13,357
Accrued Pension Payable - LT	44,924	5,763	-	50,687	66,714	60,003	6,711	-
<b>Total liabilities</b>	<b>684,125</b>	<b>96,120</b>	<b>68,263</b>	<b>848,508</b>	<b>943,177</b>	<b>659,999</b>	<b>159,208</b>	<b>123,970</b>
<b>Net assets (deficiency):</b>								
Unrestricted Net Assets	(314,331)	(82,221)	12,203	(384,349)	(364,611)	(262,434)	(82,221)	(19,956)
CY Net Income	70,399	(46,336)	(26,355)	(2,292)	(19,738)	(51,897)	-	32,159
Temporarily Restricted Net assets	-	-	132	132	110	-	-	110
<b>Total net assets (deficiency)</b>	<b>(243,932)</b>	<b>(128,556)</b>	<b>(14,021)</b>	<b>(386,509)</b>	<b>(384,239)</b>	<b>(314,331)</b>	<b>(82,221)</b>	<b>12,313</b>
<b>Total liabilities and net assets (deficiency)</b>	<b>\$ 440,193</b>	<b>(32,436)</b>	<b>54,242</b>	<b>461,998</b>	<b>558,939</b>	<b>\$ 345,668</b>	<b>76,987</b>	<b>136,283</b>

One Brooklyn Health System Hospitals  
Combined Hospitals  
Statement of Operations  
Period Ended December 31, 2021  
(In thousands)

Current Month					Year to Date				
Actual	Budget	Variance	2020 Actual		Actual	Budget	Variance	2020 Actual	2021 Actual vs. 2020 Actual
\$ 68,364	\$ 45,744	\$ 22,620	\$ 62,271	Revenue net of current year allowances	\$ 585,212	\$ 546,531	\$ 38,682	\$ 615,559	\$ (30,346)
(695)	(659)	(35)	(1,234)	Provision for bad debts	(10,618)	7,913	(2,705)	(11,161)	542
67,669	45,085	22,584	61,038	Net patient service revenue	574,594	538,617	35,977	604,398	(29,804)
13,170	7,937	5,233	30,626	Other revenue	201,523	126,214	75,308	203,416	(1,893)
80,839	53,022	27,817	91,663	Total operating revenue	776,117	664,831	111,285	807,814	(31,697)
				Expenses					
42,745	42,997	252	48,642	Salaries	546,588	526,995	(19,593)	546,151	(437)
15,733	15,140	(594)	16,658	Employee benefits	184,969	182,999	(1,970)	187,124	2,155
34,969	23,656	(11,313)	34,236	Supplies and other	377,120	287,833	(89,287)	319,692	(57,428)
1,119	2,631	1,512	618	Depreciation and Amortization	133,335	19,182	5,848	17,090	3,756
1,008	217	(791)	430	Interest	5,241	2,602	(2,639)	3,085	(2,156)
95,574	84,641	(10,933)	100,585	Total Expenses	1,127,253	1,019,610	(107,642)	1,073,142	(54,111)
(14,735)	(31,620)	16,885	(8,922)	Operating gain (loss)	(351,136)	(364,779)	3,643	(265,328)	(85,808)
				Nonoperating revenue and expenses:					
18,482	18,482		18,482	VBPQIP Grant	221,779	221,779	1	213,680	8,100
51,156		51,156		VAPAP Grant	114,878		114,878	43,977	70,902
				199 Contract Reimbursement Grant					
148	148	-	42	Pension Costs	1,780	1,780	(0)	502	1,278
69,786	18,630	51,156	18,523	Total non-operating revenues and expenses	338,438	223,559	114,879	258,158	80,280
55,051	(12,990)	68,041	9,602	Excess of revenues over expenses	(126,98)	(131,220)	118,522	(7,170)	(5,528)
				Grant for Capital Related Items					
10,406		10,406	(17,538)	Other changes in benefits and plan assets					
				Other changes in unrestricted net assets	10,406		10,406	(17,215)	27,622
\$ 65,457	\$ (12,990)	\$ 78,447	\$ (7,936)	Net change in unrestricted net assets	\$ (2,292)	\$ (131,220)	\$ 128,928	\$ (24,386)	\$ 22,094



ONE BROOKLYN HEALTH SYSTEM HOSPITALS  
AND AFFILIATES  
March 31, 2022  
Balance Sheet  
(In thousands)

	The Brookdale Hospital and Medical Center and Subsidiaries 3/31/2022	Kingbrook Jewish Medical Center 3/31/2022	Interfaith Medical Center 3/31/2022	Combined 3/31/2022	Combined 12/31/2021	The Brookdale Hospital and Medical Center and Subsidiaries 12/31/2021	Kingbrook Jewish Medical Center 12/31/2021	Interfaith Medical Center 12/31/2021
<b>Assets</b>								
<b>Current assets:</b>								
Cash & Equivalents	\$ 52,100	3,498	4,728	60,326	34,930	\$ 23,002	5,980	5,949
Investments	-	-	-	-	-	-	-	-
Patient AR (Incl. PIP)	24,789	2,492	22,227	49,508	49,291	17,528	6,273	25,490
Supplies	5,287	2,199	3,147	11,583	10,675	5,784	2,112	2,779
Assets Limited to Use -Current	5,247	2,995	8,077	16,319	17,379	5,247	2,345	9,787
Due from Affiliates - Current	201,057	(126,612)	(60,593)	13,852	5,424	164,196	(111,664)	(47,108)
Due from 3rd Party Payors	12,190	530	-	12,720	17,278	16,749	580	-
Other Receivables	-	-	-	-	-	-	-	-
Prepaid & Other	32,536	5,757	9,702	47,995	38,955	28,888	3,155	6,911
Insurance Recoveries - Current	-	25	19,484	19,509	19,509	-	25	19,484
<b>Total current assets</b>	<b>334,156</b>	<b>(109,116)</b>	<b>6,773</b>	<b>231,812</b>	<b>193,442</b>	<b>261,394</b>	<b>(91,245)</b>	<b>23,293</b>
Due from 3rd Party Payors-LT	159	-	-	159	159	159	-	-
Assets Limited to Use-LT	27,237	-	976	28,213	27,713	26,737	-	976
Def Finance Charges	-	-	-	-	-	-	-	-
PP&E	44,212	21,581	14,644	80,437	82,657	44,532	22,738	15,388
Other Assets	-	-	21,286	21,266	20,879	-	-	20,879
Due from affiliates-LT	17,627	-	-	17,627	17,150	17,150	-	-
Insurance receivable, less current portion	99,952	4,587	-	98,539	98,539	93,952	4,587	-
<b>Total assets</b>	<b>\$ 517,343</b>	<b>(82,949)</b>	<b>43,660</b>	<b>478,054</b>	<b>440,539</b>	<b>\$ 443,924</b>	<b>(63,920)</b>	<b>60,536</b>
<b>Liabilities and Net Assets</b>								
<b>LT Debt - current</b>	<b>\$ 390</b>	<b>25</b>	<b>-</b>	<b>414</b>	<b>414</b>	<b>\$ 390</b>	<b>25</b>	<b>-</b>
Due to affiliates current	-	-	-	-	-	-	-	-
AP & Accrued Expenses	109,262	25,692	15,592	150,546	139,999	100,367	24,746	14,886
Accrued salaries and related liabilities	44,036	21,132	18,965	84,134	82,890	39,380	25,327	18,183
Short Term W/C Liability	11,233	-	-	11,233	10,567	10,567	-	-
Malpractice Payable - Current	8,450	2,306	1,913	12,669	12,669	8,450	2,306	1,913
Accrued Pension Payable	-	-	-	-	-	-	-	-
Due to Third Parties - Current	23,557	-	-	23,557	22,469	22,469	-	-
Other Current Liabilities	25,720	-	7,851	33,571	9,702	76	-	9,625
Deferred Obligation	1,715	-	-	1,715	1,246	1,246	-	-
A/R Clearing(Unposted) & PIP Liab(Asset)	-	-	-	-	-	-	-	-
<b>Total current liabilities</b>	<b>224,363</b>	<b>49,156</b>	<b>44,321</b>	<b>317,839</b>	<b>279,956</b>	<b>182,945</b>	<b>52,404</b>	<b>44,607</b>
Accrued salaries, less current portion	-	-	-	-	-	-	-	-
LT Debt	177,068	(121)	-	176,946	177,002	177,123	(121)	-
Long Term Workers Compensation Payable	22,677	-	-	22,677	22,677	22,677	-	-
Malpractice Payable - LT	162,791	28,230	22,247	213,268	214,093	163,617	28,230	22,247
Due to Affiliates	-	-	-	-	-	-	-	-
Due to Third Parties - LT	15,377	4,932	2,799	23,107	25,977	15,377	6,671	3,929
Other non current liabilities - LT	57,526	3,416	(1,275)	59,666	79,771	77,630	9,416	(1,275)
Accrued Pension Payable - LT	44,550	3,525	-	48,075	48,449	44,924	3,525	-
<b>Total liabilities</b>	<b>704,351</b>	<b>89,139</b>	<b>68,091</b>	<b>861,579</b>	<b>847,925</b>	<b>684,293</b>	<b>94,125</b>	<b>69,507</b>
<b>Net assets (deficiency):</b>								
Unrestricted Net Assets	(240,369)	(158,045)	(9,103)	(407,517)	(384,950)	(314,331)	(82,220)	12,202
CY Net Income	59,961	(14,041)	(15,463)	29,857	(23,167)	73,962	(75,825)	(21,304)
Temporarily Restricted Net assets	-	-	134	134	132	-	-	132
<b>Total net assets (deficiency)</b>	<b>(187,009)</b>	<b>(172,086)</b>	<b>(24,431)</b>	<b>(383,526)</b>	<b>(407,385)</b>	<b>(240,369)</b>	<b>(158,045)</b>	<b>(6,971)</b>
<b>Total liabilities and net assets (deficiency)</b>	<b>\$ 517,343</b>	<b>(82,948)</b>	<b>43,660</b>	<b>478,054</b>	<b>440,539</b>	<b>\$ 443,924</b>	<b>(63,920)</b>	<b>60,536</b>

One Brooklyn Health System Hospitals  
Combined Hospitals  
Statement of Operations  
Period Ended March 31, 2022  
(In thousands)

Current Month			
Actual	Budget	Variance	2021 Actual
44,493	45,655	(1,162)	52,001
(522)	(578)	55	(701)
<b>43,971</b>	<b>45,077</b>	<b>(1,107)</b>	<b>51,301</b>
10,072	9,348	724	19,814
<b>54,043</b>	<b>54,426</b>	<b>(383)</b>	<b>71,115</b>
41,219	42,461	1,242	52,166
13,210	14,700	1,490	18,021
41,999	27,235	(14,763)	40,600
1,031	1,195	164	1,322
316	492	176	197
<b>97,775</b>	<b>86,083</b>	<b>(11,691)</b>	<b>112,306</b>
<b>(43,732)</b>	<b>(31,658)</b>	<b>(12,074)</b>	<b>(41,191)</b>
18,482	18,482	-	18,482
57,305	-	57,305	-
148	-	148	148
<b>75,935</b>	<b>18,482</b>	<b>57,454</b>	<b>18,630</b>
<b>32,203</b>	<b>(13,176)</b>	<b>45,380</b>	<b>(22,561)</b>
-	-	-	-
-	-	-	-
-	-	-	-
<b>32,203</b>	<b>(13,176)</b>	<b>45,380</b>	<b>(22,561)</b>

	Year to Date				2022 Actual vs.
	Actual	Budget	Variance	2021 Actual	2021 Actual Variance
Revenue					
Revenue net of current year allowances	134,785	132,074	2,711	148,319	(13,534)
Provision for bad debts	(1,965)	(1,734)	(231)	(2,054)	89
Net patient service revenue	<b>132,821</b>	<b>130,341</b>	<b>2,480</b>	<b>146,265</b>	<b>(13,444)</b>
Other revenue	28,780	28,045	734	68,617	(39,837)
<b>Total operating revenue</b>	<b>161,600</b>	<b>158,386</b>	<b>3,214</b>	<b>214,882</b>	<b>(53,281)</b>
Expenses					
Salaries	123,709	125,584	1,875	159,816	36,107
Employee benefits	43,656	44,211	555	53,348	9,692
Supplies and other	106,151	80,359	(25,792)	104,679	(1,472)
Depreciation and Amortization	3,084	3,585	501	3,966	882
Interest	1,137	1,466	329	664	(474)
<b>Total Expenses</b>	<b>277,738</b>	<b>255,206</b>	<b>(22,532)</b>	<b>322,473</b>	<b>44,735</b>
<b>Operating gain (loss)</b>	<b>(116,137)</b>	<b>(96,820)</b>	<b>(19,318)</b>	<b>(107,591)</b>	<b>(8,546)</b>
Nonoperating revenue and expenses:					
VBPQJP Grant	55,445	55,445	-	55,445	-
VAPAP Grant	84,105	26,799	57,305	-	84,105
Pension Costs	445	-	445	445	-
<b>Total non-operating revenues and expenses</b>	<b>139,994</b>	<b>82,244</b>	<b>57,750</b>	<b>55,890</b>	<b>84,105</b>
<b>Excess of revenues over expenses</b>	<b>23,857</b>	<b>(14,576)</b>	<b>38,433</b>	<b>(51,702)</b>	<b>75,558</b>
Grant for Capital Related Items	-	-	-	-	-
Other changes in benefits and plan assets	-	-	-	-	-
Other changes in unrestricted net assets	-	-	-	-	-
<b>Net change in unrestricted net assets</b>	<b>23,857</b>	<b>(14,576)</b>	<b>38,433</b>	<b>(51,702)</b>	<b>75,558</b>

**Residential Health Care Facility (RHCF) Analysis of Projected Net Patient Revenues**

<b>CURRENT YEAR</b>	<u>Skilled Nursing Facility</u>	<u>Specialty Pediatric</u>	<u>Long Term Care Ventilator</u>	<u>Other Revenue &amp; Grant Revenue</u>	<u>Young Adult Unit</u>	<u>Total</u>
Medicaid Revenue						
Medicaid FFS	24,209,162	11,796,977	2,822,048			38,828,187
Medicaid Managed Care	11,033,192	517,303	989,606			12,540,101
Medicare Revenue						
Medicare FFS	1,987,331		617,527			2,604,858
Medicare Managed Care	2,019,510		600,075			2,619,585
Part B - Income						
Commercial Insurance						
Private Pay	1,403,949	38,646	15,710			1,458,305
Other Revenue				7,921,000		7,921,000
Other Patient Revenue	1,362,414		118,550			1,480,964
<b>Total Revenue</b>	<b>42,015,558</b>	<b>12,352,926</b>	<b>5,163,516</b>	<b>7,921,000</b>	<b>-</b>	<b>67,453,000</b>
Bad Debt						
<b>FIRST YEAR</b>						
Medicaid Revenue	23,890,901	17,113,709	3,668,774		38,176,851	82,850,235
Medicaid FFS	9,442,855		1,309,510			10,752,365
Medicaid Managed Care						
Medicare Revenue						
Medicare FFS	4,135,450		1,846,300			5,981,750
Medicare Managed Care	2,673,000					2,673,000
Part B - Income	350,000					350,000
Commercial Insurance						
Private Pay						
Other Revenue						
Other Patient Revenue						
<b>Total Revenue</b>	<b>40,492,206</b>	<b>17,113,709</b>	<b>6,824,584</b>	<b>-</b>	<b>38,176,851</b>	<b>102,607,350</b>
Bad Debt						
<b>THIRD YEAR</b>						
Medicaid Revenue						
Medicaid FFS	23,890,901	17,113,709	3,668,774		41,103,925	85,777,309
Medicaid Managed Care	9,442,855		1,309,510			10,752,365
Medicare Revenue						
Medicare FFS	4,135,450		1,846,300			5,981,750
Medicare Managed Care	2,673,000					2,673,000
Part B - Income	350,000					350,000
Commercial Insurance						
Private Pay						
Other Revenue						
Other Patient Revenue						
<b>Total Revenue</b>	<b>40,492,206</b>	<b>17,113,709</b>	<b>6,824,584</b>	<b>-</b>	<b>41,103,925</b>	<b>105,534,424</b>
<b>Incremental Revenues: Current Year and First Year</b>	<b>(1,523,352)</b>	<b>4,760,783</b>	<b>1,661,068</b>	<b>(7,921,000)</b>	<b>38,176,851</b>	<b>35,154,350</b>
<b>Incremental Revenues: Current Year and Third Year</b>	<b>(1,523,352)</b>	<b>4,760,783</b>	<b>1,661,068</b>	<b>(7,921,000)</b>	<b>41,103,925</b>	<b>38,081,424</b>

**Residential Health Care Facility (RHCF) Analysis of Expenses by Service Line**

	<u>Skilled Nursing Facility</u>	<u>Specialty Pediatric</u>	<u>Long Term Care Ventilator</u>	<u>Young Adult Unit</u>	<u>Total</u>
<b>CURRENT YEAR</b>					
Non-Revenue Support Services	38,954,168	4,163,663	6,444,767	-	49,562,598
Ancillary Services	5,804,065	1,527,989	5,631,467	-	12,963,521
Revenue Services	23,811,221	5,119,900	5,138,760	-	34,069,881
<b>Total Expense by Service line</b>	<b>68,569,454</b>	<b>10,811,552</b>	<b>17,214,994</b>	<b>-</b>	<b>96,596,000</b>

	<u>Skilled Nursing Facility</u>	<u>Specialty Pediatric</u>	<u>Long Term Care Ventilator</u>	<u>Young Adult Unit</u>	<u>Total</u>
<b>FIRST YEAR</b>					
Non-Revenue Support Services	17,827,935	6,966,028	2,644,310	15,822,613	43,260,886
Ancillary Services	3,003,593	3,487,800	1,703,971	8,898,761	17,094,125
Revenue Services	19,365,032	5,317,000	4,843,495	14,751,552	44,277,079
<b>Total Expense by Service line</b>	<b>40,196,560</b>	<b>15,770,828</b>	<b>9,191,776</b>	<b>39,472,926</b>	<b>104,632,090</b>

	<u>Skilled Nursing Facility</u>	<u>Specialty Pediatric</u>	<u>Long Term Care Ventilator</u>	<u>Young Adult Unit</u>	<u>Total</u>
<b>THIRD YEAR</b>					
Non-Revenue Support Services	17,827,935	6,966,028	2,644,310	16,099,937	43,538,210
Ancillary Services	3,003,593	3,487,800	1,703,971	8,989,578	17,184,942
Revenue Services	19,365,032	5,317,000	4,843,495	14,911,552	44,437,079
<b>Total Expense by Service line</b>	<b>40,196,560</b>	<b>15,770,828</b>	<b>9,191,776</b>	<b>40,001,067</b>	<b>105,160,231</b>

<b>Incremental Expenses: Current Year and First Year</b>	<b>(28,372,894)</b>	<b>4,959,276</b>	<b>(8,023,218)</b>	<b>39,472,926</b>	<b>8,036,090</b>
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<b>Incremental Expenses: Current Year and Third Year</b>	<b>(28,372,894)</b>	<b>4,959,276</b>	<b>(8,023,218)</b>	<b>40,001,067</b>	<b>8,564,231</b>
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SurgCenter Development Owners/Interests											
Ownership From	Ownership To	Facility Name	State	Gregory George, MD PhD	Sean O'Neal	William Gueck, MD	Steven Hammerstrom, MD	Christine Merryman	Stacey Berner, MD	Vivek Sood, MD	Ian Friedman
11/07/2007	12/1/2012	32nd Street Surgery Center, LLC	MO	10.27%	10.27%	7.57%	7.57%	0.00%	0.00%	0.00%	0.00%
09/25/2012	12/9/2020	Advanced Regional Surgery Center, LLC	IN	9.03%	9.03%	4.59%	4.59%	0.31%	0.97%	0.00%	0.00%
11/14/2018	12/22/2021	Advanced Spine Center of Wisconsin, LLC	WI	6.31%	4.27%	1.98%	1.98%	0.77%	5.78%	0.51%	0.00%
01/17/2012	6/23/2021	Advanced Surgery Center of Bethesda, LLC	MD	10.91%	10.91%	5.76%	5.76%	0.37%	0.00%	0.00%	0.00%
06/01/2018	12/22/2021	Advanced Surgery Center of Lancaster, LLC	PA	5.04%	5.04%	1.88%	1.88%	0.73%	6.63%	0.00%	0.00%
08/31/2011	12/23/2020	Advanced Surgery Center of Metairie, LLC	LA	9.36%	9.36%	5.41%	5.41%	1.92%	0.00%	0.00%	0.00%
05/31/2017	12/22/2021	Advanced Surgery Center of North County	CA	5.77%	5.77%	2.20%	2.20%	5.25%	5.25%	0.00%	0.00%
05/11/2012	12/22/2021	Advanced Surgery Center of Northern Louisiana, LLC	LA	8.78%	8.78%	4.50%	4.50%	1.95%	1.00%	0.00%	0.00%
07/20/2017	12/30/2021	Advanced Surgery Center of Northern Utah	UT	4.89%	4.89%	1.83%	1.83%	0.71%	5.19%	0.00%	0.00%
11/07/2011	current	Advanced Surgery Center of Orlando, LLC	FL	11.19%	11.19%	6.04%	6.04%	0.37%	4.49%	1.12%	0.00%
03/23/2012	12/9/2020	Advanced Surgery Center of Sarasota, LLC	FL	10.09%	10.09%	5.14%	5.14%	0.35%	1.08%	0.00%	0.00%
09/29/2013	12/9/2020	Advanced Surgery Center of Tampa LLC	FL	9.61%	9.61%	4.55%	4.55%	3.38%	2.08%	0.00%	0.00%
11/29/2007	12/22/2021	Advanced Surgical Care of Baton Rouge, LLC	LA	10.63%	13.98%	3.35%	3.35%	2.18%	0.00%	0.00%	0.00%
05/22/2017	12/22/2021	Advanced Surgical Care of Boerne, LLC	TX	6.18%	6.18%	2.35%	2.35%	5.88%	5.88%	0.00%	0.00%
02/13/2019	12/22/2021	Advanced Surgical Care of Clearwater, LLC	FL	5.19%	5.19%	1.94%	1.94%	0.75%	5.98%	0.50%	0.00%
10/16/2017	12/9/2020	Advanced Surgical Care of St. Louis, LLC	MO	5.24%	5.24%	1.96%	1.96%	0.76%	5.89%	0.00%	0.00%
10/24/2019	12/22/2021	Advanced Surgical Care of Wyoming, LLC	WY	6.11%	4.55%	2.27%	2.27%	0.85%	6.39%	0.57%	0.00%
05/02/2014	12/22/2021	Advanced Surgical Center of San Antonio, LLC	TX	10.86%	10.86%	6.33%	6.33%	0.80%	2.47%	0.00%	0.00%
08/18/2017	12/22/2021	Advanced Surgical Center of Sunset Hills, LLC	MO	5.83%	5.83%	2.22%	2.22%	5.69%	5.69%	0.00%	0.00%
11/13/2018	12/22/2021	Alliance Surgery Center, LLC	MI	6.18%	4.18%	1.94%	1.94%	0.75%	5.33%	1.50%	0.00%
07/31/2017	12/9/2020	Atlantic Coast Surgical Suites, LLC	NH	5.40%	5.40%	2.02%	2.02%	0.78%	6.25%	0.00%	0.00%
02/20/2014	12/9/2020	Bear Creek Surgery Center, LLC	TX	9.94%	9.94%	5.09%	5.09%	0.76%	2.33%	0.00%	0.00%
06/14/2010	12/22/2021	Bethesda Chevy Chase Surgery Center, LLC	MD	9.22%	9.22%	6.73%	6.73%	0.31%	0.00%	0.00%	0.00%
08/16/2013	8/2/2018	Biscayne Plaza Surgery Center LLC	FL	10.60%	10.60%	5.54%	5.54%	1.27%	8.23%	0.00%	0.00%
10/01/2014	11/12/2020	Bluegrass Specialty Surgery Center	KY	6.92%	6.92%	3.71%	3.71%	0.57%	2.62%	0.00%	0.00%
08/30/2017	12/22/2021	Bucks County Surgical Suites	PA	5.21%	5.21%	1.95%	1.95%	0.75%	5.86%	0.00%	0.00%
02/01/2012	12/9/2020	Carmel Specialty Surgery Center, LLC	IN	9.78%	9.78%	5.37%	5.27%	1.00%	0.35%	0.00%	0.00%
01/07/2011	7/18/2018	Cherry Creek Surgery Center, LLC	CO	8.90%	8.90%	4.84%	4.84%	0.45%	3.15%	0.00%	0.00%
04/18/2011	12/22/2021	Columbia River Surgery Center, LLC	OR	8.62%	8.62%	4.90%	4.90%	0.30%	2.73%	0.00%	0.00%
12/29/2011	12/22/2021	Columbus Specialty Surgery Center, LLC	IN	12.29%	12.29%	6.80%	6.80%	0.41%	0.00%	0.00%	0.00%
03/15/2018	12/9/2020	Surgery Center of Coral Gables, LLC	FL	10.41%	10.41%	3.72%	3.72%	1.49%	11.89%	0.00%	0.00%
04/07/2009	2/13/2019	Cornell Surgery Center	OR	11.56%	11.56%	7.51%	7.51%	0.00%	0.00%	0.00%	0.00%
03/01/2010	5/24/2021	Cottonwood Surgery Center, LLC	UT	9.13%	9.13%	5.48%	5.48%	0.31%	0.00%	0.00%	0.00%
03/01/2011	1/2/2018	Creekside Surgery Center	TX	10.29%	10.29%	5.60%	5.60%	0.52%	0.00%	0.00%	0.00%
06/17/2020	12/22/2021	Crown Point Surgical Suites, LLC	IN	6.98%	5.19%	2.60%	2.60%	0.97%	9.47%	0.65%	0.00%
03/17/2010	1/21/2020	Deer Pointe Surgery Center, LLC	MD	8.72%	8.72%	5.18%	5.18%	0.30%	0.00%	0.00%	0.00%
03/09/2016	12/21/2020	Delray Beach Surgical Suites, LLC	FL	5.41%	5.41%	2.06%	2.06%	5.41%	5.41%	0.00%	0.00%
02/15/2017	12/30/2020	Duluth Surgical Suites, LLC	MN	5.25%	5.25%	2.00%	2.00%	5.25%	5.25%	0.00%	0.00%
08/01/2009	4/17/2013	Effingham Surgical Partners, LLC	IL	9.49%	9.49%	7.12%	7.12%	0.00%	0.00%	0.00%	0.00%
03/22/2005	6/1/2017	Frontenac Surgery & Spine Care Center, LLC	MO	4.99%	4.99%	1.53%	1.92%	0.00%	0.00%	0.00%	0.00%
02/15/2016	12/22/2021	Geneva Surgical Suites, LLC	WI	5.59%	5.59%	2.13%	2.13%	5.05%	5.05%	0.00%	0.00%
06/16/2015	12/30/2020	Glen Echo Surgery Center, LLC	MD	9.43%	5.87%	6.56%	6.56%	1.91%	6.83%	0.00%	0.00%
02/01/2016	12/22/2021	Grand Rapids Surgical Suites, PLLC	MI	6.40%	6.40%	2.44%	2.44%	6.25%	6.25%	2.74%	0.00%

SurgCenter Development Owners/Interests											
Ownership From	Ownership To	Facility Name	State	Gregory George, MD PhD	Sean O'Neal	William Gueck, MD	Steven Hammerstrom, MD	Christine Merryman	Stacey Berner, MD	Vivek Sood, MD	Ian Friedman
07/07/2020	12/22/2021	Grand River Surgery Center, LLC	MI	5.94%	4.42%	2.21%	2.21%	0.83%	6.58%	2.76%	0.00%
05/15/2017	12/9/2020	Great Lakes Surgical Suites, LLC	IN	5.37%	5.37%	1.98%	1.98%	5.11%	5.11%	0.00%	0.00%
08/02/2011	12/18/2020	Greenway Surgery Center	MN	11.32%	11.32%	5.97%	5.97%	0.38%	0.00%	0.00%	0.00%
04/27/2016	5/24/2021	Grove Creek Surgery Center	UT	5.80%	5.80%	2.21%	2.21%	4.01%	5.66%	0.00%	0.00%
01/14/2011	12/30/2020	Hagerstown Surgery Center, LLC	MD	9.79%	9.79%	5.47%	5.47%	0.32%	3.48%	0.00%	0.00%
04/29/2011	7/18/2018	Hampden Surgery Center, LLC	CO	8.19%	8.19%	4.69%	4.69%	0.44%	4.37%	0.00%	0.00%
04/29/2015	12/22/2021	Harbor Heights Surgery Center, LLC	MD	9.18%	5.85%	6.65%	6.52%	1.86%	3.99%	0.00%	0.00%
12/07/2011	6/4/2021	Harborside Surgery Center	MD	10.22%	10.22%	5.39%	5.39%	0.34%	0.00%	0.00%	0.00%
05/22/2013	12/22/2021	Indian Lake Surgery Center	TN	8.64%	8.64%	4.42%	4.42%	0.66%	6.57%	0.00%	0.00%
01/28/2008	3/14/2014	Indiana Specialty Surgery Center, LLC	IN	9.45%	9.45%	6.97%	6.97%	0.00%	0.00%	0.00%	0.00%
02/07/2018	12/22/2021	Intracoastal Surgery Center, LLC	FL	5.28%	5.28%	1.97%	1.97%	0.76%	5.94%	0.00%	0.00%
06/22/2009	8/1/2018	Kissing Camels Surgery Center, LLC	CO	9.45%	9.45%	6.97%	6.97%	0.00%	1.99%	0.00%	0.00%
01/27/2020	12/22/2021	Lake George Surgery Center, LLC	IN	6.25%	4.65%	2.33%	2.33%	0.87%	7.12%	4.07%	0.00%
06/13/2016	12/9/2020	Lancaster Surgical Suites, LLC	OH	5.38%	5.38%	2.00%	2.00%	5.19%	5.19%	0.00%	0.00%
05/21/2020	12/22/2021	Landmark Surgical Suites, LLC	IN	5.38%	4.00%	2.00%	2.00%	0.75%	6.63%	0.50%	0.00%
04/19/2011	12/30/2020	Leonardtown Surgery Center, LLC	MD	10.77%	10.77%	5.62%	5.62%	0.37%	2.95%	0.00%	0.00%
07/13/2020	12/22/2021	Lighthouse Surgical Suites, LLC	NH	5.69%	4.23%	2.12%	2.12%	0.79%	7.01%	0.53%	0.00%
03/01/2013	12/9/2020	Longleaf Surgery Center , LLC	FL	9.82%	9.82%	4.87%	4.87%	2.74%	2.11%	0.00%	0.00%
06/28/2013	12/18/2020	Maple Grove Center for Restorative Surgery LLC	MN	10.17%	10.17%	5.35%	5.35%	0.75%	2.31%	0.00%	0.00%
03/25/2008	12/30/2020	Maple Lawn Surgery Center, LLC	MD	11.90%	11.90%	7.14%	7.14%	0.00%	0.00%	0.00%	0.00%
03/13/2013	12/9/2020	Marion Surgery Center, LLC	FL	12.48%	12.48%	6.46%	6.46%	0.88%	1.36%	0.00%	0.00%
03/01/2012	12/22/2021	Maryland Specialty Surgery Center, LLC	MD	12.70%	12.70%	6.46%	6.46%	0.44%	1.36%	0.00%	0.00%
07/05/2017	1/4/2021	Medstar Surgery Center at Brandywine, LLC	MD	3.73%	3.73%	1.39%	1.39%	0.53%	4.74%	0.00%	0.00%
07/05/2017	1/4/2021	Medstar Surgery Center at Timonium, LLC	MD	3.93%	3.93%	1.47%	1.47%	0.56%	4.99%	0.59%	0.00%
04/23/2008	12/9/2020	Metro Specialty Surgery Center, LLC	IN	9.92%	9.92%	7.31%	7.31%	0.00%	0.00%	0.00%	0.00%
10/01/2015	12/22/2021	Miami Surgical Suites, LLC	FL	10.27%	6.39%	5.92%	5.92%	1.73%	4.21%	1.24%	0.00%
05/25/2017	12/22/2021	Michigan Outpatient Surgical Solutions, LLC	MI	5.83%	5.83%	2.18%	2.18%	5.55%	5.55%	3.37%	0.00%
04/01/2012	12/9/2020	Midwest Specialty Surgery Center, LLC	IN	10.38%	10.38%	5.28%	5.28%	0.36%	1.11%	0.00%	0.00%
03/20/2014	8/15/2018	Mile High Surgery Center, LLC	CO	11.79%	10.53%	5.50%	5.50%	1.26%	8.81%	0.00%	0.00%
11/01/2016	12/22/2021	Milwaukee Surgical Suites, LLC	WI	5.93%	5.93%	2.26%	2.26%	6.64%	6.64%	0.00%	0.00%
04/24/2013	12/30/2020	Monocacy Surgery Center, LLC	MD	9.49%	9.49%	4.97%	4.97%	0.91%	10.50%	0.00%	0.00%
02/01/2011	2/13/2019	Mt. Scott Surgery Center, LLC	OR	10.08%	10.08%	7.53%	7.53%	0.51%	0.00%	0.00%	0.00%
03/19/2012	12/9/2020	Munster Specialty Surgery Center, LLC	IN	9.42%	9.42%	4.66%	4.66%	0.34%	1.04%	0.00%	0.00%
05/11/2017	10/24/2019	Nanticoke Surgical Center, LLC	DE	4.07%	4.07%	1.52%	1.52%	4.27%	4.27%	0.00%	0.00%
05/15/2017	12/30/2020	North Atlantic Surgical Suites, LLC	NH	5.20%	5.20%	1.98%	1.98%	4.95%	4.95%	0.00%	0.00%
12/31/2016	12/9/2020	North Shore Surgical Suites, LLC	WI	5.25%	5.25%	2.00%	2.00%	5.13%	5.13%	0.00%	0.00%
04/01/2019	12/22/2021	Northern Michigan Surgical Suites, LLC	MI	5.40%	5.40%	2.02%	2.02%	0.78%	5.74%	3.47%	0.00%
12/31/2014	12/9/2020	Northpointe Surgical Suites, LLC	OH	8.59%	8.59%	4.95%	4.95%	1.43%	3.52%	0.00%	0.00%
02/13/2019	12/22/2021	Northridge Surgical Suites, LLC	NH	5.14%	5.14%	1.92%	1.92%	0.74%	5.50%	0.50%	0.00%
06/28/2012	12/9/2020	Northwest Regional Surgery Center, LLC	IN	9.93%	9.93%	5.05%	5.05%	0.35%	1.06%	0.00%	0.00%
11/13/2017	12/22/2021	Oak Point Surgical Suites, LLC	TX	6.74%	6.74%	2.52%	2.52%	0.97%	7.57%	0.00%	0.00%
08/27/2013	current	Ohio Specialty Surgical Suites LLC	OH	8.56%	8.56%	4.38%	4.38%	0.65%	2.00%	0.00%	0.00%
06/19/2017	12/22/2021	Onyx & Pearl Surgical Suites, LLC	OH	5.25%	5.25%	2.00%	2.00%	5.00%	5.00%	0.00%	0.00%

SurgCenter Development Owners/Interests											
Ownership From	Ownership To	Facility Name	State	Gregory George, MD PhD	Sean O'Neal	William Gueck, MD	Steven Hammerstrom, MD	Christine Merryman	Stacey Berner, MD	Vivek Sood, MD	Ian Friedman
12/18/2017	12/22/2021	Oro Valley Surgical Suites, LLC	AZ	4.94%	4.94%	1.85%	1.85%	0.71%	5.56%	0.00%	0.00%
11/14/2016	12/22/2021	Overland Park Surgical Suites, LLC	KS	5.25%	5.25%	2.00%	2.00%	5.25%	5.25%	0.00%	0.00%
09/05/2018	12/22/2021	Palm Beach Surgical Suites, LLC	FL	5.29%	5.29%	1.98%	1.98%	0.77%	6.12%	0.00%	0.00%
01/23/2013	12/22/2021	Paris Surgery Center, LLC	TX	9.49%	9.49%	4.72%	4.72%	0.66%	1.02%	0.00%	0.00%
06/17/2009	12/30/2020	Piccard Surgery Center, LLC	MD	10.38%	10.38%	7.72%	7.72%	0.00%	0.00%	0.00%	0.00%
05/09/2012	8/31/2019	Pleasant View Surgery Center, LLC	ID	9.36%	9.36%	5.26%	5.26%	0.51%	1.03%	0.00%	0.00%
02/10/2014	12/30/2020	Point of Rocks Surgery Center, LLC	MD	8.85%	8.85%	5.10%	5.10%	0.66%	2.04%	0.00%	0.00%
03/26/2007	12/28/2012	Pontchartrain Surgery Center, LLC	LA	9.69%	13.27%	3.57%	3.57%	3.57%	0.00%	0.00%	0.00%
06/05/2014	12/22/2021	Potomac View Surgery Center, LLC	MD	8.30%	8.30%	4.88%	4.88%	0.65%	3.00%	0.00%	0.00%
10/14/2011	12/22/2021	Precision Surgery Center, LLC	KS	9.10%	9.10%	4.91%	4.91%	0.30%	0.00%	0.00%	0.00%
05/09/2018	12/22/2021	Precision Surgical Center of Northwest Arkansas, LLC	AR	5.38%	5.38%	3.56%	2.01%	0.78%	5.70%	0.00%	0.00%
06/16/2015	12/22/2021	Premier at Exton Surgery Center, LLC	PA	9.09%	5.65%	5.24%	5.24%	1.53%	3.73%	0.00%	0.00%
12/01/2018	12/22/2021	Prince Frederick Surgery Center, LLC	MD	6.51%	6.51%	3.09%	3.09%	0.79%	5.56%	0.00%	0.00%
01/15/2015	12/22/2021	Red Cedar Surgery Center, PLLC	MI	8.51%	8.51%	4.79%	4.79%	1.20%	3.32%	0.00%	0.00%
03/27/2008	12/1/2012	Red River Surgery Center, LLC	LA	9.32%	9.32%	6.75%	6.75%	3.86%	0.00%	0.00%	0.00%
06/14/2018	12/22/2021	Regenerative Orthopaedics Surgery Center, LLC	GA	2.00%	2.00%	0.75%	0.75%	0.30%	2.40%	0.00%	0.00%
06/20/2006	12/22/2021	Riva Road Surgical Center, LLC	MD	8.64%	8.64%	6.25%	6.25%	0.00%	0.00%	0.00%	0.00%
02/25/2019	12/22/2021	River Ridge Surgical Suites, LLC	IN	5.89%	5.89%	2.20%	2.20%	0.85%	6.25%	0.57%	0.00%
04/05/2019	12/15/2021	River Road Surgery Center, LLC	MD	5.19%	5.19%	2.00%	2.00%	0.75%	5.62%	0.50%	0.00%
08/02/2011	12/22/2021	Riverview Surgery Center, LLC	IN	9.01%	9.01%	5.12%	5.12%	0.31%	0.00%	0.00%	0.00%
03/15/2018	12/22/2021	Rockville Surgical Suites, LLC	MD	5.83%	5.83%	2.18%	2.18%	0.84%	6.55%	3.00%	0.00%
11/19/2014	12/9/2020	Seaside Surgery Center, LLC	FL	8.94%	8.94%	5.00%	5.00%	0.94%	6.71%	0.00%	0.00%
11/21/2003	5/13/2016	Sierra Vista Surgery Center, LLC	NV	11.43%	11.43%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
05/16/2013	12/17/2021	South Atlanta Ambulatory Surgical Center LLC	GA	3.40%	3.40%	1.72%	1.72%	0.72%	0.74%	0.00%	0.00%
05/12/2012	4/2/2018	South Bend Specialty Surgery Center, LLC	IN	15.25%	15.25%	7.63%	7.63%	0.85%	1.69%	0.00%	0.00%
11/15/2010	9/1/2014	South Hills Surgery Center, LLC	PA	11.83%	11.83%	6.44%	6.44%	0.60%	0.00%	0.00%	0.00%
10/11/2013	5/24/2021	South Ogden Specialty Surgical Suites LLC	UT	8.12%	8.12%	3.91%	3.91%	2.33%	1.79%	0.00%	0.00%
07/11/2019	12/22/2021	South Suburban Surgical Suites, LLC	IN	6.19%	4.21%	1.98%	1.98%	0.74%	5.52%	0.50%	0.00%
04/15/2014	12/9/2020	Southeast Ohio Surgical Suites, LLC	OH	8.97%	8.97%	4.59%	4.59%	0.68%	2.10%	0.00%	0.00%
11/01/2010	current	Stone Oak Surgery Center, LLC	TX	12.22%	12.22%	6.60%	6.60%	0.40%	0.00%	0.00%	0.00%
05/05/2013	12/22/2021	Sunset Ridge Surgery Center LLC	NV	8.76%	8.76%	4.60%	4.60%	0.65%	5.47%	0.00%	0.00%
05/10/2012	12/9/2020	SurgCenter at Pima Crossing	AZ	8.30%	8.30%	4.33%	4.33%	0.28%	2.60%	0.00%	0.00%
10/16/2013	12/9/2020	SurgCenter Camelback LLC	AZ	9.24%	9.24%	4.73%	4.73%	0.70%	5.41%	0.00%	0.00%
03/03/2003	9/30/2018	SurgCenter Cleveland	OH	17.18%	17.18%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
12/19/2017	12/22/2021	SurgCenter Dunedin	FL	5.55%	5.55%	2.07%	2.07%	0.80%	7.31%	0.00%	0.00%
12/24/2012	current	SurgCenter Gilbert	AZ	10.39%	10.39%	5.35%	5.35%	0.36%	4.94%	0.00%	0.00%
05/04/2012	12/9/2020	SurgCenter NorthEast, LLC	FL	10.20%	10.20%	7.45%	7.45%	0.35%	1.06%	0.00%	0.00%
03/13/2008	12/22/2021	SurgCenter of Bel Air, LLC	MD	11.18%	11.18%	8.24%	8.24%	0.00%	0.00%	0.00%	0.00%
03/14/2013	7/8/2018	SurgCenter of Castle Rock, LLC	CO	9.26%	9.26%	4.70%	4.70%	1.02%	5.08%	0.00%	0.00%
11/01/2012	12/9/2020	SurgCenter of Deer Valley, LLC	AZ	15.06%	15.06%	7.66%	7.66%	0.52%	6.45%	0.00%	0.00%
12/04/2019	12/22/2021	SurgCenter of Fayetteville, LLC	AR	5.81%	4.32%	2.16%	2.16%	0.81%	6.80%	0.54%	0.00%
12/20/2007	12/30/2020	SurgCenter of Glen Burnie, LLC	MD	8.68%	8.68%	6.28%	6.28%	0.00%	0.00%	0.00%	0.00%
10/16/2018	12/22/2021	SurgCenter of Greater Dallas, LLC	TX	6.96%	6.96%	2.60%	2.60%	1.01%	8.72%	0.00%	0.00%

Ownership From	Ownership To	Facility Name	State	SurgCenter Development Owners/Interests							
				Gregory George, MD PhD	Sean O'Neal	William Gueck, MD	Steven Hammerstrom, MD	Christine Merryman	Stacey Berner, MD	Vivek Sood, MD	Ian Friedman
11/13/2018	12/22/2021	SurgCenter of Greater Jacksonville, LLC	FL	7.20%	7.20%	2.69%	2.69%	1.04%	7.41%	0.69%	0.00%
03/25/2014	current	SurgCenter of Greater Phoenix, LLC	AZ	10.42%	10.42%	5.33%	5.33%	0.79%	6.10%	0.00%	0.00%
06/08/2009	12/22/2021	SurgCenter of Greenbelt, LLC	MD	11.69%	11.69%	8.73%	8.73%	0.00%	0.00%	0.00%	0.00%
09/28/2017	12/22/2021	SurgCenter of Northern Baltimore, LLC	MD	6.96%	6.96%	2.60%	2.60%	1.01%	8.72%	0.00%	1.34%
08/15/2012	12/22/2021	SurgCenter of Orange Park, LLC	FL	10.99%	10.99%	5.59%	5.59%	0.38%	5.88%	0.00%	0.00%
03/01/2013	12/9/2020	SurgCenter of Palm Beach Gardens, LLC	FL	9.11%	9.11%	4.85%	4.85%	0.66%	1.02%	0.00%	0.00%
05/16/2013	12/9/2020	SurgCenter of Plano, LLC	TX	10.29%	10.29%	5.41%	5.41%	0.76%	2.34%	0.00%	0.00%
05/09/2011	12/22/2021	SurgCenter of Silver Spring, LLC	MD	12.62%	12.62%	6.58%	6.58%	0.43%	0.00%	0.00%	0.00%
12/07/2007	12/30/2020	SurgCenter of Southern Maryland, LLC	MD	7.34%	7.34%	5.36%	5.36%	0.00%	0.00%	0.00%	0.00%
12/20/2012	1/22/2018	SurgCenter of Southwest Houston, LLC	TX	15.68%	15.68%	8.05%	8.05%	0.85%	1.69%	0.00%	0.00%
10/05/2015	12/9/2020	SurgCenter of St. Lucie, LLC	FL	11.38%	7.37%	6.25%	6.25%	2.24%	4.81%	0.00%	0.00%
11/06/2014	2/22/2021	SurgCenter of the Potomac, LLC	MD	8.66%	8.66%	4.63%	4.63%	1.28%	8.18%	0.00%	0.00%
10/24/2017	12/22/2021	SurgCenter of Towson	MD	3.74%	3.74%	1.40%	1.40%	0.54%	4.93%	0.00%	0.00%
10/14/2013	12/1/2017	SurgCenter of West Texas LLC	TX	10.47%	10.47%	5.47%	5.47%	3.75%	2.50%	0.00%	0.00%
06/01/2010	8/31/2019	SurgCenter of Western Maryland, LLC	MD	11.62%	11.62%	6.03%	6.03%	0.59%	0.00%	0.00%	0.00%
03/04/2013	2/5/2018	SurgCenter of Westover Hills, LLC	TX	11.56%	11.56%	6.10%	6.10%	1.28%	1.28%	0.00%	0.00%
05/13/2010	12/30/2020	SurgCenter of White Marsh, LLC	MD	12.37%	12.37%	9.12%	9.12%	0.41%	0.00%	0.00%	0.00%
06/03/2009	7/25/2018	SurgCenter on Dry Creek	CO	10.70%	10.70%	7.88%	7.88%	0.00%	0.00%	0.00%	0.00%
10/16/2009	12/9/2020	SurgCenter Pinellas, LLC	FL	9.61%	9.61%	6.98%	6.98%	0.33%	2.03%	0.00%	0.00%
03/05/2013	12/9/2020	SurgCenter Tucson, LLC	AZ	9.04%	9.04%	4.68%	4.68%	0.64%	4.43%	0.00%	0.00%
12/17/2018	12/22/2021	Surgery Center at Flagstaff Bone and Joint	AZ	5.19%	5.19%	1.94%	1.94%	0.75%	5.67%	0.50%	0.00%
03/01/2020	12/22/2021	Surgery Center of Chevy Chase	MD	4.93%	3.67%	1.83%	1.83%	0.69%	6.08%	0.46%	0.00%
04/23/2014	12/22/2021	Surgical Specialty Center of Mid-Atlantic, LLC	MD	5.09%	3.79%	1.89%	1.89%	0.71%	5.79%	0.47%	0.95%
01/23/2004	10/30/2017	Sycamore Springs Surgery Center, LLC	IN	15.73%	15.73%	0.00%	0.84%	0.00%	0.00%	0.00%	0.00%
06/08/2009	3/2/2021	Timonium Surgery Center, LLC	MD	9.37%	9.37%	6.93%	6.93%	0.00%	0.00%	0.00%	0.00%
12/13/2011	7/15/2019	TriState Advanced Surgery Center, LLC	AR	10.29%	10.29%	5.60%	5.60%	0.52%	0.00%	0.00%	0.00%
04/01/2013	12/30/2020	Upper Bay Surgery Center, LLC	MD	10.92%	10.92%	5.65%	5.65%	0.77%	1.79%	0.00%	0.00%
06/14/2005	2/28/2016	Webster Surgery Center	MO	3.72%	3.72%	1.15%	1.43%	0.00%	0.00%	0.00%	0.00%
02/26/2020	12/22/2021	Wellington Specialty Surgery Center, LLC	OH	5.38%	4.00%	2.00%	2.00%	0.75%	6.96%	0.50%	0.00%
10/10/2008	12/1/2012	West Bank Surgery Center, LLC	LA	9.30%	9.30%	6.30%	6.30%	1.80%	0.00%	0.00%	0.00%
03/18/2020	12/22/2021	West Chester Surgical Suites, LLC	OH	6.11%	4.55%	2.27%	2.27%	0.85%	7.53%	0.57%	0.00%
02/08/2017	12/22/2021	West Michigan Surgical Suites, LLC	MI	6.52%	6.52%	2.48%	2.48%	6.21%	6.21%	3.73%	0.00%
02/15/2008	12/30/2020	Westminster Surgery Center, LLC	MD	8.53%	8.53%	6.22%	6.22%	0.00%	0.00%	0.00%	0.00%
08/14/2012	12/9/2020	White Fence Surgical Suites, LLC	OH	9.34%	9.34%	4.75%	4.75%	0.33%	1.00%	0.00%	0.00%
11/01/2012	3/12/2021	Windsor Mill Surgery Center, LLC	MD	11.30%	11.30%	5.67%	5.67%	0.40%	6.13%	0.00%	0.00%
11/14/2013	12/30/2020	Wisconsin Specialty Surgery Center LLC	WI	8.10%	8.10%	4.15%	4.15%	0.62%	1.90%	0.00%	0.00%
10/14/2013	12/18/2020	Woodbury Surgical Suites, LLC	MN	10.96%	10.96%	5.61%	5.61%	0.83%	2.56%	0.00%	0.00%
11/28/2018	12/22/2021	Yuma Advanced Surgical Suites, LLC	AZ	6.10%	6.10%	2.28%	2.28%	0.88%	6.67%	0.59%	0.00%
1/5/2021	12/22/2021	Bey Lea Ambulatory Surgery Center	NJ	14.14%	10.53%	5.26%	5.26%	1.97%	15.68%	9.21%	0.00%
11/5/2021	12/22/2021	Panhandle Outpatient Surgery Center, LLC	FL	14.14%	10.53%	5.26%	5.26%	1.97%	18.32%	2.63%	2.63%
12/31/2021	12/22/2021	Piney Orchard Surgery Center, LLC	MD	14.14%	10.53%	5.26%	5.26%	1.97%	16.12%	10.53%	1.32%
8/3/2021	12/22/2021	Michigan Specialty Surgery Center	MI	14.14%	10.53%	5.26%	5.26%	1.97%	15.68%	13.16%	0.00%



**Pro Forma Balance Sheet (AS OF APPROVAL DATE)**

Cash and Cash Equivalents	\$	484,333
Prepaid Expenses and Other		460,001
Accounts Receivable (Net of Allowances)		<u>1,083,993</u>
<b>TOTAL CURRENT ASSETS:</b>	\$	<u>2,028,327</u>
Property, Plant & Equipment		459,172
Other Assets		<u>35,590</u>
<b>TOTAL ASSETS</b>	\$	<u><u>2,523,089</u></u>
Loans Payable	\$	-
Accounts Payable		601,727
Other Payables		<u>857,025</u>
<b>TOTAL CURRENT LIABILITIES:</b>	\$	<u>1,458,752</u>
Long Term Loans Payable		<u>486,549</u>
<b>TOTAL LONG TERM LIABILITIES:</b>		<u>486,549.00</u>
<b>TOTAL LIABILITIES</b>	\$	1,945,301
<b>MEMBERS' EQUITY</b>		<u>577,788</u>
<b>TOTAL LIABILITIES AND MEMBERS' EQUITY</b>	\$	<u><u>2,523,089</u></u>

This Pro Forma Balance sheet is based on the Center's Decmeber 31, 2021 balance sheet.

**WESTMORELAND ASC, LLC  
(D/B/A APEX SURGICAL CENTER) AND AFFILIATE**

Consolidated Balance Sheets

December 31, 2020 and 2019

<u>Assets</u>	<u>2020</u>	<u>2019</u>
Current assets:		
Cash	\$ 1,086,537	53,343
Patient accounts receivable, net	1,246,847	1,436,576
Inventories	289,193	229,582
Prepaid expenses and other assets	4,868	37,622
Total current assets	2,627,445	1,757,123
Property and equipment, net	4,488,790	4,936,394
Intangible assets, net	3,357	8,394
Total assets	\$ 7,119,592	6,701,911
<u>Liabilities and Members' Equity</u>		
Current liabilities:		
Line of credit	200,407	255,000
Current portion of long-term debt	696,415	640,040
Accounts payable	1,185,683	572,336
Accrued salaries, wages, and other liabilities	173,527	168,483
Total current liabilities	2,256,032	1,635,859
Long-term debt, net of current poltion	4,558,483	5,030,915
Total liabilities	6,814,515	6,666,774
Members' equity (deficit):		
Members' deficit	(635,360)	(775,81 I)
Noncontrolling interest	940,437	810,948
Total members' equity	305,077	35,137
Commitments, contingencies and uncertainties (notes 2 and 7)		
Total liabilities and members' equity	\$ 7,119,592	6,701,91 I

**WESTMORELAND ASC, LLC  
(D/B/A APEX SURGICAL CENTER) AND AFFILIATE**

Consolidated Statements of Operations

Years ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Net patient service revenue	\$ <u>8,623,080</u>	<u>8,691,583</u>
General and administrative expenses:		
Salaries and wages	2,394,580	2,654,198
Employee benefits	430,305	412,322
Clinical operations	3,816,132	3,212,002
Office and administrative	359,410	342,961
Depreciation and amortization	481,878	603,387
Repairs and maintenance	146,320	139,933
Rent	168,389	147,636
Professional services	186,431	201,731
Billing	301,543	316,001
Insurance	98,999	85,138
Advertising	10,082	10,446
Real estate taxes	136,094	160,222
Miscellaneous	<u>70,401</u>	<u>87,500</u>
Total general and administrative expenses	<u>8,600,564</u>	<u>8,373,477</u>
Income from operations	<u>22,516</u>	<u>318,106</u>
Other income (expense):		
Paycheck Protection Program grant	436,838	-
Provider Relief Funding grant	54,580	-
Other income	8,373	3,533
Interest expense	<u>(252,367)</u>	<u>(286,472)</u>
Total other income (expense), net	<u>247,424</u>	<u>(282,939)</u>
Net income	269,940	35,167
Less net income (loss) attributable to noncontrolling interest	<u>129,489</u>	<u>(8,457)</u>
Net income attributable to Westmoreland ASC, LLC	<u>\$ 140,451</u>	<u>43,624</u>

## Westmoreland ASC, LLC

CON 221115  
BFA Attachment C Cont

## Balance Sheet

As of December 31, 2021

	<u>Total</u>
<b>ASSETS</b>	
<b>Current Assets</b>	
<b>Bank Accounts</b>	
10000 Westmoreland ASC, LLC #25232	\$ 254,700.41
10001 Apex POC #16260	8,473.05
10002 Apex Anesthesia #05080	6,371.72
10003 Payroll Protection Program #8076	214,788.00
<b>Total Bank Accounts</b>	<b>\$ 484,333.18</b>
<b>Accounts Receivable</b>	
11000 Accounts receivable	983,992.92
11500 Accounts Receivable - Anesthesia	100,000.00
<b>Total Accounts Receivable</b>	<b>\$ 1,083,992.92</b>
<b>Other Current Assets</b>	
12100 Inventory	459,172.00
12190 Prepaid expenses	828.65
<b>Total Other Current Assets</b>	<b>\$ 460,000.65</b>
<b>Total Current Assets</b>	<b>\$ 2,028,326.75</b>
<b>Fixed Assets</b>	
15000 Furniture, equipment, leasehold improvements	1,980,291.08
16000 Accumulated Depreciation	-1,504,569.00
<b>Total Fixed Assets</b>	<b>\$ 475,722.08</b>
<b>Other Assets</b>	
17000 Intangible assets	36,813.36
18000 A/A - Intangible assets	-17,773.00
<b>Total Other Assets</b>	<b>\$ 19,040.36</b>
<b>TOTAL ASSETS</b>	<b>\$ 2,523,089.19</b>
<b>LIABILITIES AND EQUITY</b>	
<b>Liabilities</b>	
<b>Current Liabilities</b>	
<b>Accounts Payable</b>	
20000 Accounts payable	601,726.81
<b>Total Accounts Payable</b>	<b>\$ 601,726.81</b>
<b>Other Current Liabilities</b>	
12010 Due from/to WDC (Grid note)	27,856.92
21000 Current portion long-term debt	502,570.00
22000 Interest payable	85,872.71
24000 Payroll liabilities	179,032.77
25000 Rent Payable To WDC	61,693.00
<b>Total Other Current Liabilities</b>	<b>\$ 857,025.40</b>
<b>Total Current Liabilities</b>	<b>\$ 1,458,752.21</b>
<b>Long-Term Liabilities</b>	
26011 CBNA #99790 LT - Equipment loan 4/2015, due 6/2023	198,550.08
26021 CBNA #08430 LT - Termed LOC 10/2018, due 9/2023	229,774.31
26031 CBNA #43982 LT - Central Sterile 6/2018, due 10/2022	58,224.74
<b>Total Long-Term Liabilities</b>	<b>\$ 486,549.13</b>
<b>Total Liabilities</b>	<b>\$ 1,945,301.34</b>
<b>Equity</b>	
30100 Capital contributed	1,009,859.00
30141 Member unit redemption	-94,400.00
32000 Retained earnings	-1,475,818.38
Net Income	1,138,147.23
<b>Total Equity</b>	<b>\$ 577,787.85</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$ 2,523,089.19</b>

**Westmoreland ASC, LLC**  
**Profit and Loss**  
January - December 2021

CON 221115  
BFA Attachment C Cont

	<b>Total</b>
<b>Income</b>	
47910 Revenue - Ortho & pain	9,744,720.98
48000 Revenue - Anesthesia	1,266,261.67
<b>Total Income</b>	<b>\$ 11,010,982.65</b>
<b>Gross Profit</b>	<b>\$ 11,010,982.65</b>
<b>Expenses</b>	
50000 Clinical operations	5,067,028.13
60010 Billing - Ortho and pain	296,989.76
60011 Billing - Anesthesia	56,657.29
60012 Billing - Waystar/Zirmed	7,275.04
60100 Computer and Internet Expenses	73,528.54
60200 Insurance expense	80,405.77
60300 Janitorial Services	73,145.81
60400 Linen and uniforms	48,373.73
60500 Office expense	112,391.29
60600 Other administrative expense	91,981.46
60700 Professional Fees	189,096.50
60800 Rent expense	740,316.00
60900 Salaries & employee benefits	3,090,294.88
61000 Utilities	113,208.26
<b>Total Expenses</b>	<b>\$ 10,040,692.46</b>
<b>Net Operating Income</b>	<b>\$ 970,290.19</b>
<b>Other Income</b>	
99510 Misc income	2,615.65
99520 Cadaver Lab Income	5,900.00
99535 Sale of medical equipment and supplies	41,826.07
99550 Paycheck Protection Program Income	436,838.00
<b>Total Other Income</b>	<b>\$ 487,179.72</b>
<b>Other Expenses</b>	
70100 Interest expense	76,984.68
70150 Depreciation & amortization	242,338.00
<b>Total Other Expenses</b>	<b>\$ 319,322.68</b>
<b>Net Other Income</b>	<b>\$ 167,857.04</b>
<b>Net Income</b>	<b>\$ 1,138,147.23</b>

**Westmoreland ASC, LLC**  
**Balance Sheet**  
As of March 31, 2022

CON 221115  
BFA Attachment C Cont

ASSETS	<b>Total</b>
<b>Current Assets</b>	
<b>Bank Accounts</b>	
10000 Westmoreland ASC, LLC #25232	\$ 18,339.58
10001 Apex POC #16260	2,690.69
10002 Apex Anesthesia #05080	2,592.00
10003 Payroll Protection Program #8076	14,782.00
<b>Total Bank Accounts</b>	<b>38,404.27</b>
<b>Accounts Receivable</b>	
11000 Accounts receivable	1,107,129.00
11500 Accounts Receivable - Anesthesia	100,000.00
<b>Total Accounts Receivable</b>	<b>1,207,129.00</b>
<b>Other Current Assets</b>	
12100 Inventory	448,989.00
<b>Total Other Current Assets</b>	<b>448,989.00</b>
<b>Total Current Assets</b>	<b>1,694,522.27</b>
<b>Fixed Assets</b>	
15000 Furniture, equipment, leasehold improvements	1,920,597.05
16000 Accumulated Depreciation	(1,488,580.00)
<b>Total Fixed Assets</b>	<b>432,017.05</b>
<b>Other Assets</b>	
17000 Intangible assets	36,813.36
18000 A/A - Intangible assets	(19,567.00)
<b>Total Other Assets</b>	<b>17,246.36</b>
<b>TOTAL ASSETS</b>	<b>\$ 2,143,785.68</b>
<b>LIABILITIES AND EQUITY</b>	
<b>Liabilities</b>	
<b>Current Liabilities</b>	
<b>Accounts Payable</b>	
20000 Accounts payable	\$ 590,489.96
<b>Total Accounts Payable</b>	<b>590,489.96</b>
<b>Other Current Liabilities</b>	
12010 Due from/to WDC (Grid note)	27,242.28
21000 Current portion long-term debt	508,515.13
22000 Interest payable	86,209.69
24000 Payroll liabilities	169,149.77
25000 Rent Payable To WDC	53,332.00
<b>Total Other Current Liabilities</b>	<b>844,448.87</b>
<b>Total Current Liabilities</b>	<b>1,434,938.83</b>
<b>Long-Term Liabilities</b>	
26011 CBNA #99790 LT - Equipment loan 4/2015, due 6/2023	136,216.21
26021 CBNA #08430 LT - Termed LOC 10/2018, due 9/2023	176,181.54
26031 CBNA #43982 LT - Central Sterile 6/2018, due 10/2022	44,668.00
<b>Total Long-Term Liabilities</b>	<b>357,065.75</b>
<b>Total Liabilities</b>	<b>1,792,004.58</b>
<b>Equity</b>	
30100 Capital contributed	1,009,859.00
30141 Member unit redemption	(94,400.00)
32000 Retained earnings	(503,356.42)
32010 Distributions to members	(550,000.03)
Net Income	489,678.55
<b>Total Equity</b>	<b>351,781.10</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$ 2,143,785.68</b>

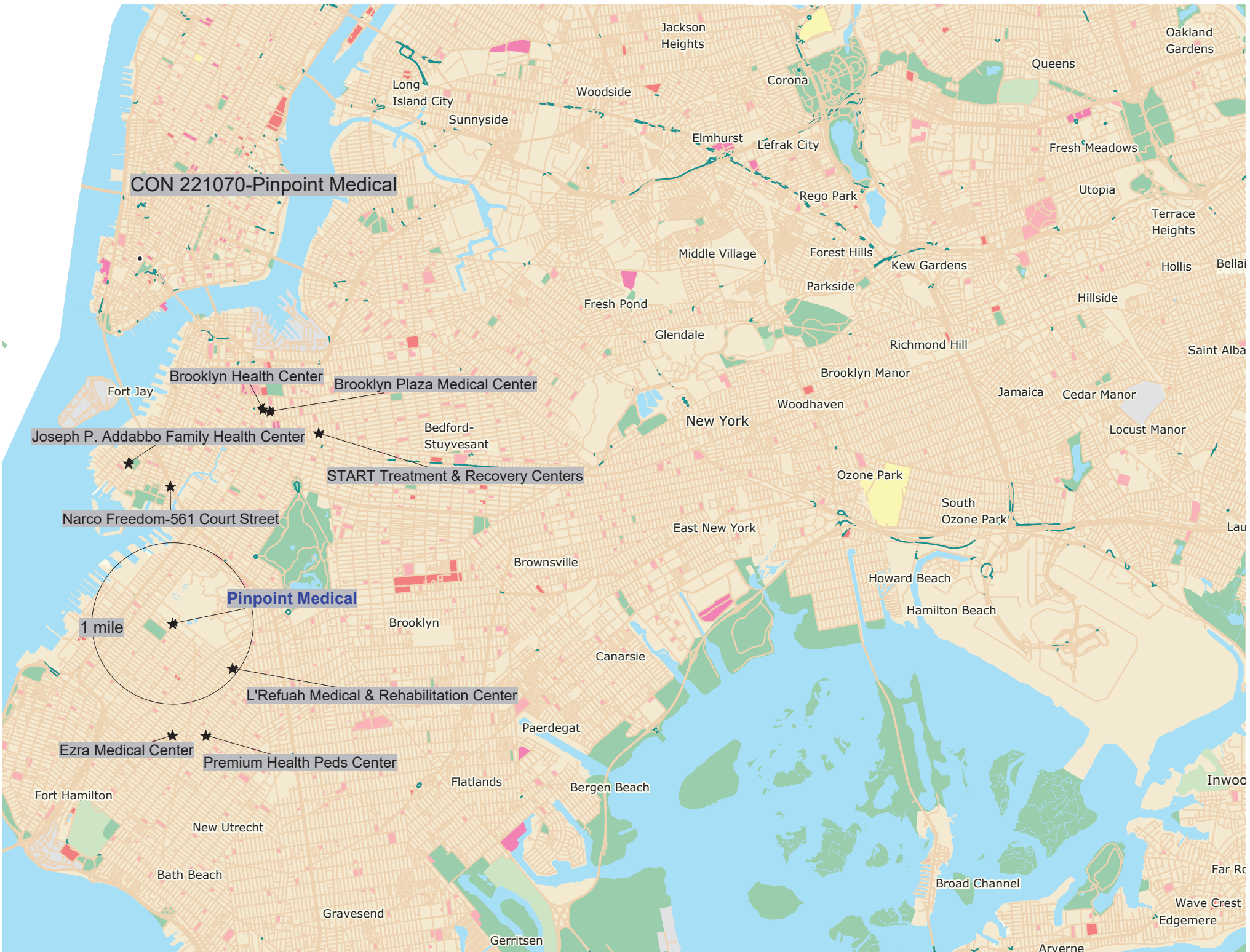
**Westmoreland ASC, LLC****Profit and Loss**

January - March, 2022

CON 221115

BFA Attachment C Cont

	<b>Total</b>
<b>Income</b>	
47910 Revenue - Ortho & pain	\$ 3,349,731.18
48000 Revenue - Anesthesia	188,841.15
<b>Total Income</b>	<b>3,538,572.33</b>
<b>Expenses</b>	
50000 Clinical operations	1,581,056.32
60010 Billing - Ortho and pain	94,665.61
60011 Billing - Anesthesia	11,334.74
60012 Billing - Waystar/Zirmed	1,992.18
60100 Computer and Internet Expenses	50,970.33
60200 Insurance expense	18,994.34
60300 Janitorial Services	19,531.67
60400 Linen and uniforms	12,931.50
60500 Office expense	33,381.33
60600 Other administrative expense	46,262.71
60700 Professional Fees	54,349.17
60800 Rent expense	185,079.00
60900 Salaries & employee benefits	822,173.28
61000 Utilities	49,532.41
<b>Total Expenses</b>	<b>2,982,254.59</b>
<b>Net Operating Income</b>	<b>556,317.74</b>
<b>Other Expenses</b>	
70100 Interest expense	11,618.19
70150 Depreciation & amortization	46,021.00
70400 Taxes - NY PTET	9,000.00
<b>Total Other Expenses</b>	<b>66,639.19</b>
<b>Net Income</b>	<b>\$ 489,678.55</b>





ATERES MORDECHAI 18-19  
 Income Statement  
 For the Twelve Months Ending June 30, 2021

	Year to Date		
<b>Revenues</b>			
Cares Act Grant	2.47	710,915.04	2.47
Interest Income	0.00	608.81	0.00
Misc Income	0.00	139.50	0.00
EIP Services	82.48	23,729,089.00	82.48
EIP Evals	4.83	1,389,463.00	4.83
EIP Srv Coord	10.14	2,917,224.00	10.14
Other Sales	0.08	22,673.54	0.08
<b>Total Revenues</b>	<b>100.00</b>	<b>28,770,112.89</b>	<b>100.00</b>
<b>Cost of Sales</b>			
<b>Total Cost of Sales</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Gross Profit</b>	<b>100.00</b>	<b>28,770,112.89</b>	<b>100.00</b>
<b>Expenses</b>			
Construction - 649 General	0.01	1,880.00	0.01
Other Income-Credit	0.00	(1,075.04)	0.00
SALARIES-Adminsitration	0.02	5,000.00	0.02
Prior Year Voided Checks	0.04	11,000.00	0.04
Advertising & Outreach	0.24	68,277.83	0.24
Prior Years NEW Inc/Exp	(0.07)	(19,435.00)	(0.07)
Alarms and Security	0.01	2,034.00	0.01
Auto Expense	0.00	15.00	0.00
Bank Service Charge	0.01	2,374.50	0.01
Bank Charges Paid By CE	0.02	5,363.89	0.02
Cleaning Service	0.04	11,040.00	0.04
Computer Equip&Exp	0.12	33,384.56	0.12
Computer Programming	0.13	37,712.17	0.13
Depreciation Expense	0.04	12,210.00	0.04
Delivery&Transportation	0.12	35,837.76	0.12
Dues and Subscriptions	0.07	18,906.24	0.07
Education Material	0.16	46,608.84	0.16
Workshop Expense	0.02	5,138.08	0.02
Staff Education	0.01	2,353.65	0.01
Staff Recruitment	0.03	7,819.50	0.03
Equipment Leasing	0.14	41,525.39	0.14
Equipment Expense	0.01	1,643.50	0.01
Food Expense	0.01	3,029.10	0.01
Filing Fees & Permits	0.01	1,525.00	0.01
Gifts Expense	0.10	29,212.16	0.10
Insurance - P & C	0.59	168,814.09	0.59
Internet Expense	0.00	565.50	0.00
Medical Insurance Other	0.35	101,016.95	0.35
Medical Insurance Oxford Only	1.10	316,449.75	1.10
Medical EE Contribution	(0.65)	(186,969.37)	(0.65)
Medical FSA	0.01	1,766.41	0.01
Legal and Accounting	0.18	51,672.74	0.18
Miscellaneous Expense	0.03	7,653.89	0.03
Office Supplies	0.21	60,134.01	0.21
Other Expense	0.00	46.52	0.00
Office Party	0.02	6,418.63	0.02
Publications	0.27	76,276.00	0.27
Payroll Service DZR	0.08	22,635.39	0.08
Petty Cash-Transportation	0.02	4,835.00	0.02
Postage Expense	0.04	11,829.60	0.04
Printing	0.02	4,758.00	0.02
Daycare	0.00	550.97	0.00

For Management Purposes Only

ATERES MORDECHAI 18-19  
Income Statement  
For the Twelve Months Ending June 30, 2021

CON # 221070  
BFA Attachment A  
Cont.

		Year to Date		
Program Supplies	0.00	1,435.03	0.00	
Program Party	0.00	429.88	0.00	
Professional Consulting	0.00	325.00	0.00	
Refund	0.00	1,161.11	0.00	
Queens Center Supplies	0.01	3,852.64	0.01	
Queens Day Care	0.02	5,750.00	0.02	
Queens Postage Expense	0.01	3,027.67	0.01	
Queens Construction	0.00	296.50	0.00	
Queens- Rent	0.46	132,000.00	0.46	
Queens - Utilities	0.02	6,262.75	0.02	
Queens - Maint. & Repairs	0.01	2,731.00	0.01	
Queens - Supplies	0.02	4,694.51	0.02	
Queens Misc.	0.01	3,000.00	0.01	
Queens-Cleaning Services	0.04	12,106.00	0.04	
Queens, Equipment Leasing	0.00	1,197.06	0.00	
Queens Del. & Transp.	0.00	14.09	0.00	
Queens- Petty Cash & Transp.	0.00	1,000.00	0.00	
Queens Telephone	0.03	7,265.55	0.03	
Queens Food Expense	0.00	567.72	0.00	
Rent	3.42	984,000.00	3.42	
Staten Island Rent	0.41	118,500.00	0.41	
Staten Island Construction	0.01	3,320.17	0.01	
Staten Island Supplies	0.02	6,507.60	0.02	
Staten Island Utilities	0.04	12,844.56	0.04	
Staten Island Maint. & Repairs	0.03	9,696.94	0.03	
Staten Island Misc.	0.00	399.22	0.00	
Staten Island EquipmentLeasing	0.00	375.42	0.00	
Staten Island Cleaning Service	0.04	12,315.00	0.04	
Staten Island Del.&Trans.	0.01	2,950.06	0.01	
S.I. Petty Cash-Transportation	0.00	500.00	0.00	
Staten Island Food Exp.	0.00	352.20	0.00	
S.I. Staff Education	0.00	75.00	0.00	
S.I.Center Supplies	0.01	3,071.77	0.01	
Repairs and Maintenance	0.74	214,225.77	0.74	
Telephone	0.30	87,312.50	0.30	
Utilities	0.24	68,858.51	0.24	
Workrs Compensation/Disability	0.18	52,353.71	0.18	
Vanguard-401 K Plan ER	0.02	6,337.50	0.02	
Article 28 Legal & Consultants	0.06	17,500.00	0.06	
PayRoll DD(Taxes)	16.17	4,651,768.24	16.17	
PayRoll Checks	1.63	467,949.68	1.63	
PayRoll Other-Prepay, DD Rtrn	(0.11)	(30,941.01)	(0.11)	
PayRoll Deductions	1.11	318,958.65	1.11	
PayRoll EE Tax	5.33	1,534,580.89	5.33	
PayRoll ER Tax	2.06	593,437.59	2.06	
Indep. Contract. Dir. Dep.	0.00	330.00	0.00	
Ind Cont Garnishments 1099 Emp	0.02	5,901.08	0.02	
Ind. Contr. Paid By CEI	61.49	17,691,011.52	61.49	
Ind Cntr Paid By CEI Prior YR	0.05	14,267.05	0.05	
Total Expenses	97.49	28,047,711.34	97.49	
Net Income	2.51	\$ 722,401.55	2.51	

ATERES MORDECHAI 18-19

Balance Sheet

June 30, 2021

CON # 221070

BFA Attachment A

Cont.

ASSETS

Current Assets

Checking Acct. A.M. 665	\$	639,299.68
Money Mkt. Acct. A.M. 666		4,361,164.33
Funds AM to Chalange -3765		(161,155.85)
FSA CHECKING - 8919		18,932.19
Accts Receivable		3,658,584.27
AR RA Only		1,317,229.83
Cobra and Other A/R		61,288.62
Oxford Medical Payments		3,582.97
Over Payment		4,356.15

Total Current Assets 9,903,282.19

Property and Equipment

Building Improvements	5,300.00
Renovation 05-06	273,347.65
Accum Dep. Renovation 05-06	(117,148.00)
Renovation 06-07	202,782.38
Accum Dep. Renovation 06-07	(83,184.00)
Renovation Queens 07-08	78,000.00
Accum Deprec Ren Queens	(78,000.00)

Total Property and Equipment 281,098.03

Other Assets

Security Deposit-SI	19,200.00
Security Deposit-Queens	85,500.00
Security Deposit Brooklyn	320,000.00
Rec. Adj. ABG	(358.99)

Total Other Assets 424,341.01

Total Assets \$ 10,608,721.23

LIABILITIES AND CAPITAL

Current Liabilities

Cr Card Chase INK Visa 7847	\$	40,506.33
Accrued 1099's		2,178,314.30
Accounts Payable		239,415.58
PPP Loan		3,690,312.25
Vanguard-401 K Plan EE		9,360.01

Total Current Liabilities 6,157,908.47

Long-Term Liabilities

Total Long-Term Liabilities 0.00

Total Liabilities 6,157,908.47

Capital

Retained Earnings	3,728,411.21
Net Income	722,401.55

Total Capital 4,450,812.76

Total Liabilities & Capital \$ 10,608,721.23

Unaudited - For Management Purposes Only

PINPOINT MEDICAL LLC

Pro Forma Balance Sheet

ASSETS

Cash	\$	847,482
Leasehold Improvement	\$	2,235,519
Moveable/Fixed Equipment	\$	259,058
Total Assets	\$	3,342,059

LIABILITIES & MEMBERS EQUITY

Long Term Debt	\$	-
Deferred Revenue: Rent Credit	\$	200,000
Total Liabilities	\$	200,000
Members Equity	\$	3,142,059
Total Liabilities and Members Equity	\$	3,342,059



## Office of the State Long Term Care Ombudsman

LTCOP Attachment A

Two Empire State Plaza  
Fifth Floor, Albany, NY 12223-1251  
[www.ltcombudsman.ny.gov](http://www.ltcombudsman.ny.gov)

Claudette Royal  
State Ombudsman  
1-855-582-6769

To: Public Health and Health Planning Council

Re: CON #192027 Crest Opco LLC, d/b/a Crest Manor Living and Rehabilitation Center

Date: July 6, 2022

### Long Term Care Ombudsman Program Review:

The Office of the State Long Term Care Ombudsman (LTCOP) has received and reviewed the application for change in ownership submitted by Crest Opco LLC, currently operated as Crest Manor Living and Rehabilitation Center. The Office does have regular contact with the facility administration and residents and has had recent visits to the facilities currently operated by the proposed owners. Based on the Office's review of any programmatic interactions and complaints received for these facilities, the Office recommend approval of this application.

LTCOP would like to inform the Council of additional information related to Crest Manor Living and Rehabilitation Center from the last PHHPC meeting as it relates to this facility and East Side Nursing Home, which is also operated by the proposed owners. Both of these facilities were reported to have physical structure concerns.

East Side Nursing Home had a leak in the roof since at least December of 2021 which resulted in ceiling tiles collapsing in a resident room. LTCOP has followed up with the facility and has been informed this issue has been resolved as of this date. LTCOP will continue to monitor the structural issues during routine visits and will address any concerns with the Administration as needed.

Crest Manor was reported to have plumbing issues which resulted in residents being unable to shower for a period of time and required Department of Health intervention. LTCOP reported to the PHHPC last month that though this had been reported to be corrected, the Ombudsman had been contacted by residents noting problems getting warm showers on a regular basis. LTCOP has followed up with the residents related to this concern. Residents report that they are now getting showers when they want them

The Office of the State Long-Term Care Ombudsman is a programmatically independent advocacy service located within the New York State Office for the Aging. Points of view, opinions or positions of the Ombudsman Program do not necessarily represent the views, positions or policy of the New York State Office for the Aging.

at water temperatures that are comfortable to them. Residents report they are also getting their hair washed and styled at the facility salon. The Ombudsman will continue to monitor this to ensure the issue remains resolved.

Residents had reported in both facilities that the temperature throughout the building is not consistent, especially during the summer months. The Ombudsman reports in both facilities this seems to have somewhat improved. Specific to Crest Manor, staff and residents report that there are days when the facility temperature is comfortable, and the air circulation is good on all floors of the building. They also note there continue to be some days when the facility indoor climate is too warm, hot and humid.

The Office will continue to monitor the physical structure issues in both facilities operated by these owners. LTCOP will address any concerns raised during these visits with Administration to ensure residents are able to live in a comfortable and safe environment.

A handwritten signature in cursive script that reads "Claudette Royal".

Claudette Royal  
New York State Ombudsman

**MEMO**

**TO:** CON Project File  
**RE:** CON Project 192027  
**DATE:** September 5, 2019

---

*Service Location:* 6745 Pittsford-Palmyra Road  
Fairport, New York 14450

*Description:*

Crest OPCO LLC, d/b/a Crest Manor Living and Rehabilitation Center, seeks to be established as the operator of Crest Manor Living and Rehabilitation Center, Inc., an existing 80-bed residential health care facility.

Weekly bed census data retrieved from the Department of Health indicate the facility has operated at 92% capacity since March of 2019. In recent years, the facility has operated at 83% (2018), 85% (2017) and 87% (2016) capacity. In addition, Medicare Star ratings reveal the facility rates above average for long-term and below average for short-term stays. In light of both of these findings, staff recommend approval of the proposed application with no contingencies or conditions.

*Project Capital Cost:*  
\$0

*Projected Changes to Community Capacity:*  
The change in ownership will not impact community capacity.

*Projected Changes to Community Access:*  
The change in ownership will not impact community access.

*Comments:*

**Recommendation:** Approval  
*Contingencies:* None  
*Conditions:* None

Crest Manor Living and Rehabilitation Center, Inc.				
	1/1-4/30/2022 internal	2021 Internal	2020	2019
ASSETS - CURRENT	\$2,197,584	\$2,685,464	\$3,264,126	\$1,751,260
ASSETS - FIXED AND OTHER	\$814,271	\$1,549,000	\$952,758	\$976,186
TOTAL ASSETS	\$3,011,855	\$4,234,464	\$4,216,884	\$2,727,446
LIABILITIES - CURRENT	\$786,875	\$946,843	\$2,423,252	\$2,087,977
LIABILITIES - LONG-TERM	\$1,411,856	\$1,853,057	\$964,847	\$25,657
TOTAL LIABILITIES	\$2,198,731	\$2,799,900	\$3,388,099	\$2,113,634
WORKING CAPITAL	\$1,410,709	\$1,738,621	\$840,874	(\$336,717)
NET ASSET POSITION	\$813,124	\$1,434,564	\$828,785	\$613,812
INCOME	\$3,732,732	\$9,477,106	\$8,585,364	\$7,631,471
EXPENSE	\$3,040,393	\$8,777,907	\$8,370,391	\$8,294,180
NET INCOME	\$692,339	\$699,199	\$214,973	(\$662,709)



<b><u>Crest Manor Living and Rehab Center - Transition Summary of Operations and Realty Entities</u></b>			
<b>Operations</b>		<b>Realty</b>	
<b>Current Operator:</b> Crest Manor Living and Rehab Center, Inc. <b>Member:</b> A. John Bartholomew, Sr.                     70% Daniel Morphet                                 30%		<b>Original Realty Owner:</b> Barco Holdings, LLC <b>Members:</b> A. John Bartholomew, Sr.                     88% A. John Bartholomew, Jr.                     7% Mary Bartholomew                             5%	
<b>Asset Purchase Agreement (APA) Negotiator:</b> Milrose National Trust LLC <b>Members:</b> Jacob Sod   50% Jonathan Bleier                                 50%		<b>Contract of Sale (COS) Negotiator:</b> Milrose National Trust LLC <b>Members:</b> Jacob Sod   50% Jonathan Bleier                                 50%	
<b>Initial Assigned APA Proposed Operators:</b> Crest OPCO LLC <b>Members:</b> Evan Rubin                                       10% Eliyahu Mirlis                                 90%		<b>COS Assignment to Proposed Property Owners:</b> Crest Propco LLC <b>Members:</b> Evan Rubin                                       45% Eliyahu Mirlis                                 40% Crest-East Holdings LLC                     15% <b>Members:</b> Balia Mann                             90% Josh Eisenberg                     10%	
<b>Assigned Proposed Operator:</b> Crest OPCO LLC <b>Members:</b> Eli Gibber                                       15% Josh Brown                                     30% Jennifer Farkas                               45% Michael Lebovics                             10%		<b>Proposed Realty Owner:</b> Crest Propco LLC <b>Members:</b> Evan Rubin                                       45% Eliyahu Mirlis                                 40% Crest-East Holdings LLC                     15% <b>Members:</b> Balia Mann                             90% Josh Eisenberg                     10%	
<b>Final Assigned Proposed Operator:</b> Crest OPCO LLC <b>Members:</b> CME JM OPCO HOLDINGS LLC             100% <b>Members:</b> Eli Gibber                             15% Josh Brown*                         30% Jennifer Farkas                     45% Michael Lebovics                   10%  * managing member		<b>Current Realty Owner:</b> Crest JM Propco LLC <b>Members:</b> CME JM PROPCO HOLDINGS LLC         100% <b>Members:</b> Jennifer Farkas                     15% Eli Gibber                             15% Josh Brown*                         35% Moshe Steinberg*                 35%  * managing members	

PROFORMA BALANCE SHEET

January 1, 2023

ASSETS

	<u>Crest OpCo, LLC</u>
<b>Current Assets</b>	
Cash & Cash Equivalents	\$ 1,294,000
<b>Total Current Assets</b>	1,294,000
<b>Non Current Assets</b>	
Resident Funds	30,000
Intangible Assets- Goodwill	392,000
Fixed Assets - Net	200,000
<b>Total Non Current Assets</b>	622,000
<b>Total Assets</b>	<u>\$ 1,916,000</u>

LIABILITIES AND MEMBERS' EQUITY

<b>Liabilities</b>	
Accounts payable	\$ -
<b>Total current liabilities</b>	-
<b>Long term Liabilities</b>	
Resident Funds	30,000
<b>Total Long-term Liabilities</b>	30,000
<b>Total Liabilities</b>	30,000
<b>Members' Equity</b>	1,886,000
<b>Total Liabilities and Members' Equity</b>	<u>\$ 1,916,000</u>



**Office of the State  
Long Term Care  
Ombudsman**

Two Empire State Plaza  
Fifth Floor, Albany, NY 12223-1251  
[www.ltcombudsman.ny.gov](http://www.ltcombudsman.ny.gov)

Claudette Royal  
State Ombudsman  
1-855-582-6769

To: Public Health and Health Planning Council

Re: CON #192332 EDRNC Operating, LLC d/b/a Eden Rehabilitation and Nursing Center

Date: July 06, 2022

Long Term Care Ombudsman Program Review:

The Office of the State Long Term Care Ombudsman has received and reviewed the application for change in ownership submitted by EDRNC Operating, LLC d/b/a Eden Rehabilitation and Nursing Center. The Office does have a consistent presence in all three of the facilities currently operated by the proposed owners. Based on the Office's review of any programmatic interactions and complaints received for these facilities, the Office has no objection to the approval of this application.

A handwritten signature in cursive script that reads "Claudette Royal".

Claudette Royal  
New York State Ombudsman

Eden Rehabilitation & Nursing Center				
	1/1/22-3/31/22 Internal	2021 Internal	2020	2019
ASSETS - CURRENT	\$930,051	\$1,023,361	\$883,753	\$1,411,754
ASSETS - FIXED AND OTHER	\$1,679,313	\$1,678,120	\$342,999	\$359,579
TOTAL ASSETS	\$2,609,364	\$2,701,481	\$1,226,752	\$1,771,333
LIABILITIES - CURRENT	\$708,340	\$753,278	\$819,023	\$821,209
LIABILITIES - LONG-TERM	\$2,789,892	\$2,728,136	\$1,824,938	\$1,545,242
TOTAL LIABILITIES	\$3,498,232	\$3,481,414	\$2,643,961	\$2,366,451
WORKING CAPITAL	\$221,711	\$270,083	\$64,730	\$590,545
NET ASSET POSITION	(\$888,868)	(\$779,933)	(\$1,417,209)	(\$595,118)
INCOME	\$880,810	\$3,626,422	\$2,826,097	\$3,232,871
EXPENSE	\$970,159	\$3,427,547	\$3,648,189	\$3,272,713
NET INCOME	(\$89,349)	\$198,875	(\$822,092)	(\$39,842)

New York State Nursing Homes owned by proposed owners of Eden Rehabilitation & Nursing Center								
	Esther Barth		Batia Zagelbaum		Chaya Walden		Teresa Creedon	
	Ownership %	Date Acquired	Ownership %	Date Acquired	Ownership %	Date Acquired	Ownership %	Date Acquired
Orchard Manor Rehab & Nursing Center	37.50%	6/29/18	17.50%	6/29/18	15.00%	6/29/18	--	--
Gowanda Rehab & Nursing Center	37.50%	6/29/18	17.50%	6/29/18	15.00%	6/29/18	--	--
Massena Rehab & Nursing Center	37.50%	4/30/19	37.50%	4/30/19	15.00%	4/30/19	--	--

<b>Gowanda</b>	<b><u>2019</u></b>	<b><u>2020</u></b>	<b><u>Internal 2021</u></b>
Current Assets	\$4,025,140	\$5,262,699	\$5,633,211
Fixed Assets	\$1,781,583	\$1,881,089	\$16,574,596
Total Assets	\$5,806,723	\$7,143,788	\$22,207,807
Current Liabilities	\$1,671,696	\$2,494,039	\$1,885,333
Long Term Liabilities	\$119,231	\$1,356,886	\$18,394,770
Total Liabilities	\$1,790,927	\$3,850,925	\$20,280,103
Working Capital Position	\$2,353,444	\$2,768,660	\$3,747,878
Net Asset Position	\$4,015,796	\$3,292,863	\$1,927,704
Revenues	\$14,193,873	\$13,196,219	\$13,402,414
Expenses	13,525,242	13,919,151	\$11,947,578
Net Income	\$668,631	(\$722,932)	\$1,454,836

<b>Massena</b>	<b><u>6/30/2019-12/31/2019</u></b>	<b><u>2020</u></b>	<b><u>Internal 2021</u></b>
Current Assets	\$1,598,830	\$2,738,832	\$4,983,669
Fixed Assets	\$582,875	\$682,097	\$15,009,175
Total Assets	\$2,181,705	\$3,420,929	\$19,992,844
Current Liabilities	\$1,327,000	\$2,053,012	\$1,535,204
Long Term Liabilities	\$176,695	\$234,876	\$15,656,201
Total Liabilities	\$1,503,695	\$2,287,888	\$17,191,405
Working Capital Position	\$271,830	\$685,820	\$3,448,465
Net Asset Position	\$678,010	\$1,133,041	\$2,801,439
Revenues	\$7,546,874	\$11,033,591	\$13,015,072
Expenses	\$6,868,755	\$10,578,560	\$10,084,166
Net Income	\$678,119	(\$455,031)	\$2,930,906

<b>Orchard</b>	<b><u>2019</u></b>	<b><u>2020</u></b>	<b><u>Internal 2021</u></b>
Current Assets	\$4,201,035	\$3,800,697	\$7,945,781
Fixed Assets	\$4,736,463	\$6,029,979	\$17,507,942
Total Assets	\$8,937,498	\$9,830,676	\$25,453,723
Current Liabilities	\$1,410,666	\$2,447,328	\$2,124,870
Long Term Liabilities	\$1,807,379	\$1,731,067	\$19,074,165
Total Liabilities	\$3,218,045	\$4,178,395	\$21,199,035
Working Capital Position	\$2,790,369	\$1,353,369	\$5,820,911
Net Asset Position	\$5,719,453	\$5,652,281	\$4,254,688
Revenues	\$15,291,152	\$14,091,698	\$13,940,617
Expenses	12,300,132	14,158,870	\$10,941,800
Net Income	(\$10,518,549)	(\$67,172)	\$2,998,817

**EDRNC OPERATING, LLC**  
**D/B/A EDEN REHABILITATION & NURSING CENTER**  
**40-BED RESIDENTIAL HEALTH CARE FACILITY**

**PRO FORMA BALANCE SHEET**

**ASSETS**

**Current Assets**

Working Capital Cash \$567,443

**Total Current Assets** \$567,443

**Non-Current Assets**

Goodwill \$10,000

**Total Non-Current Assets** \$10,000

**TOTAL ASSETS** \$577,443

**LIABILITIES AND EQUITY**

**LIABILITIES**

**Current Liabilities**

Current Portion - Operations Loan \$0

Current Portion - Working Capital Loan \$0

**Total Current Liabilities** \$0

**Long-Term Liabilities**

Long Term Portion - Operations Loan \$0

Long Term Portion - Working Capital Loan \$0

**Total Long-Term Liabilities** \$0

**MEMBER EQUITY**

Member Paid-In Capital \$10,000

Member Working Capital Equity \$567,443

**Total Member Equity** \$577,443

**TOTAL LIABILITIES AND MEMBER EQUITY** \$577,443

**SUMMARY SCHEDULE OF EQUITY**  
**for purchase of**  
**ABSOLUT CENTERS FOR NURSING AND REHABILITATION AT:**  
**DUNKIRK, LLC**  
**EDEN, LLC**  
**HOUGHTON, LLC**  
**SALAMANCA, LLC**

<b>Total Purchase - Operations</b>	\$100,000	
Less: Deposit	\$50,000	
Less: Financing	\$0	
Balance to be Funded by Equity	<u>\$50,000</u>	<b>Equity to be Provided by Applicant for Purchase</b>

<b><u>Working Capital</u></b>		
Dunkirk	\$582,559	
Eden	<u>\$585,354</u>	
Houghton	<u>\$1,212,491</u>	
Salamanca	<u>\$1,677,234</u>	
Working Capital Required	\$4,057,638	
Working Capital Loan	\$0	
Total Working Capital - all facilities	<u>\$4,057,638</u>	<b>Equity to be Provided by Applicant for Working Capital</b>

<b><u>Total Equity Required</u></b>		
Purchase Price Equity Required	\$50,000	
Working Capital Equity Required	<u>\$4,057,638</u>	
<b>Total Equity Required</b>	<u>\$4,107,638</u>	<b>Total Equity to be Provided by Applicant</b>

**Operating, LLCs**

<b><u>Members*</u></b>	<b><u>Equity %</u></b>	<b><u>Membership %</u></b>
Esther R. Barth	35.00%	35.00%
Batia Zigelbaum	40.00%	40.00%
Chaya S. Walden	15.00%	15.00%
Teresa Creedon	10.00%	10.00%
	<u>100.00%</u>	<u>100.00%</u>

**Member Equity Required - Operating, LLCs**

Esther R. Barth	Equity Req.	\$1,437,673
Batia Zigelbaum	Equity Req.	\$1,643,055
Chaya S. Walden	Equity Req.	\$616,146
Teresa Creedon	Equity Req.	\$410,764
		<u>\$4,107,638</u>

\* Equity Based on Information from Operating, LLCs members' Schedule 2Bs and Personal Financial Statements.



**EDEN REHABILITATION & NURSING CENTER**  
**40-BED RESIDENTIAL HEALTH CARE FACILITY**

CON # 192332  
 BFA Attachment E  
 (Cont.)

**EQUITY ANALYSIS\***

<b><u>Total Purchase - Operations</u></b>	<u>\$100,000</u>	
<b><u>EDRNC's Allocated Share</u></b>	\$13,333	
APA Deposit Required (Eden allocation)	\$6,667	
Less: Financing	<u>\$0</u>	
Balance to be Funded by Equity	<u>\$6,666</u>	<b>Equity Provided by Applicant</b>

**NOTE:**

The Total Purchase Amount of \$100,000 is for the acquisition of operations of 4 RHCF facilities. EDRNC Operating, LLC's allocated share of the Purchase Price is \$13,333 (refer to the Schedule of Allocation).

<b><u>Total Working Capital</u></b>	<u>\$585,354</u>	
Working Capital Required	\$585,354	
Working Capital Loan	<u>\$0</u>	
Balance	<u>\$585,354</u>	<b>Equity Required by Applicant</b>

**NOTE:**

Required Working Capital funding will be provided by 100% member equity.

**Equity - EDRNC Operating, LLC**

Purchase Price Equity	\$6,666	
Working Capital Equity	<u>\$585,354</u>	
<b>Total Equity - ORRNC Operating, LLC</b>	<u><b>\$592,020</b></u>	<b>Equity Required by Applicant</b>

**EDRNC Operating, LLC**

<b><u>Members*</u></b>	<b><u>Equity %</u></b>	<b><u>Membership %</u></b>
Esther R. Barth	35.00%	35.00%
Batia Zigelbaum	40.00%	40.00%
Chaya S. Walden	15.00%	15.00%
Teresa Creedon	10.00%	10.00%
	<u>100.00%</u>	<u>100.00%</u>

**Equity Required - EDRNC Operating, LLC**

Esther R. Barth	Equity Req.	\$207,207
Batia Zigelbaum	Equity Req.	\$236,808
Chaya S. Walden	Equity Req.	\$88,803
Teresa Creedon	Equity Req.	\$59,202
		<u><b>\$592,020</b></u>

\* Equity Based on Information from EDRNC Operating, LLC members' Schedule 2Bs and members' Personal Financial Statements.



**Office of the State  
Long Term Care  
Ombudsman**

Two Empire State Plaza  
Fifth Floor, Albany, NY 12223-1251  
[www.ltcombudsman.ny.gov](http://www.ltcombudsman.ny.gov)

Claudette Royal  
State Ombudsman  
1-855-582-6769

To: Public Health and Health Planning Council

Re: CON #192333 HORNC Operating, LLC d/b/a Houghton Rehabilitation and Nursing Center

Date: July 06, 2022

Long Term Care Ombudsman Program Review:

The Office of the State Long Term Care Ombudsman has received and reviewed the application for change in ownership submitted by HORNC Operating, LLC d/b/a Houghton Rehabilitation and Nursing Center. The Office does have a consistent presence in all three of the facilities currently operated by the proposed owners. Based on the Office's review of any programmatic interactions and complaints received for these facilities, the Office has no objection to the approval of this application.

A handwritten signature in cursive script that reads "Claudette Royal".

Claudette Royal  
New York State Ombudsman

Houghton Rehabilitation & Nursing Center				
	1/1/22-3/31/22 Internal	2021 Internal	2020	2019
ASSETS - CURRENT	\$2,920,671	\$6,257,600	\$1,949,466	\$1,639,823
ASSETS - FIXED AND OTHER	\$7,001,508	\$7,093,022	\$1,688,209	\$1,601,764
TOTAL ASSETS	\$9,922,179	\$13,350,622	\$3,637,675	\$3,241,587
LIABILITIES - CURRENT	\$1,855,285	\$2,769,155	\$1,801,765	\$1,447,642
LIABILITIES - LONG-TERM	\$7,866,657	\$8,868,377	\$3,364,493	\$3,527,119
TOTAL LIABILITIES	\$9,721,942	\$11,637,532	\$5,166,258	\$4,974,761
WORKING CAPITAL	\$1,065,386	\$3,488,445	\$147,701	\$192,181
NET ASSET POSITION	\$200,237	\$1,713,090	(\$1,528,583)	(\$1,733,174)
INCOME	\$1,910,894	\$9,401,413	\$7,344,596	\$8,167,376
EXPENSE	\$2,090,848	\$6,967,747	\$7,140,005	\$7,042,512
NET INCOME	(\$179,954)	\$2,433,666	\$204,591	\$1,124,864

<b>New York State Nursing Homes owned by proposed owners of Houghton Rehabilitation &amp; Nursing Center</b>								
	<b>Esther Barth</b>		<b>Batia Zigelbaum</b>		<b>Chaya Walden</b>		<b>Teresa Creedon</b>	
	<b>Ownership %</b>	<b>Date Acquired</b>	<b>Ownership %</b>	<b>Date Acquired</b>	<b>Ownership %</b>	<b>Date Acquired</b>	<b>Ownership %</b>	<b>Date Acquired</b>
<b>Orchard Manor Rehab &amp; Nursing Center</b>	37.50%	6/29/18	17.50%	6/29/18	15.00%	6/29/18	--	--
<b>Gowanda Rehab &amp; Nursing Center</b>	37.50%	6/29/18	17.50%	6/29/18	15.00%	6/29/18	--	--
<b>Massena Rehab &amp; Nursing Center</b>	37.50%	4/30/19	37.50%	4/30/19	15.00%	4/30/19	--	--

<b>Gowanda</b>	<b><u>2019</u></b>	<b><u>2020</u></b>	<b><u>Internal 2021</u></b>
Current Assets	\$4,025,140	\$5,262,699	\$5,633,211
Fixed Assets	\$1,781,583	\$1,881,089	\$16,574,596
Total Assets	\$5,806,723	\$7,143,788	\$22,207,807
Current Liabilities	\$1,671,696	\$2,494,039	\$1,885,333
Long Term Liabilities	\$119,231	\$1,356,886	\$18,394,770
Total Liabilities	\$1,790,927	\$3,850,925	\$20,280,103
Working Capital Position	\$2,353,444	\$2,768,660	\$3,747,878
Net Asset Position	\$4,015,796	\$3,292,863	\$1,927,704
Revenues	\$14,193,873	\$13,196,219	\$13,402,414
Expenses	13,525,242	13,919,151	\$11,947,578
Net Income	\$668,631	(\$722,932)	\$1,454,836

<b>Massena</b>	<b><u>6/30/2019-12/31/2019</u></b>	<b><u>2020</u></b>	<b><u>Internal 2021</u></b>
Current Assets	\$1,598,830	\$2,738,832	\$4,983,669
Fixed Assets	\$582,875	\$682,097	\$15,009,175
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Current Liabilities	\$1,327,000	\$2,053,012	\$1,535,204
Long Term Liabilities	\$176,695	\$234,876	\$15,656,201
Total Liabilities	\$1,503,695	\$2,287,888	\$17,191,405
Working Capital Position	\$271,830	\$685,820	\$3,448,465
Net Asset Position	\$678,010	\$1,133,041	\$2,801,439
Revenues	\$7,546,874	\$11,033,591	\$13,015,072
Expenses	\$6,868,755	\$10,578,560	\$10,084,166
Net Income	\$678,119	(\$455,031)	\$2,930,906

<b>Orchard</b>	<b><u>2019</u></b>	<b><u>2020</u></b>	<b><u>Internal 2021</u></b>
Current Assets	\$4,201,035	\$3,800,697	\$7,945,781
Fixed Assets	\$4,736,463	\$6,029,979	\$17,507,942
Total Assets	\$8,937,498	\$9,830,676	\$25,453,723
Current Liabilities	\$1,410,666	\$2,447,328	\$2,124,870
Long Term Liabilities	\$1,807,379	\$1,731,067	\$19,074,165
Total Liabilities	\$3,218,045	\$4,178,395	\$21,199,035
Working Capital Position	\$2,790,369	\$1,353,369	\$5,820,911
Net Asset Position	\$5,719,453	\$5,652,281	\$4,254,688
Revenues	\$15,291,152	\$14,091,698	\$13,940,617
Expenses	12,300,132	14,158,870	\$10,941,800
Net Income	(\$10,518,549)	(\$67,172)	\$2,998,817

**HORNC HOLDINGS, LLC**  
**HOUGHTON REHABILITATION & NURSING CENTER**  
**100-BED RESIDENTIAL HEALTH CARE FACILITY**

**PRO FORMA BALANCE SHEET**

**ASSETS**

**Current Assets**

Working Capital Cash \$1,217,457

**Total Current Assets** \$1,217,457

**Non-Current Assets**

Goodwill \$25,000

**Total Non-Current Assets** \$25,000

**TOTAL ASSETS** \$1,242,457

**LIABILITIES AND EQUITY**

**LIABILITIES**

**Current Liabilities**

Current Portion - Operations Loan \$0

Current Portion - Working Capital Loan \$0

**Total Current Liabilities** \$0

**Long-Term Liabilities**

Long Term Portion - Operations Loan \$0

Long Term Portion - Working Capital Loan \$0

**Total Long-Term Liabilities** \$0

**MEMBER EQUITY**

Member Paid-In Capital \$25,000

Member Working Capital Equity \$1,217,457

**Total Member Equity** \$1,242,457

**TOTAL LIABILITIES AND**  
**MEMBER EQUITY** \$1,242,457

SUMMARY SCHEDULE OF EQUITY  
for purchase of  
ABSOLUT CENTERS FOR NURSING AND REHABILITATION AT:  
DUNKIRK, LLC  
EDEN, LLC  
HOUGHTON, LLC  
SALAMANCA, LLC

CON # 192333  
BFA Attachment E

<b>Total Purchase - Operations</b>	\$100,000	
Less: Deposit	\$50,000	
Less: Financing	\$0	
Balance to be Funded by Equity	<u>\$50,000</u>	Equity to be Provided by Applicant for Purchase

<b>Working Capital</b>		
Dunkirk	\$582,559	
Eden	<u>\$585,354</u>	
Houghton	<u>\$1,212,491</u>	
Salamanca	<u>\$1,677,234</u>	
Working Capital Required	\$4,057,638	
Working Capital Loan	\$0	
Total Working Capital - all facilities	<u>\$4,057,638</u>	Equity to be Provided by Applicant for Working Capital

<b>Total Equity Required</b>		
Purchase Price Equity Required	\$50,000	
Working Capital Equity Required	<u>\$4,057,638</u>	
<b>Total Equity Required</b>	<u>\$4,107,638</u>	Total Equity to be Provided by Applicant

**Operating, LLCs**

<u>Members*</u>	<u>Equity %</u>	<u>Membership %</u>
Esther R. Barth	35.00%	35.00%
Batia Zigelbaum	40.00%	40.00%
Chaya S. Walden	15.00%	15.00%
Teresa Creedon	10.00%	10.00%
	<u>100.00%</u>	<u>100.00%</u>

**Member Equity Required - Operating, LLCs**

Esther R. Barth	Equity Req.	\$1,437,673
Batia Zigelbaum	Equity Req.	\$1,643,055
Chaya S. Walden	Equity Req.	\$616,146
Teresa Creedon	Equity Req.	\$410,764
		<u>\$4,107,638</u>

\* Equity Based on Information from Operating, LLCs members' Schedule 2Bs and Personal Financial Statements.

**HOUGHTON REHABILITATION & NURSING CENTER**  
**100-BED RESIDENTIAL HEALTH CARE FACILITY**

**EQUITY ANALYSIS\***

<b><u>Total Purchase - Operations</u></b>	<u>\$100,000</u>	
<b><u>HORNC's Allocated Share</u></b>	\$33,334	
APA Deposit required (Houghton allocation)	\$16,667	
Less: Financing	<u>\$0</u>	
Balance to be Funded by Equity	<u>\$16,667</u>	<b>Equity Provided by Applicant</b>

**NOTE:**

The Total Purchase Amount of \$100,000 is for the acquisition of operations of 4 RHCF facilities. HORNC Operating, LLC's allocated share of the Purchase Price is \$33,334 (refer to the Schedule of Allocation).

<b><u>Total Working Capital</u></b>	<u>\$1,212,491</u>	
Working Capital Required	\$1,212,491	
Working Capital Loan	<u>\$0</u>	
Balance	<u>\$1,212,491</u>	<b>Equity Required by Applicant</b>

**NOTE:**

Required Working Capital funding will be provided by 100% member equity.

**Equity - HORNC Operating, LLC**

Equity Required	\$16,667	
Working Capital Equity	<u>\$1,212,491</u>	
<b>Total Equity - HORNC Operating, LLC</b>	<u><b>\$1,229,158</b></u>	<b>Equity Required by Applicant</b>

**HORNC Operating, LLC**

<b><u>Members*</u></b>	<b><u>Equity %</u></b>	<b><u>Membership %</u></b>
Esther R. Barth	35.00%	35.00%
Batia Zigelbaum	40.00%	40.00%
Chaya S. Walden	15.00%	15.00%
Teresa Creedon	10.00%	10.00%
	<u>100.00%</u>	<u>100.00%</u>

**Equity Required - HORNC Operating, LLC**

Esther R. Barth	Equity Req.	\$430,205
Batia Zigelbaum	Equity Req.	\$491,663
Chaya S. Walden	Equity Req.	\$184,374
Teresa Creedon	Equity Req.	\$122,916
		<u><b>\$1,229,158</b></u>

\* Equity Based on Information from HORNC Operating, LLC members' Schedule 2Bs and Personal Financial Statements.





**Office of the State  
Long Term Care  
Ombudsman**

Two Empire State Plaza  
Fifth Floor, Albany, NY 12223-1251  
[www.ltcombudsman.ny.gov](http://www.ltcombudsman.ny.gov)

Claudette Royal  
State Ombudsman  
1-855-582-6769

To: Public Health and Health Planning Council

Re: CON #192335 SARNC Operating, LLC d/b/a Salamanca Rehabilitation and Nursing Center

Date: July 06, 2022

Long Term Care Ombudsman Program Review:

The Office of the State Long Term Care Ombudsman has received and reviewed the application for change in ownership submitted by SARNC Operating, LLC d/b/a Salamanca Rehabilitation and Nursing Center. The Office does have a consistent presence in all three of the facilities currently operated by the proposed owners. Based on the Office's review of any programmatic interactions and complaints received for these facilities, the Office has no objection to the approval of this application.

A handwritten signature in black ink that reads "Claudette Royal". The signature is written in a cursive, flowing style.

Claudette Royal  
New York State Ombudsman

Salamanca Rehabilitation and Nursing Center

	<u>Draft</u> <u>31-Mar-22</u>	<u>Draft</u> <u>2021</u>	<u>2020</u>	<u>2019</u>
Current Assets	\$4,377,818	\$3,593,686	\$2,577,525	\$2,102,059
Fixed And Other Assets	\$14,189,047	\$14,315,695	\$4,596,780	\$4,403,500
Total Assets	\$18,566,865	\$17,909,381	\$7,174,305	\$6,505,559
Current Liabilities	\$3,708,996	\$3,345,167	\$2,547,170	\$2,100,737
Long Term Liabilities	\$12,999,442	\$13,333,365	\$6,516,992	\$6,921,783
Total Liabilities	\$16,708,438	\$16,678,532	\$9,064,162	\$9,022,520
Working Capital	\$668,822	\$248,519	\$30,355	\$1,322
Net Asset Position	\$1,858,427	\$1,230,849	(\$1,889,857)	(\$2,516,961)
Number of Beds	120	120	120	120
Occupancy	84.42%	81.60%	70.68%	76.61%
Revenues	\$3,140,976	\$12,379,446	\$8,730,495	\$7,872,705
Expenses	\$2,500,577	\$8,992,984	\$8,103,391	\$9,300,643
Net Income	\$640,399	\$3,386,462	\$627,104	(\$1,427,938)
Medicaid FFS	67.00%	66.00%	50.69%	35.72%
Medicaid MC	15.00%	16.00%	30.95%	44.15%
Medicare FFS	0.00%	5.00%	4.69%	6.32%
Medicare MC	7.00%	-	4.30%	3.68%
Comm FFS	6.00%	7.00%	4.10%	4.97%
Private Pay	<u>5.00%</u>	<u>6.00%</u>	5.27%	<u>5.15%</u>
Total	100.00%	100.00%	100.00%	100.00%

New York State Nursing Homes owned by proposed owners of Salamanca Rehabilitation & Nursing Center								
	Esther Barth		Batia Zagelbaum		Chaya Walden		Teresa Creedon	
	Ownership %	Date Acquired	Ownership %	Date Acquired	Ownership %	Date Acquired	Ownership %	Date Acquired
Orchard Manor Rehab & Nursing Center	37.50%	6/29/18	17.50%	6/29/18	15.00%	6/29/18	--	--
Gowanda Rehab & Nursing Center	37.50%	6/29/18	17.50%	6/29/18	15.00%	6/29/18	--	--
Massena Rehab & Nursing Center	37.50%	4/30/19	37.50%	4/30/19	15.00%	4/30/19	--	--

<b>Gowanda</b>	<b><u>2019</u></b>	<b><u>2020</u></b>	<b><u>Internal 2021</u></b>
Current Assets	\$4,025,140	\$5,262,699	\$5,633,211
Fixed Assets	\$1,781,583	\$1,881,089	\$16,574,596
Total Assets	\$5,806,723	\$7,143,788	\$22,207,807
Current Liabilities	\$1,671,696	\$2,494,039	\$1,885,333
Long Term Liabilities	\$119,231	\$1,356,886	\$18,394,770
Total Liabilities	\$1,790,927	\$3,850,925	\$20,280,103
Working Capital Position	\$2,353,444	\$2,768,660	\$3,747,878
Net Asset Position	\$4,015,796	\$3,292,863	\$1,927,704
Revenues	\$14,193,873	\$13,196,219	\$13,402,414
Expenses	13,525,242	13,919,151	\$11,947,578
Net Income	\$668,631	(\$722,932)	\$1,454,836

<b>Massena</b>	<b><u>6/30/2019-12/31/2019</u></b>	<b><u>2020</u></b>	<b><u>Internal 2021</u></b>
Current Assets	\$1,598,830	\$2,738,832	\$4,983,669
Fixed Assets	\$582,875	\$682,097	\$15,009,175
Total Assets	\$2,181,705	\$3,420,929	\$19,992,844
Current Liabilities	\$1,327,000	\$2,053,012	\$1,535,204
Long Term Liabilities	\$176,695	\$234,876	\$15,656,201
Total Liabilities	\$1,503,695	\$2,287,888	\$17,191,405
Working Capital Position	\$271,830	\$685,820	\$3,448,465
Net Asset Position	\$678,010	\$1,133,041	\$2,801,439
Revenues	\$7,546,874	\$11,033,591	\$13,015,072
Expenses	\$6,868,755	\$10,578,560	\$10,084,166
Net Income	\$678,119	(\$455,031)	\$2,930,906

<b>Orchard</b>	<b><u>2019</u></b>	<b><u>2020</u></b>	<b><u>Internal 2021</u></b>
Current Assets	\$4,201,035	\$3,800,697	\$7,945,781
Fixed Assets	\$4,736,463	\$6,029,979	\$17,507,942
Total Assets	\$8,937,498	\$9,830,676	\$25,453,723
Current Liabilities	\$1,410,666	\$2,447,328	\$2,124,870
Long Term Liabilities	\$1,807,379	\$1,731,067	\$19,074,165
Total Liabilities	\$3,218,045	\$4,178,395	\$21,199,035
Working Capital Position	\$2,790,369	\$1,353,369	\$5,820,911
Net Asset Position	\$5,719,453	\$5,652,281	\$4,254,688
Revenues	\$15,291,152	\$14,091,698	\$13,940,617
Expenses	12,300,132	14,158,870	\$10,941,800
Net Income	(\$10,518,549)	(\$67,172)	\$2,998,817

**SARNC HOLDINGS, LLC**  
**D/B/A SALAMANCA REHABILITATION & NURSING CENTER**  
**120-BED RESIDENTIAL HEALTH CARE FACILITY**

**PRO FORMA BALANCE SHEET**

**ASSETS**

**Current Assets**

Working Capital Cash \$1,677,234

**Total Current Assets** \$1,677,234

**Non-Current Assets**

Goodwill \$30,000

**Total Non-Current Assets** \$30,000

**TOTAL ASSETS** \$1,707,234

**LIABILITIES AND EQUITY**

**LIABILITIES**

**Current Liabilities**

Current Portion - Operations Loan \$0

Current Portion - Working Capital Loan \$0

**Total Current Liabilities** \$0

**Long-Term Liabilities**

Long Term Portion - Operations Loan \$0

Long Term Portion - Working Capital Loan \$0

**Total Long-Term Liabilities** \$0

**MEMBER EQUITY**

Member Paid-In Capital \$30,000

Member Working Capital Equity \$1,677,234

**Total Member Equity** \$1,707,234

**TOTAL LIABILITIES AND  
 MEMBER EQUITY** \$1,707,234

**SUMMARY SCHEDULE OF EQUITY**  
**for purchase of**  
**ABSOLUT CENTERS FOR NURSING AND REHABILITATION AT:**  
**DUNKIRK, LLC**  
**EDEN, LLC**  
**HOUGHTON, LLC**  
**SALAMANCA, LLC**

<b><u>Total Purchase - Operations</u></b>	\$100,000	
Less: Deposit	\$50,000	
Less: Financing	\$0	
Balance to be Funded by Equity	<u>\$50,000</u>	<b>Equity to be Provided by Applicant for Purchase</b>

<b><u>Working Capital</u></b>		
Dunkirk	\$582,559	
Eden	<u>\$585,354</u>	
Houghton	<u>\$1,212,491</u>	
Salamanca	<u>\$1,677,234</u>	
Working Capital Required	\$4,057,638	
Working Capital Loan	\$0	
Total Working Capital - all facilities	<u>\$4,057,638</u>	<b>Equity to be Provided by Applicant for Working Capital</b>

<b><u>Total Equity Required</u></b>		
Purchase Price Equity Required	\$50,000	
Working Capital Equity Required	<u>\$4,057,638</u>	
<b>Total Equity Required</b>	<u>\$4,107,638</u>	<b>Total Equity to be Provided by Applicant</b>

**Operating, LLCs**

<b><u>Members*</u></b>	<b><u>Equity %</u></b>	<b><u>Membership %</u></b>
Esther R. Barth	35.00%	35.00%
Batia Zigelbaum	40.00%	40.00%
Chaya S. Walden	15.00%	15.00%
Teresa Creedon	10.00%	10.00%
	<hr/> <hr/>	<hr/> <hr/>
	100.00%	100.00%

**Member Equity Required - Operating, LLCs**

Esther R. Barth	Equity Req.	\$1,437,673
Batia Zigelbaum	Equity Req.	\$1,643,055
Chaya S. Walden	Equity Req.	\$616,146
Teresa Creedon	Equity Req.	\$410,764
		<hr/> <hr/>
		<b>\$4,107,638</b>

\* Equity Based on Information from Operating, LLCs members' Schedule 2Bs and Personal Financial Statements.



## Office of the State Long Term Care Ombudsman

Two Empire State Plaza  
Fifth Floor, Albany, NY 12223-1251  
[www.ltcombudsman.ny.gov](http://www.ltcombudsman.ny.gov)

Claudette Royal  
State Ombudsman  
1-855-582-6769

To: Public Health and Health Planning Council

Re: CON #192336 DURNC Operating, LLC d/b/a Dunkirk Rehabilitation and Nursing Center

Date: July 06, 2022

Long Term Care Ombudsman Program Review:

The Office of the State Long Term Care Ombudsman (LTCOP) has received and reviewed the application for change in ownership submitted by DURNC Operating, LLC d/b/a Dunkirk Rehabilitation and Nursing Center. The Office does have a consistent presence in all three of the facilities currently operated by the proposed owners. Based on the Office's review of any programmatic interactions and complaints received for these facilities, the Office has no objection to the approval of this application.

A handwritten signature in cursive script that reads "Claudette Royal".

Claudette Royal  
New York State Ombudsman



**Dunkirk Rehabilitation Financial Summary**

<b>Dunkirk</b>	<b>Draft 3/31/2022</b>	<b>Draft 12/31/2021</b>	<b>2020</b>	<b>2019</b>
Current Assets	\$1,975,133	1,957,473	\$1,646,766	\$1,199,488
Fixed Assets	\$2,380,155	\$2,443,184	\$386,584	\$379,689
Total Assets	\$4,355,288	\$4,400,657	\$2,033,350	\$1,579,177
Current Liabilities	\$714,383	\$750,639	\$1,180,361	\$974,032
Long Term Liabilities	\$3,534,847	\$3,514,511	\$2,232,542	\$1,948,394
Total Liabilities	\$4,249,230	\$4,265,150	\$3,412,903	\$2,922,426
Working Capital	\$1,260,750	\$1,206,834	\$466,405	\$225,456
Net Asset Position	\$106,058	\$135,507	(\$1,379,553)	(\$1,343,249)
Number of Beds	40	40	40	40
Occupancy	86.82	86.64%	84.94%	75.77%
Revenues	838,928	4,092,857	\$3,362,457	\$2,814,544
Expenses	<u>821,152</u>	<u>3,108,478</u>	<u>3,398,760</u>	<u>3,082,483</u>
Net Income	17,776	984,379	(\$36,303)	(\$267,939)
Medicaid FFS	66.00%	69.00%	46.81%	35.37%
Medicaid MC	9.00%	7.00%	24.96%	33.72%
Medicare FFS	6.00%	6.00%	7.04%	7.52%
Medicare MC	0.00%	0.00%	6.68%	8.23%
Commercial FFS	11.00%	14.00%	8.63%	2.95%
Private Pay	<u>8.00%</u>	<u>4.00%</u>	<u>5.88%</u>	<u>12.22%</u>
Total	100.00%	100.00%	100.00%	100.00%

<b>New York State Nursing Homes owned by proposed owners of Dunkirk Rehabilitation &amp; Nursing Center</b>								
	<b>Esther Barth</b>		<b>Batia Zigelbaum</b>		<b>Chaya Walden</b>		<b>Teresa Creedon</b>	
	<b>Ownership %</b>	<b>Date Acquired</b>	<b>Ownership %</b>	<b>Date Acquired</b>	<b>Ownership %</b>	<b>Date Acquired</b>	<b>Ownership %</b>	<b>Date Acquired</b>
<b>Orchard Manor Rehab &amp; Nursing Center</b>	37.50%	6/29/18	17.50%	6/29/18	15.00%	6/29/18	--	--
<b>Gowanda Rehab &amp; Nursing Center</b>	37.50%	6/29/18	17.50%	6/29/18	15.00%	6/29/18	--	--
<b>Massena Rehab &amp; Nursing Center</b>	37.50%	4/30/19	37.50%	4/30/19	15.00%	4/30/19	--	--

<b>Gowanda</b>	<b><u>2019</u></b>	<b><u>2020</u></b>	<b><u>Internal 2021</u></b>
Current Assets	\$4,025,140	\$5,262,699	\$5,633,211
Fixed Assets	\$1,781,583	\$1,881,089	\$16,574,596
Total Assets	\$5,806,723	\$7,143,788	\$22,207,807
Current Liabilities	\$1,671,696	\$2,494,039	\$1,885,333
Long Term Liabilities	\$119,231	\$1,356,886	\$18,394,770
Total Liabilities	\$1,790,927	\$3,850,925	\$20,280,103
Working Capital Position	\$2,353,444	\$2,768,660	\$3,747,878
Net Asset Position	\$4,015,796	\$3,292,863	\$1,927,704
Revenues	\$14,193,873	\$13,196,219	\$13,402,414
Expenses	13,525,242	13,919,151	\$11,947,578
Net Income	\$668,631	(\$722,932)	\$1,454,836

<b>Massena</b>	<b><u>6/30/2019-12/31/2019</u></b>	<b><u>2020</u></b>	<b><u>Internal 2021</u></b>
Current Assets	\$1,598,830	\$2,738,832	\$4,983,669
Fixed Assets	\$582,875	\$682,097	\$15,009,175
Total Assets	\$2,181,705	\$3,420,929	\$19,992,844
Current Liabilities	\$1,327,000	\$2,053,012	\$1,535,204
Long Term Liabilities	\$176,695	\$234,876	\$15,656,201
Total Liabilities	\$1,503,695	\$2,287,888	\$17,191,405
Working Capital Position	\$271,830	\$685,820	\$3,448,465
Net Asset Position	\$678,010	\$1,133,041	\$2,801,439
Revenues	\$7,546,874	\$11,033,591	\$13,015,072
Expenses	\$6,868,755	\$10,578,560	\$10,084,166
Net Income	\$678,119	(\$455,031)	\$2,930,906

<b>Orchard</b>	<b><u>2019</u></b>	<b><u>2020</u></b>	<b><u>Internal 2021</u></b>
Current Assets	\$4,201,035	\$3,800,697	\$7,945,781
Fixed Assets	\$4,736,463	\$6,029,979	\$17,507,942
Total Assets	\$8,937,498	\$9,830,676	\$25,453,723
Current Liabilities	\$1,410,666	\$2,447,328	\$2,124,870
Long Term Liabilities	\$1,807,379	\$1,731,067	\$19,074,165
Total Liabilities	\$3,218,045	\$4,178,395	\$21,199,035
Working Capital Position	\$2,790,369	\$1,353,369	\$5,820,911
Net Asset Position	\$5,719,453	\$5,652,281	\$4,254,688
Revenues	\$15,291,152	\$14,091,698	\$13,940,617
Expenses	12,300,132	14,158,870	\$10,941,800
Net Income	(\$10,518,549)	(\$67,172)	\$2,998,817

**DURNC OPERATING, LLC**  
**D/B/A DUNKIRK REHABILITATION & NURSING CENTER**  
**40-BED RESIDENTIAL HEALTH CARE FACILITY**

**PRO FORMA BALANCE SHEET**

**ASSETS**

**Current Assets**

Working Capital Cash \$582,559

**Total Current Assets** \$582,559

**Non-Current Assets**

Goodwill \$10,000

**Total Non-Current Assets** \$10,000

**TOTAL ASSETS** \$592,559

**LIABILITIES AND EQUITY**

**LIABILITIES**

**Current Liabilities**

Current Portion - Operations Loan \$0

Current Portion - Working Capital Loan \$0

**Total Current Liabilities** \$0

**Long-Term Liabilities**

Long Term Portion - Operations Loan \$0

Long Term Portion - Working Capital Loan \$0

**Total Long-Term Liabilities** \$0

**MEMBER EQUITY**

Member Paid-In Capital for Working Capital \$582,559

Member Equity \$10,000

**Total Member Equity** \$592,559

**TOTAL LIABILITIES AND MEMBER EQUITY** \$592,559

SUMMARY SCHEDULE OF EQUITY  
for purchase of  
ABSOLUT CENTERS FOR NURSING AND REHABILITATION AT:  
DUNKIRK, LLC  
EDEN, LLC  
HOUGHTON, LLC  
SALAMANCA, LLC

<b>Total Purchase - Operations</b>	\$100,000	
Less: Deposit	\$50,000	
Less: Financing	\$0	
Balance to be Funded by Equity	<u>\$50,000</u>	Equity to be Provided by Applicant for Purchase

<b>Working Capital</b>		
Dunkirk	\$582,559	
Eden	<u>\$585,354</u>	
Houghton	<u>\$1,212,491</u>	
Salamanca	<u>\$1,677,234</u>	
Working Capital Required	\$4,057,638	
Working Capital Loan	\$0	
Total Working Capital - all facilities	<u>\$4,057,638</u>	Equity to be Provided by Applicant for Working Capital

<b>Total Equity Required</b>		
Purchase Price Equity Required	\$50,000	
Working Capital Equity Required	<u>\$4,057,638</u>	
<b>Total Equity Required</b>	<u>\$4,107,638</u>	Total Equity to be Provided by Applicant

**Operating, LLCs**

<u>Members*</u>	<u>Equity %</u>	<u>Membership %</u>
Esther R. Barth	35.00%	35.00%
Batia Zigelbaum	40.00%	40.00%
Chaya S. Walden	15.00%	15.00%
Teresa Creedon	10.00%	10.00%
	<u>100.00%</u>	<u>100.00%</u>

**Member Equity Required - Operating, LLCs**

Esther R. Barth	Equity Req.	\$1,437,673
Batia Zigelbaum	Equity Req.	\$1,643,055
Chaya S. Walden	Equity Req.	\$616,146
Teresa Creedon	Equity Req.	\$410,764
		<u>\$4,107,638</u>

\* Equity Based on Information from Operating, LLCs members' Schedule 2Bs and Personal Financial Statements.

**DUNKIRK REHABILITATION & NURSING CENTER**  
**40-BED RESIDENTIAL HEALTH CARE FACILITY**

**EQUITY ANALYSIS\***

<b><u>Total Purchase - Operations</u></b>	\$100,000	
<b><u>DURNC's Allocated Share</u></b>	\$13,333	
APA Deposit required (Dunkirk allocation)	\$6,667	
Less: Financing	\$0	
Amount of Purchase Funded by Equity	<u>\$6,666</u>	<b>Equity Provided by Applicant</b>

**NOTE:**

The Total Purchase Amount of \$100,000 is for the acquisition of operations of 4 RHCF facilities. DURNC Operating, LLC's allocated share of the Purchase Price is \$13,333 (refer to the Schedule of Allocation under Schedule 9 Attachments).

<b><u>Total Working Capital</u></b>	<u>\$582,559</u>	
Working Capital Required	\$582,559	
Working Capital Loan	\$0	
Balance	<u>\$582,559</u>	<b>Equity Required by Applicant</b>

**NOTE:**

Required Working Capital funding will be provided by 100% member equity.

**Equity - DURNC Operating, LLC**

Purchase Price Equity	\$6,666	
Working Capital Equity	\$582,559	
<b>Total Equity - ORRNC Operating, LLC</b>	<u><b>\$589,224</b></u>	<b>Equity Required by Applicant</b>

**DURNC Operating, LLC**

<b><u>Members*</u></b>	<b><u>Equity %</u></b>	<b><u>Membership %</u></b>
Esther R. Barth	35.00%	35.00%
Batia Zigelbaum	40.00%	40.00%
Chaya S. Walden	15.00%	15.00%
Teresa Creedon	10.00%	10.00%
	<u>100.00%</u>	<u>100.00%</u>

**Equity Required - DURNC Operating, LLC**

Esther R. Barth	Equity Req.	\$206,228
Batia Zigelbaum	Equity Req.	\$235,690
Chaya S. Walden	Equity Req.	\$88,384
Teresa Creedon	Equity Req.	\$58,922
		<u><u><b>\$589,224</b></u></u>

\* Equity Based on Information from DURNC Operating, LLC members' Schedule 2Bs and Personal Financial Statements.



## Office of the State Long Term Care Ombudsman

LTCOP Attachment A

Two Empire State Plaza  
Fifth Floor, Albany, NY 12223-1251  
[www.ltcombudsman.ny.gov](http://www.ltcombudsman.ny.gov)

Claudette Royal  
State Ombudsman  
1-855-582-6769

To: Public Health and Health Planning Council

Re: CON #221084 Hilaire Farm Skilled Living and Rehabilitation Center, LLC d/b/a Hilaire Rehab & Nursing

Date: July 06, 2022

Long Term Care Ombudsman Program Review:

The Office of the State Long Term Care Ombudsman has received and reviewed the application for change in ownership submitted by Hilaire Farm Skilled Living and Rehabilitation Center, LLC d/b/a Hilaire Rehab & Nursing. The Office has had a consistent presence in this facility currently operated by the proposed owners. Based on the Office's review of any programmatic interactions and complaints received for this facility, the Office has no objection to the approval of this application, however, would like to note a few general observations that should be considered by the proposed owners.

This facility is older and would benefit from some renovations, particularly related to poor lighting, as this does impact residents with visual impairments. It is also not consistently clean or well kept, which should be addressed.

Claudette Royal  
New York State Ombudsman

Hilaire Rehab and Nursing

	<u>2021 Internal</u>	<u>2020</u>	<u>2019</u>
ASSETS - CURRENT	\$4,387,051	\$4,674,096	\$3,368,925
ASSETS - FIXED AND OTHER	\$1,427,133	\$1,671,924	\$1,794,668
TOTAL ASSETS	\$5,814,184	\$6,346,020	\$5,163,593
LIABILITIES - CURRENT	\$3,021,022	\$5,330,532	\$3,100,680
LIABILITIES - LONG-TERM	\$6,536,178	\$4,892,037	\$5,726,278
TOTAL LIABILITIES	\$9,557,200	\$10,222,569	\$8,826,958
WORKING CAPITAL	\$1,366,029	(\$656,436)	\$268,245
NET ASSET POSITION	(\$3,743,016)	(\$3,876,549)	(\$3,663,365)
INCOME	\$10,894,568	\$9,671,686	\$9,533,798
EXPENSE	\$10,175,729	\$10,016,928	\$9,721,706
NET INCOME	\$718,839	(\$345,242)	(\$187,908)





**Office of the State  
Long Term Care  
Ombudsman**

Two Empire State Plaza  
Fifth Floor, Albany, NY 12223-1251  
[www.ltcombudsman.ny.gov](http://www.ltcombudsman.ny.gov)

Claudette Royal  
State Ombudsman  
1-855-582-6769

To: Public Health and Health Planning Council

Re: CON # 202122 Providence Rest, Inc.

Date: July 06, 2022

Long Term Care Ombudsman Program Review:

The Office of the State Long Term Care Ombudsman has received and reviewed the application for change in ownership submitted by Providence Rest, Inc. The Office has had a consistent presence in two of the nine facilities currently operated by the proposed owners. Although there has not been a consistent presence in all nine facilities, the regional programs have addressed complaints in all of them. Based on the Office's review of any programmatic interactions and complaints received for these facilities, the Office has no objection to the approval of this application, however, would like to note one area of concern that should be addressed by the proposed owners moving forward.

In several of the facilities currently operated by the proposed owners, there have been intermittent complaints related to facility-initiated or involuntary discharges. These complaints have involved disregard for residents' rights in the discharge process related to the choice of facilities to be transferred to, as well as concerns leading up to discharges for non-payment. The Office will continue to monitor these concerns and will address them with the administration of the facility accordingly.

A handwritten signature in cursive script that reads "Claudette Royal".

Claudette Royal  
New York State Ombudsman

**Providence Rest**  
Statements of Financial Position

	December 31,	
	<u>2021</u>	<u>2020</u>
<b>ASSETS</b>		
Current Assets		
Cash and cash equivalents	\$ 848,642	\$ 2,150,468
Investments	14,318,483	13,843,074
Accounts receivable	3,103,003	2,796,643
Due from third-party payors, current portion	-	293,904
Inventory	147,516	142,886
Prepaid expenses and other current assets	203,365	270,700
Residents' funds	<u>339,054</u>	<u>267,242</u>
Total Current Assets	18,960,063	19,764,917
Due from third party payors, net of current portion	80,385	53,733
Assets limited as to use	4,364,309	4,378,980
Other long-term assets	206,000	831,000
Land, building and equipment, net	<u>14,369,141</u>	<u>17,075,545</u>
	<u>\$ 37,979,898</u>	<u>\$ 42,104,175</u>
<b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities		
Accounts payable and accrued expenses	\$ 3,079,764	\$ 3,649,573
Accrued salaries and related benefits	775,330	955,527
Current portion of long-term debt	1,069,785	1,034,841
Due to affiliates	2,328,488	2,980
Due to third-party payors	111,331	745,984
Deferred revenue	90,806	-
Funds held for residents	<u>339,054</u>	<u>267,242</u>
Total Current Liabilities	7,794,558	6,656,147
Paycheck Protection Program loan	-	2,522,100
Long term debt, net of current portion	16,548,016	17,585,382
Other long-term liabilities	206,000	831,000
Accrued pension obligation	<u>1,174,534</u>	<u>1,285,420</u>
Total Liabilities	25,723,108	28,880,049
Net Assets		
Without donor restriction	<u>12,256,790</u>	<u>13,224,126</u>
	<u>\$ 37,979,898</u>	<u>\$ 42,104,175</u>

**Providence Rest**

Statements of Operations and Changes in Net Assets

	Year Ended	
	December 31,	
	2021	2020
<b>NET ASSETS WITHOUT DONOR RESTRICTIONS</b>		
Operating Revenue		
Net Patient Service Revenue		
Skilled nursing facility	\$ 21,676,647	\$ 21,712,189
Outpatient	2,991	71,195
Total Net Patient Service Revenue	21,679,638	21,783,384
Investment income	693,650	2,069,304
Other revenue	756,508	791,559
Total Operating Revenue	<u>23,129,796</u>	<u>24,644,247</u>
Operating Expenses		
Salaries	9,832,909	11,020,030
Employee benefits	5,667,583	5,918,980
Supplies and other expenses	9,073,745	8,872,602
Depreciation and amortization	2,931,009	3,021,378
Interest	656,023	700,530
New York State cash receipts assessment	968,009	956,000
Total Operating Expenses	<u>29,129,278</u>	<u>30,489,520</u>
Deficiency of Operating Revenue Over Operating Expenses	<u>(5,999,482)</u>	<u>(5,845,273)</u>
Non-operating Revenue and Expenses		
Provider Relief Funds	188,741	1,442,525
Contributions	13,221	103,708
Special events, net of expenses of approximately \$97,000 and \$82,000	34,485	61,288
Paycheck Protection Program Loan forgiveness	2,545,663	-
Grants	221,258	515,000
Unrealized gain (loss) on investments, net	1,769,534	(475,170)
Total Non-operating Revenue and Expenses	<u>4,772,902</u>	<u>1,647,351</u>
Change in Net Assets Without Donor Restrictions Before Other Changes in Net Assets Without Donor Restrictions	(1,226,580)	(4,197,922)
Equity transfer from Catholic Health Care System	51,289	-
Effect of pension liability adjustment	207,955	(203,600)
Change in Net Assets Without Donor Restrictions	<u>(967,336)</u>	<u>(4,401,522)</u>
<b>NET ASSETS</b>		
Beginning of year	<u>13,224,126</u>	<u>17,625,648</u>
End of year	<u>\$ 12,256,790</u>	<u>\$ 13,224,126</u>

**Catholic Health Care System**  
Consolidated Statements of Financial Position

	December 31,	
	2021	2020
<b>ASSETS</b>		
Current Assets		
Cash and cash equivalents	\$ 676,462	\$ 623,313
Dues and assessments receivable from related parties, current	1,647,573	2,692,534
Due from related parties - other	474,413	453,039
Prepaid expenses and other current assets	530,964	1,461,569
Resident security deposits	11,560	11,560
Assets limited as to use - self insured medical benefits, current	856,042	1,828,578
Total Current Assets	4,197,014	7,070,593
Loan receivable from Catholic Special Needs Plan, LLC	2,000,000	2,000,000
Other receivables	1,444,209	1,444,209
Dues and assessments receivable from related parties, net of current portion	13,043,110	10,803,463
Assets limited as to use - self insured medical benefits, net of current portion	2,652,134	2,259,463
Assets limited as to use - letter of credit and unearned grants	4,042,635	7,081,566
Furniture, equipment and leasehold improvements, net	3,614,026	4,425,758
	<b>\$ 30,993,128</b>	<b>\$ 35,085,052</b>
<b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities		
Accounts payable and accrued expenses	\$ 4,707,793	\$ 5,059,385
Accrued salaries and related benefits	2,184,579	2,296,348
Due to related parties	951,444	3,123,021
Resident security deposits	11,560	11,560
Incurred but not paid medical claims	4,681,152	5,308,465
Total Current Liabilities	12,536,528	15,798,779
Revolving note	1,425,453	1,425,453
Loan and security agreement	2,000,000	2,000,000
Deferred grant revenue	3,775,750	6,115,300
Accrued pension liability	1,697,694	6,885,032
Total Liabilities	21,435,425	32,224,564
Net Assets		
Without donor restrictions	9,557,703	2,860,488
	<b>\$ 30,993,128</b>	<b>\$ 35,085,052</b>

**Catholic Health Care System**

Consolidated Statements of Operations and Changes in Net Assets

	Year Ended December 31,	
	<u>2021</u>	<u>2020</u>
<b>NET ASSETS WITHOUT DONOR RESTRICTIONS</b>		
Revenue		
Membership dues and assessments	\$ 23,474,750	\$ 23,057,521
Insurance premiums from affiliates	25,719,318	27,839,466
Interest income	1,282	43,346
Other revenue	<u>1,521,846</u>	<u>1,611,632</u>
Total Revenue	<u>50,717,196</u>	<u>52,551,965</u>
Expenses		
Salaries	15,308,012	15,387,883
Employee benefits	1,659,543	2,350,269
Supplies and other expenses	6,591,213	6,557,669
Self-insured health insurance	29,585,143	31,984,886
Depreciation and amortization	1,037,229	702,820
Interest	<u>108,665</u>	<u>123,494</u>
Total Expenses	<u>54,289,805</u>	<u>57,107,021</u>
Deficiency of Revenue Over Expenses	(3,572,609)	(4,555,056)
Non-operating Revenue		
Grants	6,446,626	8,202,354
Paycheck Protection Program loan forgiveness	-	<u>637,958</u>
	<u>6,446,626</u>	<u>8,840,312</u>
Forgiveness of insurance premiums due from Calvary Hospital	-	(1,776,188)
Forgiveness of interest due from Archcare at Home	-	(34,300)
Equity transfers from related parties	1,100,000	1,000,802
Equity transfers to related parties	(1,395,135)	(3,000,000)
Pension liability adjustment	<u>4,118,333</u>	<u>705,442</u>
Change in Net Assets Without Donor Restrictions	6,697,215	1,181,012
<b>NET ASSETS WITHOUT DONOR RESTRICTIONS</b>		
Beginning of year	<u>2,860,488</u>	<u>1,679,476</u>
End of year	<u>\$ 9,557,703</u>	<u>\$ 2,860,488</u>

**Catholic Health Care Foundation of  
the Archdiocese of New York, Inc.**

Statements of Financial Position

	December 31,	
	<u>2021</u>	<u>2020</u>
<b>ASSETS</b>		
Cash	\$ 944,976	\$ 3,518,971
Investments	32,154,742	29,150,694
Due from related parties	5,250,969	1,176,864
Other receivables	-	20,760
Prepaid expenses	12,959	12,959
Loan receivable from ArchCare at Home	1,012,329	-
	<u>\$ 39,375,975</u>	<u>\$ 33,880,248</u>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities		
Accounts payable and accrued expenses	\$ 39,572	\$ 82,077
Due to related parties	-	225,337
Total Liabilities	<u>39,572</u>	<u>307,414</u>
Net Assets		
Without donor restrictions	39,015,552	33,398,049
With donor restrictions	320,851	174,785
Total Net Assets	<u>39,336,403</u>	<u>33,572,834</u>
	<u>\$ 39,375,975</u>	<u>\$ 33,880,248</u>

**Catholic Health Care Foundation of  
the Archdiocese of New York, Inc.**

Statements of Activities and Changes in Net Assets

	Year Ended December 31,	
	2021	2020
<b>NET ASSETS WITHOUT DONOR RESTRICTIONS</b>		
Support and Revenue		
Contributions	\$ 476,292	\$ 449,445
Special events revenue, net of direct donor benefit costs of approximately \$271,000 and \$239,000	859,790	966,043
Net assets released from restrictions	15,795	17,720
Total Support and Revenue	<u>1,351,877</u>	<u>1,433,208</u>
Expenses		
Program grants to related parties	962,491	1,779,264
Program grants - others	62,769	72,619
Management and general	71,717	309,790
Fundraising	15,795	17,720
Total Expenses	<u>1,112,772</u>	<u>2,179,393</u>
Excess (Deficiency) of Support and Revenue over Expenses	<u>239,105</u>	<u>(746,185)</u>
Non-operating Revenue		
Interest and dividends	422,402	438,024
Realized gain on investments	563,923	379,387
Unrealized gain on investments	3,570,735	2,084,529
Investment fees	(78,662)	(76,660)
Total Non-operating Revenue	<u>4,478,398</u>	<u>2,825,280</u>
Equity transfers to a related party	<u>(1,100,000)</u>	<u>(1,000,000)</u>
Equity transfers from related parties	<u>2,000,000</u>	<u>1,697,064</u>
Change in Net Assets Without Donor Restrictions	5,617,503	2,776,159
Net Assets Without Donor Restrictions, beginning of year	33,398,049	30,621,890
Net Assets Without Donor Restrictions, end of year	<u>\$ 39,015,552</u>	<u>\$ 33,398,049</u>
<b>NET ASSETS WITH DONOR RESTRICTIONS</b>		
Contributions	\$ 161,861	\$ 78,320
Net assets with donor restrictions released from restrictions	(15,795)	(17,720)
Change in Net Assets With Donor Restrictions	146,066	60,600
Net Assets With Donor Restrictions, beginning of year	174,785	114,185
Net Assets With Donor Restrictions, end of year	<u>\$ 320,851</u>	<u>\$ 174,785</u>
Change in Net Assets	\$ 5,763,569	\$ 2,836,759
<b>NET ASSETS</b>		
Beginning of year	33,572,834	30,736,075
End of year	<u>\$ 39,336,403</u>	<u>\$ 33,572,834</u>