

**This document is dated as of January 21, 2020**

**SPECIAL NOTE CONCERNING FORWARD-LOOKING STATEMENTS.** Certain of the discussions included in the following document may include certain “forward-looking statements” which involve known and unknown risks and uncertainties inherent in the operation of healthcare facilities. Actual actions or results may differ materially from those discussed below. Specific factors that might cause such differences include competition from other healthcare facilities in the service area of NYU Langone Hospitals (“NYULH”) facilities, federal and state regulation of healthcare providers, and reimbursement policies of the state and federal governments and managed care organizations. In particular, statements preceded by, followed by or that include the words “believes,” “estimates,” “expects,” “anticipates,” “plans,” “intends,” “scheduled” or other similar expressions are or may constitute forward-looking statements.

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**QUARTERLY REPORT  
(UNAUDITED FINANCIAL  
INFORMATION)  
FOR THE THREE MONTHS  
ENDING NOVEMBER 30, 2019**

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**Concerning**

**NYU Langone Hospitals**

**The information in this report  
has been provided by**

**NYU Langone Hospitals**

**NYU LANGONE HOSPITALS  
QUARTERLY REPORT  
(UNAUDITED FINANCIAL INFORMATION)  
FOR THE THREE MONTHS  
ENDING NOVEMBER 30, 2019**

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**NYU LANGONE HOSPITALS  
MANAGEMENT'S DISCUSSION & ANALYSIS  
OF  
RECENT FINANCIAL PERFORMANCE  
FOR THE THREE MONTHS  
ENDING NOVEMBER 30, 2019**

Effective August 1, 2019, NYU Langone Hospitals ("NYULH") and NYU Winthrop Hospital ("Winthrop") located in Mineola, Nassau County, effectuated a full asset merger of Winthrop into NYULH. In accordance with Generally Accepted Accounting Principles ASC Topic 805, this transaction was accounted for by adopting the pooling of interest methodology with retrospective adjustments in prior period financial statements for the period in which the entities were under common control. Therefore, the accompanying financial statements for the three months ended November 30, 2019 and November 30, 2018 reflect the financial position, operations, changes in net assets and cash flows of NYULH, including Winthrop, as if the merger had been completed prior to September 1, 2018.

Presented below is Management's discussion and analysis of NYULH's financial performance for the three-month period ending November 30, 2019.

**SUMMARY OF OPERATIONS FOR THE THREE MONTHS ENDING NOVEMBER 30, 2019 AND 2018**

**Results from Operations**

For the three months ended November 30, 2019, NYULH recorded a gain from operations of \$176.8 million, compared with a gain from operations of \$212.7 million for the three months ended November 30, 2018. NYULH generated an operating margin of 10.5% for the three months ended November 30, 2019 compared to a 12.2% operating margin for the three months ended November 30, 2018. Included in the gain from operations for the three months ended November 30, 2018 are one-time revenue items including \$102.4 million in other revenue attributable to the demutualization of NYULH's prior malpractice insurer Medical Liability Mutual Insurance Company ("MLMIC") and net assets released from restrictions for operating purposes from unrestricted philanthropy totaling \$34.1 million. The gain from operations for the three months ended November 30, 2019 included no significant one-time revenue items.

For the three months ended November 30, 2019, NYULH recorded total revenue of \$1.7 billion: 47% from inpatient operations; 46% from outpatient operations; and 7% from other sources. As compared to November 30, 2018, total revenue decreased by \$69.0 million or by 4.0%. Management attributes the decrease to the January 2019 transfer of employment of the NYU Winthrop physicians from NYU Winthrop to the Faculty Group Practice ("FGP") of the NYU Grossman School of Medicine ("NYUGSOM").

Operating expenses for the three months ended November 30, 2019 decreased by \$33.2 million or 2.2%. Operating expenses for the three months ended November 30, 2019 were comprised of: 42% salaries and benefits; 50% supplies; 6% depreciation and amortization; and 2% interest. Management attributes the decrease primarily to the transfer of the NYU Winthrop physicians to the NYUGSOM. Faculty Group Practice financial support totaled \$173.2 million for the three months ended November 30, 2019, a 14.0% increase as compared to the three months ended November 30, 2018. Management attributes the increase primarily to the transfer of NYU

Winthrop physicians to the NYUGSOM.

For the three months ended November 30, 2019, net assets without donor restrictions increased to \$255.9 million or 14.9% compared to \$222.7 million for the three months ended November 30, 2018. This increase is due to the gain from operations discussed above along with the effect of an increase in the discount rate of the pension and postretirement benefit liabilities. As a result of the full asset merger, effective August 1, 2019, the Medicare provider agreement for NYU Winthrop was terminated and subsumed into the Medicare provider agreement of the surviving entity NYULH. NYULH was unable to bill for patient services of NYU Winthrop under the surviving entity's provider number until the Centers for Medicare and Medicaid Services ("CMS") issued final approval and updated its billing system to reflect the change in ownership. As a result of the temporary hold on billings, NYULH's cash decreased and patient accounts receivable increased by \$175.7 million at November 30, 2019 compared to August 31, 2019. CMS issued the final approval in late December 2019, and NYULH has released the bills. NYULH expects to receive payment of a significant portion of these bills during the first three months of calendar 2020.

#### **STATEMENT OF FINANCIAL POSITION HIGHLIGHTS – NOVEMBER 30, 2019**

As of November 30, 2019, cash and investments totaled \$1.37 billion, a decrease of \$129.2 million or 8.6% as compared to fiscal year ended August 31, 2019. Days cash on hand decreased to 87 days, as compared to 95 days at August 31, 2019. The decrease in cash from August 31, 2019 is the result of a temporary bill hold on CMS billings for NYU Winthrop services. As a result of the full asset merger, effective August 1, 2019, the Medicare provider agreement for NYU Winthrop was terminated and subsumed into the Medicare provider agreement of the surviving entity, NYULH. NYULH was unable to bill for patient services of NYU Winthrop under the surviving entity's provider number until CMS issued final approval and updated its billing system to reflect the change in ownership. As a result of the temporary hold on billings, NYULH's cash decreased and patient accounts receivable increased by \$175.7 million at November 30, 2019 compared to August 31, 2019. CMS issued the final approval in late December 2019, and NYULH has released the bills. NYULH expects to receive payment of a significant portion of these bills during the first three months of calendar 2020.

As of November 30, 2019, the net amount of approximately \$10.1 million was owed by the Hospital to affiliated parties related to intercompany balances. Of this amount, \$18.0 million was owed to NYUGSOM and \$7.9 million was owed by NYU Langone Health System ("the System") and other affiliated parties.

The days revenue in patient accounts receivable equated to 58 days at November 30, 2019, 10 days longer compared to 48 days at August 31, 2019. Days in accounts payable was at 64 days as of November 30, 2019 compared to 77 days as of August 31, 2019.

At November 30, 2019, NYULH had existing lines of credit with three commercial banks with an aggregate available amount of \$600.0 million. Interest is payable on each of these lines of credit at LIBOR plus a spread of 60-70 basis points. As of November 30, 2019, total draws of \$336.5 million were outstanding on these lines of credit.

## LIQUIDITY AND INVESTMENTS

The tables below sets forth the days cash on hand calculated pursuant to the Master Indenture definition.

	<u>Year Ended</u> <u>August 31,</u>	<u>Three Months</u> <u>Ended November 30,</u>
	<u>2019</u>	<u>2019</u>
Cash and cash equivalents	\$785,154	\$608,120
Marketable Securities	731,939	770,596
Assets limited as to use	30,080	41,812
Assets limited as to use – board designated	-	-
Less: Restricted Funds	(52,388)	(54,903)
<b>Total Cash per Master Indenture</b>	<b><u>\$1,494,785</u></b>	<b><u>\$1,365,625</u></b>
Operating expenses	6,082,490	6,049,304
Depreciation and amortization	(378,070)	(382,718)
Other adjustments per Master Indenture	58,135	55,925
<b>Total Modified Operating Expenses</b>	<b><u>\$5,762,555</u></b>	<b><u>\$5,722,511</u></b>
Days Cash on Hand	<b>95</b>	<b>87</b>

Source: NYULH records.

CCC550 and WCPI are presented on an equity basis of accounting and Serices Corp is excluded.

## CURRENT ACTIVITIES

NYULH expects to issue approximately \$475.0 million of tax exempt bonds through the Dormitory Authority of the State of New York (“DASNY”), the proceeds of which, together with other available funds, will be used for (i)(a) constructing a five-story, approximately 160,000 square foot building housing a free-standing emergency department and an ambulatory care center containing multispecialty ambulatory surgery, a cancer center, a diagnostic imaging center, a laboratory, clinical pharmacy and physician offices located in Cobble Hill, Brooklyn, (b) constructing a two-story addition (adding approximately 100,000 square feet) to Winthrop a facility located at the Long Island site, which will provide post-partum rooms, medical/surgical rooms, a neonatal intensive care unit, ante-partum rooms and exam/triage rooms, and (c) internal build-out and related leasehold improvements for clinical care and faculty practice physician offices in an approximately 270,000 square foot building located at 1111 Franklin Ave, Garden City, New York, and (ii) paying certain costs of issuance of the Series 2020A Bonds.

Additionally, NYULH expects to issue approximately \$575.0 million of taxable bonds, the proceeds of which will be used together with other available funds(i) to refund all of the Nassau County Local Economic Assistance Corporation Revenue Bonds Winthrop Series 2012 bonds, (ii) for general corporate purposes, including without limitation repayment of outstanding lines of credit and (iii) to pay costs of issuance of the Taxable Series 2020B Bonds.

### **Winthrop Affiliation**

On April 1, 2017, the System became the sole member of Winthrop-University Hospital Association, subsequently renamed NYU Winthrop Hospital, a 591-bed inpatient acute care facility located in Mineola, Nassau County. On April 8, 2019, the System and Winthrop received a Certificate of Need approval from the New York State Department of Health for a full asset merger (the “Merger”). On August 1, 2019, Winthrop merged into NYULH. Prior to the Merger, as part of the affiliation agreement between the System and Winthrop, the System agreed to provide at least \$100 million in loans to Winthrop to construct projects on the campuses of Winthrop. All amounts owing under that loan arrangement were forgiven on the date of the Merger.

### **Medical School Payments**

NYULH views the quality and scale of the FGP as critical to the accomplishment of NYULH’s quality and strategic goals. The FGP employs the physicians constituting 66.4% of the active medical staff of NYULH, and NYULH believes that attracting and retaining the highest quality clinical staff depends in part on the vibrancy of the research and teaching programs and the overall depth and scale of the FGP. Accordingly, NYULH provides support for the clinical, research and education missions including costs related to the expansion of FGP clinical programs. The FGP of NYUGSOM has expanded into Long Island and other areas, and the historic level of subsidy to the FGP for joint program support has increased. The FGP expansion has resulted in material incremental costs for salary, rent, and recruitment. To cover the cost of expansion as well as other support, NYULH has provided for the three-month period ending November 30, 2019, support of \$173.2 million recorded in supplies and other expenses within the Statement of Operations. This is an increase of \$21.3 million or 14.0% more than the comparable prior period of \$151.9 million.

In addition to support for clinical expansion, NYULH has committed to provide annual mission support to NYUGSOM for joint clinical, research, and teaching programs which totals \$50.0 million per year. For the three months ended November 30, 2019, NYULH transferred \$12.5 million to NYUGSOM in partial satisfaction of the budgeted \$50 million 2020 payment. Accordingly, NYULH expects to transfer the residual \$37.5 million in the remaining nine months of fiscal year 2020.

Although NYULH is not obligated to increase funding to NYUGSOM, management anticipates that given the close interconnection between NYULH and NYUGSOM and the importance of the FGP to NYULH’s strategic plans, NYULH may decide to increase future funding to NYUGSOM and will continue to offset any deficit in NYUGSOM’s cash flows from operations. Management anticipates that cash flows for capital spending and other non-operating needs will be funded through equity transfers from NYULH to NYUGSOM. All such transfers would be consistent with the requirements of the Master Indenture.

### **Other Discussions**

From time-to-time, NYULH may also considering affiliating with other acute care hospitals in areas where NYULH believes that there may be a sufficient number of NYULH-affiliated physicians to support such a relationship. No letters of intent or other binding documents have

been executed with other hospitals in connection with potential affiliations, and there can be no assurance any affiliations will be completed.

### **Delivery System Reform Incentive Payment (“DSRIP”)**

NYULH is the lead hospital in the NYU Langone PPS, a network of hospitals, primary care practices and other healthcare providers participating in the DSRIP Program. The DSRIP Program is a New York State initiative to restructure the health care delivery system by reinvesting in the Medicaid program, with the primary goal of reducing avoidable hospital use by 25% over five years ending in March 2020. After Lutheran Medical Center merged into NYULH, NYULH met the criteria of a safety net provider to participate as a performing provider in the DSRIP Program, as it meets the percentage requirements for Medicaid patients (35% for outpatient and 30% for inpatient). Up to \$6.42 billion dollars has been allocated to the DSRIP Program, of which approximately \$127.8 million was earmarked to the NYU Langone PPS, with payouts to participating providers to be based upon achieving predefined results in system transformation, clinical management and population health. Through year four of the DSRIP Program, NYU Langone PPS has received \$126.2 million, with an additional \$14 million projected for year five, of which \$31 million was earned by NYULH through September 30, 2019, and an additional \$10 million anticipated through the end of year five. In addition, in July 2018, the NYU Langone PPS received approximately \$26.6 million from a grant from the Capital Restructuring Finance Program in support of the DSRIP Program to fund the NYU Langone PPS enterprise clinical platform implementation. DOH has asked CMS to extend the DSRIP Program through 2024.

### **UPDATE ON MAJOR CONSTRUCTION PROJECTS**

NYULH obtained certificate of need approval for major enhancements at its Cobble Hill and Winthrop sites, which are expected to be funded in part with proceeds of the Series 2020 Bonds. In addition, management is developing long-range plans for the Winthrop site that is currently expected to include new construction or substantial renovation anticipated to occur over the next ten years. Management currently anticipates that such costs would be funded from income generated from operations and additional debt. Any borrowing in connection with such plans would be made in compliance with the requirements of the Master Trust Indenture. Completion of the long-range plans for the Cobble Hill and Winthrop sites is dependent on internal and external approvals and is subject to market conditions and other factors.

### **Cobble Hill Emergency Department (“ED”)**

The Cobble Hill ED is located on the campus of the former Long Island College Hospital (“LICH”) in Brooklyn. In 2014, NYULH assumed operation of the former LICH ED and currently leases the premises pursuant to an agreement with the State University of New York and the current owner. NYULH expects to take title in Winter 2020 to an adjacent parcel on which the new Cobble Hill ED will be constructed. The Cobble Hill ED will consist of a five-story, approximately 160,000 square foot building that will replace the existing Cobble Hill ED and house a free-standing emergency department, ambulatory surgery, a cancer center with infusion services, comprehensive women’s services, a diagnostic imaging center, a laboratory, clinical pharmacy and over 6,000 square feet of physician office space for members of the FGP. The new Cobble Hill site is located at the former location of Long Island College Hospital.

### **Superstorm Sandy Update**

New York University, on behalf of NYULH, has initiated lawsuits against its primary insurer, Factory Mutual Insurance Company, and Turner Construction Company to recover additional insurance proceeds, but the ultimate outcome cannot be determined at this time and therefore no revenue relating to these lawsuits has been recorded for the three months ended November 30, 2019.

### **Subsequent Events**

On December 19, 2019, NYULH entered into a 35 year lease of a building with 270,000 rentable square feet, which is expected to be available for occupancy in 2020. The estimated present value of the lease liability to be recorded under this agreement is approximately \$170 million. Upon completion of the build-out of this space NYULH will substantially consolidate NYU Winthrop's existing ambulatory lease portfolio, terminating leases at 17 locations partially offsetting the long-term commitment for this lease.

Effective December 31, 2019, the Winthrop defined benefit pension and a portion of the Brooklyn defined benefit pension plan were merged into the legacy NYULH defined benefit pension plan. Additionally, the NYUGSOM defined benefit pension plan was also merged into the legacy NYULH defined benefit pension plan effective December 31, 2019.

In January 2020, NYULH received a subpoena from the Office of the Inspector General of the U.S. Department of Health and Human Services (the "OIG"), working in conjunction with the U.S. Department of Justice, for information relating to NYULH's Medicare cost reports for the years 2010-2019, in connection with an investigation of possible false or otherwise improper claims submitted for payment under Title XVIII (Medicare) and Title XIX (Medicaid) of the Social Security Act. NYULH understands the investigation relates to a targeted review of Medicare payments made to NYULH as reimbursement for the indirect component of its graduate medical education expenses ("IME"). The subpoena requests documents and data used to calculate NYULH's IME adjustment factor, which is based in part on the number of hospital residents in accredited training programs to available inpatient beds at the hospital as reported by NYULH each year on its Medicare cost report. The investigation is at a preliminary phase, and no demand for repayment has been received. NYULH cannot predict the outcome of this matter.

**NYU Langone Hospitals**  
**Statement of Financial Position**  
(Amounts In Thousands)

	(Unaudited) November 30, 2019	(Audited) August 31, 2019
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 608,120	\$ 785,154
Short-term investments	633,536	610,855
Assets limited as to use	26,153	14,325
Patient accounts receivable, net	983,884	808,186
Contributions receivable	28,796	28,801
Due from related organizations, net	17,299	40,064
Inventories	114,663	114,956
Other current assets	165,470	185,930
Total current assets	<u>2,577,921</u>	<u>2,588,271</u>
Long-term investments	137,060	121,084
Assets limited as to use, less current portion	121,967	119,006
Contributions receivable, less current portion	13,316	17,543
Professional liabilities insurance recoveries receivable	104,063	104,063
Other assets	218,415	212,199
Due from related organizations	9,500	9,500
Right-of-use-assets	579,552	-
Property, plant and equipment, net	4,537,775	4,577,427
Total assets	<u>\$ 8,299,569</u>	<u>\$ 7,749,093</u>
<b>Liabilities and net assets</b>		
Current liabilities:		
Current portion of long-term debt	\$ 55,925	\$ 58,135
Accounts payable and accrued expenses	308,028	382,719
Accrued salaries and related liabilities	248,294	279,918
Accrued interest payable	38,187	15,483
Current portion of accrued postretirement liabilities	2,913	2,913
Current portion of professional liabilities	7,244	7,244
Deferred revenue	52,570	69,418
Due to related organization, net	30,295	53,481
Other current liabilities	110,727	125,537
Total current liabilities	<u>854,183</u>	<u>994,848</u>
Long-term debt, less current portion	2,402,840	2,409,872
Operating lease liabilities, less current portion	617,068	-
Professional liabilities, less current portion	163,990	164,410
Accrued pension liabilities	578,986	735,948
Accrued postretirement liabilities, less current portion	100,672	100,509
Due to related organizations, less current portion	6,599	7,037
Other liabilities	306,413	328,265
Total liabilities	<u>5,030,751</u>	<u>4,740,889</u>
Net assets:		
Net assets without donor restrictions	3,156,963	2,901,037
Net assets with donor restrictions	111,855	107,167
Total net assets	<u>3,268,818</u>	<u>3,008,204</u>
Total liabilities and net assets	<u>\$ 8,299,569</u>	<u>\$ 7,749,093</u>

**NYU Langone Hospitals**  
**Statement Of Operations**  
**For the Three Months Ending November 30, 2019 and 2018**  
**(Amounts In Thousands)**

	<b>(Unaudited)</b> <b>November 30, 2019</b>	<b>(Unaudited)</b> <b>November 30, 2018</b>
<b>Operating revenue</b>		
Net patient service revenue	\$ 1,567,108	\$ 1,525,470
Grants and sponsored programs	17,801	12,535
Contributions	708	1,240
Endowment distribution and return on short-term investments	6,539	5,006
Other revenue	83,825	167,456
Net assets released from restrictions for operating purposes	2,120	35,417
Total operating revenue and other support	<u>1,678,101</u>	<u>1,747,124</u>
<b>Operating expenses</b>		
Salaries and wages	481,185	540,164
Employee benefits	151,054	175,674
Supplies and other	747,824	703,291
Depreciation and amortization	95,621	90,973
Interest	25,600	24,369
Total operating expenses	<u>1,501,284</u>	<u>1,534,471</u>
Gain from operations	176,817	212,653
<b>Other items</b>		
Other component of pension & postretirement costs	1,619	3,307
Investment return in excess of (less than) endowment distribution, net	23,885	(18,868)
Mission based payment to NYUGSoM	(12,500)	(12,500)
Other	1,498	39
<b>Excess of revenue over expenses</b>	191,319	184,631
Changes in pension & postretirement obligations	98,238	(10,376)
Contributions for capital asset acquisitions	166	3,575
Equity transfers (to) from related organizations, net	(36,753)	32,119
Net assets released from restrictions for capital purposes	2,956	12,786
<b>Net change in net assets without donor restrictions</b>	<u><u>\$ 255,926</u></u>	<u><u>\$ 222,735</u></u>

**NYU Langone Hospitals**  
**Statement of Changes in Net Assets**  
**(Amounts In Thousands)**  
**(Unaudited)**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Net assets at August 31, 2018</b>	<b>\$ 2,641,879</b>	<b>\$ 144,728</b>	<b>\$ 2,786,607</b>
Excess of revenue over expenses	578,143	-	578,143
Net assets released from restrictions for operations	-	(43,685)	(43,685)
Net assets released from restrictions for capital purposes	35,639	(35,639)	-
Change in pension and postretirement plans	(382,430)	-	(382,430)
Equity transfers from related organizations, net	26,746	-	26,746
Investment return, net	-	718	718
Appropriation of endowment distribution	-	(771)	(771)
Gifts, bequests and other items	1,060	41,816	42,876
Total changes in net assets	259,158	(37,561)	221,597
<b>Net assets at August 31, 2019</b>	<b>\$ 2,901,037</b>	<b>\$ 107,167</b>	<b>\$ 3,008,204</b>
Excess of revenue over expenses	191,319	-	191,319
Net assets released from restrictions for operations	-	(2,120)	(2,120)
Net assets released from restrictions for capital purposes	2,956	(2,956)	-
Change in pension and postretirement plans	98,238	-	98,238
Equity transfers from related organizations, net	(36,753)	1,402	(35,351)
Investment return, net	-	8,234	8,234
Appropriation of endowment distribution	-	(266)	(266)
Gifts, bequests and other items	166	394	560
Total changes in net assets	255,926	4,688	260,614
<b>Net assets at November 30, 2019</b>	<b>\$ 3,156,963</b>	<b>\$ 111,855</b>	<b>\$ 3,268,818</b>

**NYU Langone Hospitals**  
**Statement of Cash Flows**  
**(Amounts In Thousands)**

	<b>(Unaudited)</b> <b>For the three</b> <b>months ended</b> <b>November 30, 2019</b>	<b>(Unaudited)</b> <b>For the year</b> <b>ended</b> <b>August 31, 2019</b>
<b>Cash flows from operating activities</b>		
Changes in net assets	\$ 260,614	\$ 221,597
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Depreciation and amortization	95,621	378,070
Loss on disposal of property plant and equipment	-	279
Post-retirement and pension benefit adjustment	(860)	18,604
Pension retirement benefit adjustment	(97,378)	363,825
Equity transfers to (from) related organizations, net	36,434	(27,025)
Cash contributions restricted for capital	(377)	(15,331)
Donated securities liquidated to cash and restricted for capital	(2,516)	(15,430)
Gain on settlement	-	(47,283)
Commerical insurance proceeds for capital	(1,498)	(3,761)
Write-off of contribution receivable	-	2,013
Net unrealized and realized gain on investments and assets limited as to use	(22,343)	(3,487)
Changes in operating assets and liabilities		
Patient accounts receivable, net	(175,698)	(42,504)
Non-capital contributions receivable	4,232	30,174
Accounts payable and accrued expenses	(59,920)	(9,718)
Accrued salaries and related liabilities	(31,624)	125,123
Accrued interest payable	22,704	666
Due to related organizations, net	(859)	(9,824)
Professional liabilities, net	(420)	-
Accrued pension obligation	(59,584)	(17,081)
Accrued postretirement obligation	1,023	3,003
Other operating assets, liabilities and deferred revenue	(38,664)	(68,474)
<b>Net cash (used in) provided by operating activities</b>	<b>(71,113)</b>	<b>883,436</b>
Cash flows from investing activities		
Acquisitions of property, plant and equipment	(34,094)	(430,483)
Purchases of investments	(16,314)	(573,843)
Sales of investments	-	468,212
Commerical insurance proceeds for capital	1,498	3,761
Changes in assets limited as to use, net	(14,789)	43,412
<b>Net cash used in investing activities</b>	<b>(63,699)</b>	<b>(488,941)</b>
Cash flows from financing activities		
Equity transfers (to) from related organizations, net	(36,434)	11,541
Cash contributions and proceeds from donated securities restricted for capital	2,893	30,761
Principal payments on long-term debt and capital leases	(8,681)	(60,445)
Proceeds from borrowing on lines of credit	-	25,000
<b>Net cash (used in) provided by operating activities</b>	<b>(42,222)</b>	<b>6,857</b>
<b>Net increase in cash and cash equivalents</b>	<b>(177,034)</b>	<b>401,352</b>
Cash and cash equivalents		
Beginning of year	785,154	383,802
<b>End of year</b>	<b>\$ 608,120</b>	<b>\$ 785,154</b>
Supplemental information		
Cash paid for interest	\$ 4,749	\$ 114,061
Assets acquired under capital leases	-	31,378
Change in non-cash acquisitions of property, plant and equipment	(17,046)	(13,694)
Increase in operating lease assets and liabilities	579,552	-

NYU Langone Hospitals  
Utilization Statistics  
For the Three Months Ending November 30, 2019

	Manhattan Campus November 2019	Brooklyn Campus November 2019	Long Island Campus November 2019	NYU Langone Hospitals November 2019	Manhattan Campus November 2018	Brooklyn Campus November 2018	Long Island Campus November 2018	NYU Langone Hospitals November 2018
Total Inpatient Discharges	12,768	6,823	9,335	28,926	11,973	6,344	9,389	27,706
Less: Routine Newborn	1,191	960	1,051	3,202	1,322	956	1,081	3,359
Total Discharges (Excluding Routine Newborn)	11,577	5,863	8,284	25,724	10,651	5,388	8,308	24,347
Total Patient Days	61,220	29,483	41,221	131,924	57,198	26,638	43,458	127,294
Less: Routine Newborn	2,584	1,998	2,832	7,414	2,916	2,080	2,059	7,055
Total Patient Days (Excluding Routine Newborn)	58,636	27,485	38,389	124,510	54,282	24,558	41,399	120,239
Average Length of Stay	5.1	4.7	4.6	4.8	5.1	4.6	5.0	4.9
Total Case Mix Index	2.04	1.45	1.68	1.79	2.06	1.49	1.70	1.81
Average Census	644	302	422	1,368	597	270	455	1,321
Percent of Occupancy	89%	82%	89%	86%	81%	83%	89%	87%
ER Visits (Treat & Release)	22,690	16,323	14,109	53,122	21,447	16,065	14,330	51,842
ER Observation	1,073	375	1,073	2,521	1,654	716	1,142	3,512
ER Admits	5,640	4,249	5,411	15,300	4,548	3,680	5,239	13,467
Cancer Center Visits	116,689	-	-	116,689	94,405	-	14,207	108,612
Home Healthcare	-	-	28,294	28,294	-	-	28,047	28,047
Amputatory Surgery - Includes Cardiac Cath + EP	15,530	2,956	6,805	25,291	14,682	2,717	6,767	24,166
Clinics + Referred Amb	148,035	19,250	42,745	210,030	141,941	17,960	46,202	206,103
	309,657	43,153	98,437	451,247	278,677	41,138	115,934	435,749

NYU Langone Hospitals Payor Mix by Discharges (Excluding Routine Newborn) For the Three Months Ending November 30, 2019										
	Manhattan Campus November 2019	Brooklyn Campus November 2019	Long Island Campus November 2019	NYU Langone Hospitals November 2019	Manhattan Campus November 2018	Brooklyn Campus November 2018	Long Island Campus November 2018	NYU Langone Hospitals November 2018		
Medicare FFS & HMO	4,486	2,211	3,503	0.4229	3,779	1,765	3,331	0.4009	8,875	36%
Medicaid FFS & HMO	2,107	2,550	1,505	0.1817	2,027	2,464	1,531	0.1843	6,022	25%
Commercial & Other	4,880	1,050	3,239	0.391	4,786	1,102	3,427	0.4125	9,315	38%
Self Pay	104	52	37	0.0045	59	57	19	0.0023	135	1%
<b>TOTAL</b>	<b>11,577</b>	<b>5,863</b>	<b>8,284</b>	<b>100%</b>	<b>10,651</b>	<b>5,388</b>	<b>8,308</b>	<b>100%</b>	<b>24,347</b>	<b>100%</b>

**NYU LANGONE HOSPITALS**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE THREE MONTHS ENDING NOVEMBER 30, 2019**

**NOTE 1: FINANCIAL INFORMATION**

The financial information furnished herein is unaudited and thus is subject to change; however, in the opinion of management, the information reflects all adjustments that are necessary to fairly state the financial position of NYULH, and the results of its operations and changes in its net assets without donor restrictions for the interim periods indicated.

NYULH presumes that users of this interim financial information have read or have access to NYULH audited financial statements and that the adequacy of additional disclosure needed for a fair presentation may be determined in that context. The Financial Statements of NYULH for the fiscal year ended August 31, 2019 are on file at [www.emma.msrb.org](http://www.emma.msrb.org) and the information contained therein is hereby incorporated in this Quarterly Report.

Patient volumes and net operating revenues are subject to seasonal variations caused by a number of factors, including, but not necessarily limited to, seasonal cycles of illness, climate and weather conditions, vacation patterns of both hospital patients and admitting physicians and other factors relating to the timing of elective hospital procedures. Interim operating results are not necessarily representative of operations for a full year for various reasons, including levels of occupancy and other patient volumes, interest rates, unusual or non-recurring items and other seasonal fluctuations. These same considerations apply to all year-to-year comparisons.

**NOTE 2: BASIS OF PRESENTATION**

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States applied on a basis substantially consistent with that of the August 31, 2019 audited financial statements of NYULH. They do not include all of the information and footnotes required by accounting principles generally accepted in the United States for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included.

**NOTE 3: INVESTMENTS AND ASSETS LIMITED AS TO USE**

Investments and Assets limited as to use consist of unrestricted assets and assets whose use has been restricted to satisfy certain debt obligations, respectively. These assets include cash and cash equivalents and marketable securities classified as trading.

**NOTE 4: USE OF ESTIMATES**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets, including estimated uncollectible accounts receivable for services to patients and the valuation of investments, and liabilities including estimated settlements with third party payors and malpractice insurance liabilities, and disclosures of contingent assets and liabilities at the date of the financial statements. Estimates also affect the amounts of revenue and expenses reported during the period. There is at least a reasonable possibility that certain estimates will change by material amounts in the near term. Actual results could differ from those estimates.

**NOTE 5: NEW AUTHORITATIVE PRONOUNCEMENTS**

In May 2014, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2014-09, Revenue from Contracts with Customers (Topic 606). This ASU implements a single framework for revenue recognition ensuring that revenue is recognized in a manner which reflects the consideration to which the entity expects to be entitled to in exchange for goods and services. NYULH adopted ASU 2014-09 in fiscal year 2019. Adoption did not have a material impact on NYULH’s consolidated financial statements and changes have been applied on a full retrospective basis.

In August 2016, the FASB issued ASU 2016-14, Presentation of Financial Statements for Not for Profit Entities. NYULH has adopted this standard retrospectively in fiscal year 2019. Under the new guidance, the existing three category classification of net assets (i.e., unrestricted, temporarily restricted, and permanently restricted) are replaced with a simplified model that combines temporarily restricted and permanently restricted into a single category called “net assets with donor restrictions.” Unrestricted net assets have been renamed “net assets without donor restriction.” The guidance also enhances disclosures about liquidity and expenses by both natural and functional classification. Adoption did not have a material impact on NYULH’s consolidated financial statements.

In June 2018, the FASB issued ASU 2018-08, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. The ASU provides additional guidance for evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions subject to other guidance, and for determining whether a contribution is conditional or unconditional. NYULH adopted ASU 2018-08 in fiscal year 2019 on a modified prospective basis and adoption did not have a material impact on the consolidated financial statements.

In February 2016, the FASB issued ASU 2016-02, Leases. Under the new guidance, lessees will be required to recognize the following for all leases (with the exception of leases with a term of six months or less) at the commencement date: (a) a lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis; and (b) a right-of-use asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term. Under the new guidance, lessor accounting is largely unchanged. The guidance requires a modified retrospective transition approach for leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements. The modified retrospective approach would not require any transition accounting for leases that expire before the earliest comparative period presented. A full retrospective transition approach is not permitted. NYULH adopted this guidance on September 1, 2019 for fiscal year 2020. The adoption had a material impact on the consolidated balance sheet as of September 1, 2019, where right-of-use lease assets and lease liabilities were recorded with respect to its current operating leases.

**NOTE 6:     RETIREMENT PLANS**

NYULH provides pension and similar benefits to its employees through several plans, including various multiemployer plans for union employees, a qualified noncontributory defined benefit plan primarily for eligible nonunion employees of NYULH and certain of its related organizations, and a nonqualified defined benefit plan for certain executives. NYULH also provides pension and similar benefits to certain employees through a defined contribution plan. NYULH funds the noncontributory defined benefit plans in accordance with the minimum funding requirement of the Employee Retirement Income Security Act of 1974 ("ERISA"), plus additional amounts that NYULH may deem appropriate from time to time. The Pension Protection Act of 2006 required certain changes to the minimum funding requirements, among other provisions, commencing in 2008. Amounts contributed to the defined benefit plans are based on actuarial valuations. Contributions to union plans are based on union employee gross salary levels and rates required under union contractual arrangements. Contributions to NYULH's defined contribution plan are generally based on percentages of annual salaries.

Pension expense included in the statements of operations and changes in net assets for the three months ending November 30, 2019 totaled \$23.5 million.