UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

The New York and Presbyterian Hospital

As of and For the Nine Months Ended September 30, 2020

The New York and Presbyterian Hospital

Unaudited Consolidated Financial Statements and Supplementary Information

As of and For the Nine Months Ended September 30, 2020

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Supplementary Information

The New York and Presbyterian Hospital

Unaudited Consolidated Statements of Financial Position

(In Thousands)

	(Unaudited) September 30 2020	*(Audited)* December 31 2019
Assets		
Current assets:		
Cash, cash equivalents and short-term investments:		
Cash and cash equivalents	**$ 1,323,561**	$ 359,292
Short-term investments	**2,510,889**	2,232,518
Total cash, cash equivalents and short-term investments	**3,834,450**	2,591,810
Patient accounts receivable – net	**833,580**	1,110,468
Other current assets	**391,849**	319,578
Assets limited as to use – current portion	**62,166**	63,415
Professional liabilities insurance recoveries receivable and related deposits – current portion	**82,788**	91,075
Beneficial interest in net assets held by related organizations – current portion	**93,443**	68,510
Due from related organizations – net	**13,360**	9,807
Total current assets	**5,311,636**	4,254,663
Assets limited as to use – noncurrent	**4,746,954**	4,028,298
Property, buildings and equipment – net	**5,185,878**	4,958,136
Operating lease assets	**445,655**	398,681
Other noncurrent assets – net	**52,777**	51,586
Professional liabilities insurance recoveries receivable and related deposits – noncurrent	**311,180**	328,166
Beneficial interest in net assets held by related organizations – noncurrent	**2,056,899**	2,101,494
Total assets	**$ 18,110,979**	$ 16,121,024

Continued on following page.

The New York and Presbyterian Hospital

Unaudited Consolidated Statements of Financial Position (continued)
(In Thousands)

	(Unaudited) September 30 2020	*(Audited)* December 31 2019
Liabilities and net assets		
Current liabilities:		
Long-term debt – current portion	**$ 86,127**	$ 86,165
Operating lease liability – current portion	**60,373**	55,947
Accounts payable and accrued expenses	**1,079,093**	821,917
Accrued salaries and related liabilities	**547,601**	478,769
Pension and postretirement benefit liabilities – current portion	**28,410**	28,410
Professional and other insurance liabilities – current portion	**109,658**	117,945
Other current liabilities	**994,945**	214,262
Total current liabilities	**2,906,207**	1,803,415
Long-term debt	**4,167,480**	3,179,992
Operating lease liability	**403,700**	360,075
Professional and other insurance liabilities	**708,792**	718,481
Pension liability	**511,811**	268,506
Postretirement benefit liability	**71,621**	69,566
Other noncurrent liabilities	**625,049**	471,333
Total liabilities	**9,394,660**	6,871,368
Commitments and contingencies		
Net assets:		
Net assets without donor restrictions	**6,509,722**	7,027,580
Net assets with donor restrictions	**2,206,597**	2,222,076
Total net assets	**8,716,319**	9,249,656
Total liabilities and net assets	**$ 18,110,979**	$ 16,121,024

See accompanying notes.

The New York and Presbyterian Hospital

Unaudited Consolidated Statements of Operations
(In Thousands)

	(Unaudited) Nine Months Ended September 30	
	2020	**2019**
Operating revenues		
Net patient service revenue	**$ 5,590,549**	$ 6,395,401
Other revenue	**1,290,597**	310,162
Total operating revenues	**6,881,146**	6,705,563
Operating expenses		
Salaries and wages	**3,529,070**	3,147,108
Employee benefits	**879,330**	848,273
Supplies and other expenses	**2,448,626**	2,106,469
Interest and amortization of deferred financing fees	**102,718**	86,253
Depreciation and amortization	**378,286**	350,993
Total operating expenses	**7,338,030**	6,539,096
Operating (loss) income	**(456,884)**	166,467
Investment return, net	**62,265**	415,840
Expected return on plan assets and other components of net periodic pension and postretirement cost	**19,122**	25,903
(Deficiency) excess of revenues over expenses	**(375,497)**	608,210
Other changes in net assets without donor restrictions:		
Net asset transfers to related parties	**(12,435)**	(7,782)
Net assets released from restrictions for the purchase of fixed assets	**(347)**	–
Distributions from New York-Presbyterian Fund, Inc. for the purchase of fixed assets	**47,518**	67,525
Change in pension and postretirement benefit liabilities to be recognized in future periods	**(177,097)**	(144,343)
Change in net assets without donor restrictions	**$ (517,858)**	$ 523,610

See accompanying notes.

The New York and Presbyterian Hospital

Unaudited Consolidated Statements of Changes in Net Assets

(In Thousands)

	Net Assets without Donor Restrictions	Net Assets with Donor Restrictions	Beneficial Interest in Net Assets with Donor Restrictions Held by Related Organizations: Plant Replacement	Specific Purpose	Endowment Earnings	Permanent Endowment	Total Beneficial Interest	Total Net Assets with Donor Restrictions	Total Net Assets
					(Unaudited)				
Net assets at January 1, 2019	$6,233,164	$ 48,010	$ 708,543	$ 851,055	$ 203,210	$ 260,227	$ 2,023,035	$ 2,071,045	$8,304,209
Change in net assets without donor restrictions	523,610	–	–	–	–	–	–	–	523,610
Net investment return - donor restricted	–	2,449	–	–	–	–	–	2,449	2,449
Changes in beneficial interest in net assets by related organizations	–	–	11,221	34,001	6,987	1,392	53,601	53,601	53,601
Change in net assets	523,610	2,449	11,221	34,001	6,987	1,392	53,601	56,050	579,660
Net assets at September 30, 2019	$6,756,774	$ 50,459	$ 719,764	$ 885,056	$ 210,197	$ 261,619	$ 2,076,636	$ 2,127,095	$ 8,883,869
Net assets at January 1, 2020	**$7,027,580**	**$ 52,072**	**$ 755,204**	**$ 931,365**	**$ 217,564**	**$ 265,871**	**$ 2,170,004**	**$ 2,222,076**	**$ 9,249,656**
Change in net assets without donor restrictions	**(517,858)**	–	–	–	–	–	–	–	**(517,858)**
Net investment return - donor restricted	–	**4,183**	–	–	–	–	–	**4,183**	**4,183**
Changes in beneficial interest in net assets held by related organizations	–	–	**(22,646)**	**18,824**	**(17,475)**	**1,635**	**(19,662)**	**(19,662)**	**(19,662)**
Change in net assets	**(517,858)**	**4,183**	**(22,646)**	**18,824**	**(17,475)**	**1,635**	**(19,662)**	**(15,479)**	**(533,337)**
Net assets at September 30, 2020	**$6,509,722**	**$ 56,255**	**$ 732,558**	**$ 950,189**	**$ 200,089**	**$ 267,506**	**$ 2,150,342**	**$ 2,206,597**	**$ 8,716,319**

See accompanying notes.

The New York and Presbyterian Hospital

Unaudited Consolidated Statements of Cash Flows

(In Thousands)

	(Unaudited) Nine Months Ended September 30 2020	2019
Operating activities		
Change in net assets	**$ (533,337)**	$ 579,660
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	**378,286**	350,993
Amortization of deferred financing costs, mortgage discount and other	**2,874**	2,659
Distributions from New York-Presbyterian Fund, Inc. for the purchase of fixed assets	**(47,518)**	(67,525)
Net investment return-without donor restrictions, excluding interest and dividends	**(50,753)**	(342,948)
Equity in income from investee	**(2,978)**	(5,275)
Net asset transfers to related parties	**12,435**	7,782
Increase in debt for interest accretion	**815**	844
Changes in operating assets and liabilities:		
Patient accounts receivable – net	**276,888**	(102,325)
Other assets and operating lease assets	**(71,107)**	(37,783)
Beneficial interest in net assets held by related organizations	**19,662**	(53,601)
Accounts payable and accrued expenses	**257,176**	91,023
Accrued salaries and related liabilities	**68,832**	58,335
Due to/from related organizations – net	**(3,553)**	(16,410)
Other liabilities	**934,399**	(89,848)
Professional and other insurance liabilities and related insurance recoveries receivable and deposits	**7,297**	15,318
Pension and postretirement benefit liabilities	**245,360**	34,078
Net cash provided by operating activities	**1,494,778**	424,977
Investing activities		
Net purchases of investments and assets limited as to use	**(941,286)**	(138,274)
Acquisitions of property, buildings and equipment – net	**(494,805)**	(504,393)
Distribution from investee	**1,700**	1,500
Loan to related organization	**–**	(17,609)
Net cash used in investing activities	**(1,434,391)**	(658,776)
Financing activities		
Repayments of long-term debt	**(72,294)**	(61,150)
Proceeds from lines of credit	**550,000**	–
Repayments of lines of credit	**(350,000)**	–
Proceeds from issuance of long-term debt	**750,000**	–
Payment of deferred financing costs	**(5,168)**	–
Net asset transfers to related parties	**(12,435)**	(7,782)
Distributions from New York-Presbyterian Fund, Inc. for the purchase of fixed assets	**47,518**	67,525
Net cash provided by (used in) financing activities	**907,621**	(1,407)
Net increase (decrease) in cash and cash equivalents and restricted cash and restricted cash equivalents	**968,008**	(235,206)
Cash and cash equivalents and restricted cash and restricted cash equivalents at beginning of period	**405,132**	632,024
Cash and cash equivalents and restricted cash and restricted cash equivalents at end of period	**$ 1,373,140**	$ 396,818
Supplemental disclosure of cash flow information		
Assets acquired under finance lease obligations	**$ 111,223**	$ 20,472

See accompanying notes.

1. Organization and Summary of Significant Accounting Policies

Financial Statements

The New York and Presbyterian Hospital (the Hospital) presumes that users of this unaudited consolidated financial information intended for quarterly reporting purposes have read or have access to the Hospital's audited consolidated financial statements which include certain disclosures required by U.S. generally accepted accounting principles. The audited financial statements of the Hospital for the years ended December 31, 2019 and 2018 are on file with the Municipal Securities Rulemaking Board and are accessible through its Electronic Municipal Market Access Database (EMMA). Accordingly, footnotes and other disclosures that would substantially duplicate the disclosures contained in the Hospital's most recent audited financial statements have been omitted from the unaudited consolidated financial information.

In the opinion of management, all adjustments considered necessary for a fair presentation of the results of the periods have been included in the accompanying unaudited consolidated financial statements. All such adjustments are considered by management to be of a normal, recurring nature, except as noted otherwise. Certain amounts pertaining to the Hospital and its subsidiaries have been reflected in the accompanying unaudited consolidated and consolidating financial information based on amounts available as of the filing date of this unaudited consolidated information and are recorded based on annual estimates, are only updated annually, or are projected for interim financial reporting purposes; however, such amounts and estimates are subject to change and are reevaluated by the Hospital quarterly and on an annual basis.

Coronavirus Disease 2019 (COVID-19): On March 18, 2020, the Hospital published a voluntary disclosure on the EMMA site containing information regarding the outbreak of COVID-19, the response of the Hospital to the outbreak, and the potential impact of the outbreak on the Hospital's operations and financial condition as estimated at that time. Additional updates to such information have been included in the Hospital's quarterly disclosure reports and its Offering Memorandum for Taxable Bonds, Series 2020 published on the EMMA site. As noted in that information for an enhancement to its liquidity, in March 2020 NYPH (as defined below) drew down a total of $550.0 million on lines of credit, $350.0 million of which has since been repaid; the remaining $200.0 million is reflected in long-term debt in the accompanying unaudited consolidated financial statements as of September 30, 2020. As of the filing date of this unaudited consolidated information (November 25, 2020), this amount on the line of credit advances remains outstanding. In connection with COVID-19, there has been a significant reduction in net patient service revenue and increased operating expenses which had a negative impact on the Hospital's financial results. To offset the loss of revenue and increased expenses, the Hospital received grant distributions under the Coronavirus Aid, Relief, and Economic Security (CARES) Act Provider Relief Fund (PRF) totaling approximately $941.5 million through September 30, 2020, approximately $907.5 million of which was recognized as other revenue in the accompanying September 30, 2020 statement of operations based on the grant criteria and guidance issued by the United States Department of Health and Human Services (HHS), as updated through September 30, 2020, and applicable accounting policies.

1. Organization and Summary of Significant Accounting Policies (continued)

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

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

Community Programs serves as the active parent organization for the NewYork-Presbyterian Regional Hospitals, which consists of Hudson Valley Hospital Center (d/b/a NewYork-Presbyterian/Hudson Valley Hospital) (NYP/Hudson Valley), NewYork-Presbyterian Hospital/Queens (NYP/Queens) and NewYork-Presbyterian/Brooklyn Methodist (d/b/a NewYork-Presbyterian/Brooklyn Methodist Hospital) (NYP/Brooklyn Methodist), collectively the "Regional Hospitals". The Regional Hospitals also included NewYork-Presbyterian/Lawrence Hospital (NYP/Lawrence Hospital) prior to its merger into NYPH on April 1, 2019.

In connection with and effective on the same date as the merger of NYP/Lawrence Hospital into NYPH, the by-laws of Lawrence Care, Inc. (LCI), which was formerly a subsidiary of NYP/Lawrence Hospital and is the sole corporate member of Lawrence Community Health Services (LCHS), were amended such that LCI has no corporate member and a majority of its Board of Directors will consist of individuals concurrently participating in the supervision, control or management of NYPH. LCHS operates a certified home health agency, a certified hospice program and a bereavement center. Additionally, effective as of the date of the merger, Lawrence Medical Associates, P.C. (d/b/a NewYork-Presbyterian Medical Group/Westchester), a State of New York professional corporation exempt from federal income tax that was organized in 2009 for the sole purpose of supporting and furthering the charitable purposes of NYP/Lawrence Hospital, now supports and furthers the charitable purposes of NYPH.

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

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

1. Organization and Summary of Significant Accounting Policies (continued)

A summary of significant accounting policies follows:

Use of Estimates

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

Cash and Cash Equivalents and Short-term Investments: The Hospital classifies as cash equivalents all highly liquid financial instruments with a maturity of three months or less when purchased, excluding those held in short-term investments and assets limited as to use for funded depreciation and board designated purposes as such holdings are within investment portfolios. A reconciliation of amounts reported on the statements of financial position to the statements of cash flows as of and for the nine months ended September 30, 2020 and 2019 follows (in thousands):

	9/30/2020	9/30/2019
	(Unaudited)	
Cash and cash equivalents	**$ 1,323,561**	$ 353,454
Assets limited as to use - funds held under loan agreements: cash and cash equivalents	**13,398**	8,274
Assets limited as to use - funded self-insurance (professional liabilities): cash and cash equivalents	**22,498**	21,318
Assets limited as to use - donor restricted: cash and cash equivalents	**13,683**	13,772
Total cash and cash equivalents and restricted cash and restricted cash equivalents	**$ 1,373,140**	$ 396,818

Recent Accounting Pronouncements

In November 2016, the FASB issued ASU 2016-18, *Statement of Cash Flows – Restricted Cash*, which requires that the statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Therefore, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-

1. Organization and Summary of Significant Accounting Policies (continued)

period and end-of-period total amounts shown on the statement of cash flows. The Hospital adopted ASU 2016-18 in 2019 using a retrospective transition method.

In March 2017, the FASB issued ASU No. 2017-07, *Compensation—Retirement Benefits: Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost*. ASU 2017-07 addresses how employers that sponsor defined benefit pension and/or other postretirement benefit plans present the net periodic benefit cost in the income statement. Employers will be required to present the service cost component of net periodic benefit cost in the same income statement line item as other employee compensation costs arising from services rendered during the period. Employers will present the other components of the net periodic benefit cost separately from the line item that includes the service cost and outside of any subtotal of operating income, if one is presented. The standard became effective for the Hospital for annual periods beginning after December 15, 2018. The Hospital initially adopted ASU 2017-07 effective in its December 31, 2019 consolidated financial statements which required classification of the service cost component of net periodic benefit cost related to its defined benefit plans within salaries and wages on the consolidated statements of operations and to present all other components of net periodic benefit cost as a separate line item excluded from the subtotal for operating income. This change was reflected in the accompanying unaudited consolidated statement of operations for the nine months ended September 30, 2020 and 2019. Net periodic benefit cost was previously reported within employee benefits expense on the consolidated statements of operations. The effects of the adoption of ASU 2017-07 were applied retrospectively. Adoption of ASU 2017-07 did not impact the Hospital's consolidated net assets.

Net Patient Service Revenue

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

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

1. Organization and Summary of Significant Accounting Policies (continued)

The Hospital's initial estimate of the transaction price for services provided to patients is determined by reducing the total standard charges related to the patient services provided by various elements of variable consideration, including contractual adjustments, discounts, implicit price concessions, and other reductions to the Hospital's standard charges. The Hospital determines the transaction price associated with services provided to patients who have third-party payor coverage on the basis of contractual or formula-driven rates for the services rendered. The estimates for contractual allowances and discounts are based on contractual agreements, the Hospital's discount policies and historical experience. For uninsured and under-insured patients who do not qualify for charity care, the Hospital determines the transaction price associated with services on the basis of charges reduced by implicit price concessions. Implicit price concessions included in the estimate of the transaction price are based on the Hospital's historical collection experience for applicable patient portfolios. Under the Hospital's charity care policy, a patient who has no insurance or is under-insured and is ineligible for any government assistance program has his or her bill reduced to (1) the lesser of charges or the Medicaid diagnostic-related group for inpatient and (2) a discount from Medicaid fee-for-service rates for outpatient. Patients who meet the Hospital's criteria for free care are provided care without charge; such amounts are not reported as revenue.

Generally, the Hospital bills patients and third-party payors several days after the services are performed and/or the patient is discharged. Net patient service revenue is recognized as performance obligations are satisfied. Performance obligations are determined based on the nature of the services provided by the Hospital. Net patient service revenue for performance obligations satisfied over time is recognized based on estimated expected payment at that point in time. The Hospital believes that this method provides a reasonable depiction of the transfer of services over the term of the performance obligation based on the services needed to satisfy the obligation.

Generally, performance obligations satisfied over time relate to patients receiving inpatient acute care services or patients receiving services in the Hospital's outpatient and ambulatory care centers. The Hospital measures the performance obligation from admission into the Hospital or the commencement of an outpatient service to the point when it is no longer required to provide services to that patient, which is generally at the time of discharge or the completion of the outpatient visit.

Substantially all of its performance obligations relate to contracts with a duration of less than one year. Unsatisfied or partially unsatisfied performance obligations primarily relate to inpatient acute care services at the end of the reporting period for patients who remain admitted at that time (in-house patients). The performance obligations for in-house patients are generally completed when the patients are discharged, which for the majority of the Hospital's in-house patients occurs within days or weeks after the end of the reporting period.

1. Organization and Summary of Significant Accounting Policies (continued)

Net patient service revenue for the nine months ended September 30, 2020 and 2019, by payor is as follows (in thousands):

	September 30, 2020	September 30, 2019
	(Unaudited)	
Medicare	**$ 1,595,364**	$ 1,803,440
Medicaid	**939,631**	1,100,549
Commercial carriers and health maintenance organizations	**3,015 721**	3,443,682
Self-pay	**39,833**	47,730
	$ 5,590,549	$ 6,395,401

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

Subsequent changes to the estimate of the transaction price (determined on a portfolio basis when applicable) are generally recorded as adjustments to patient service revenue in the period of the change. For the periods ended September 30, 2020 and 2019, changes in the Hospital's estimates of implicit price concessions, discounts, contractual adjustments or other reductions to expected payments for performance obligations satisfied in prior periods were not significant. Portfolio collection estimates are updated quarterly based on collection trends. Subsequent changes that are determined to be the result of an adverse change in the patient's ability to pay (determined on a portfolio basis when applicable) are recorded as bad debt expense. Bad debt expense for the periods ended September 30, 2020 and 2019 was not significant.

At September 30, 2020 and December 31, 2019, accounts receivable is comprised of the following components (in thousands):

	September 30, 2020	December 31, 2019
	(Unaudited)	*(Audited)*
Patient receivables	**$ 754,567**	$ 1,031,124
Contract assets	**79,013**	79,344
	$ 833,580	$ 1,110,468

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

1. Organization and Summary of Significant Accounting Policies (continued)

Settlements with third-party payors for cost report filings and retroactive adjustments due to ongoing and future audits, reviews or investigations are considered variable consideration and are included in the determination of the estimated transaction price for providing patient care. These settlements are estimated based on the terms of the payment agreement with the payor, correspondence from the payor and the Hospital's historical settlement activity (for example, cost report final settlements or repayments related to recovery audits), including an assessment to ensure that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the retroactive adjustment is subsequently resolved. Such estimates are determined through either a probability-weighted estimate or an estimate of the most likely amount, depending on the circumstances related to a given estimated settlement item. Estimated settlements are adjusted in future periods as adjustments become known (that is, new information becomes available), or as years are settled or are no longer subject to such audits, reviews, and investigations.

For the nine months ended September 30, 2020 and 2019, the net effect of the Hospital's revisions to prior year estimates resulted in net patient service revenue increasing by approximately $42.8 million and $39.6 million, respectively.

The Hospital has established estimates, based on information presently available, of amounts due to or from Medicare and non-Medicare payors for adjustments to current and prior years' payment rates, based on industry-wide and Hospital-specific data. Medicare cost reports, which serve as the basis for final settlement with the Medicare program, have been audited by the Medicare fiscal intermediary and settled through 2001 and years 2005, 2006 and 2014 for NYPH and for various years ranging from 2008 to 2015 for the Regional Hospitals, although revisions to final settlements or other retroactive changes could be made. Other years and various issues remain open for Medicare audit and settlement, as are numerous issues related to the New York State Medicaid program for prior years. The current Medicaid, Medicare and other third-party payor programs are based upon extremely complex laws and regulations that are subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount when open years are settled, audits are completed and additional information is obtained.

Additionally, noncompliance with such laws and regulations could result in fines, penalties and exclusion from such programs. The Hospital is not aware of any allegations of noncompliance that could have a material adverse effect on the accompanying consolidated financial statements and believes that it is in compliance with all applicable laws and regulations, except for a matter disclosed in its audited consolidated financial statements for the years ended December 31, 2019 and 2018 (refer to Note 12 therein). There are various proposals at the federal and state levels that could, among other things, significantly reduce payment rates or modify payment methods. The ultimate outcome of these proposals and other market changes, including the potential effects of or revisions to health care reform that has been enacted by the federal and state governments, cannot be determined presently. Future changes in the Medicare and Medicaid programs and any reduction of funding could have an adverse impact on the Hospital. Additionally, certain payors' payment rates for various years have been appealed by the Hospital. If the appeals are successful, additional income applicable to those years could be realized.

1. Organization and Summary of Significant Accounting Policies (continued)

Investments

All investments are classified as trading investments and, excluding interests in common collective/commingled trusts, alternative investments and pooled investments held by related parties, are carried at fair value determined as described in Note 5. Common collective/commingled trusts are reported based upon net asset values derived from the application of the equity method of accounting.

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

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

Alternative investments are reported in the accompanying unaudited consolidated statements of financial position based upon net asset values derived from the application of the equity method of accounting. Financial information used by the Hospital to evaluate its alternative investments is provided by the investment manager or general partner and includes fair value valuations (quoted market prices and values determined through other means) of underlying securities and other financial instruments held by the investee, and estimates that require varying degrees of judgment.

The financial statements of the investee companies are audited annually by independent auditors, although the timing for reporting the results of such audits for certain investee companies does not coincide with the Hospital's annual financial statement reporting. There is uncertainty in the accounting for alternative investments arising from factors such as lack of active markets (primary and secondary), lack of transparency into underlying holdings and time lags associated with reporting by the investee companies. As a result, there is at least a reasonable possibility that estimates will change in the near term.

Interests in pooled investments with related parties are reported based upon unitized net asset value. Assets held in the Hospital's defined benefit plans are stated at fair value. Fair value for alternative investments held by such plans is determined for each investment using net asset values as a practical expedient, as permitted by generally accepted accounting principles, rather than using another valuation method to independently estimate fair value.

1. Organization and Summary of Significant Accounting Policies (continued)

Tax Status

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

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

2. Pension and Similar Benefits Plans

The Hospital provides pension and similar benefits to its employees through several plans, including various multi-employer plans for union employees and several defined benefit plans. Additionally, the Hospital sponsors several defined contribution plans for certain employees. The Hospital also has several postretirement benefit plans that provide certain health care and life insurance benefits to its employees.

The Hospital funds the noncontributory defined benefit plans in accordance with the minimum funding requirements of the Employee Retirement Income Security Act of 1974 (ERISA), plus additional amounts that the Hospital may deem appropriate from time to time. Amounts contributed to the defined benefit pension plans are based on actuarial valuations.

The Hospital contributed $2.0 million and $158.6 million to its defined benefit pension plans for the nine months ended September 30, 2020 and 2019, respectively. The Hospital does not expect to make any additional contributions to its defined benefit pension plans for the remainder of 2020.

The Hospital contributed $2.3 million and $3.1 million to its other postretirement benefit plans for the nine months ended September 30, 2020 and 2019, respectively. The Hospital expects to contribute approximately $0.8 million to its other postretirement benefit plans for the remainder of 2020.

The Hospital recognizes in its consolidated statements of financial position an asset, for a defined benefit postretirement plan's overfunded status, or a liability, for a plan's underfunded status; measures a defined benefit postretirement plan's assets and obligations that determine funded status as of the end of the Hospital's fiscal year; and recognizes the periodic change in the funded status of a defined benefit postretirement plan as a component of changes in net assets without donor restrictions in the year in which the change occurs. Amounts that are recognized as a component of changes in net assets without donor restrictions will be subsequently recognized as net periodic benefit cost. On a quarterly basis, NYPH management has elected to determine an interim discount rate and reports the change in pension and postretirement benefit liabilities to be recognized in future periods in its consolidated statement of operations. The interim discount rate estimates are subject to volatility from market interest rates and amounts reported on an interim basis are subject to change.

2. Pension and Similar Benefits Plans (continued)

Net periodic benefit cost consists of the following for the nine months ended September 30, 2020 and 2019 (in thousands):

	Pension Plans		Postretirement Benefit Plans	
	2020	**2019**	**2020**	**2019**
	(Unaudited)		*(Unaudited)*	
Service cost	**$ 82,580**	$ 67,332	**$ 3,416**	$ 1,955
Interest cost	**51,885**	66,654	**3,603**	2,063
Expected return on plan assets	**(90,457)**	(116,201)	**–**	–
Net amortization of prior service cost	**419**	539	**(698)**	(400)
Recognized actuarial loss	**17,045**	21,896	**1,023**	586
Recognized actuarial loss (gain) due to settlement	**103**	131	**(2,045)**	(1,171)
Net periodic pension cost and postretirement benefits cost	**$ 61,575**	$ 40,351	**$ 5,299**	$ 3,033

The amounts for 2020 in the table above are based on preliminary estimates determined by the Hospital's actuaries which will be finalized later in the year. The amounts for 2019 in the table above reflect the allocable portion of the final amounts determined by the Hospital's actuaries for the full calendar year 2019.

3. Professional Liability Insurance Program

In 1978, NYPH, in conjunction with a number of unrelated health care entities, participated in the formation of captive insurance companies (collectively, the Captive) to provide professional liability and general liability insurance to its participants. The premiums are based on a modified claims-made coverage and are actuarially determined based on the actual experience of the Captive, NYPH-specific experience, and estimated current exposure. The Captive has reinsurance coverage from reinsurers for certain amounts above its coverage level per claim limits. The professional liability tower provides coverage in excess of $270.0 million to the Hospital and the Captive participants. Rights to equity in the Captive were transferred to New York-Presbyterian Fund, Inc. (Fund, Inc.) in 1996, a related party. Accordingly, insurance premiums are paid by the Hospital initially to Fund, Inc.

Effective July 1, 2013, August 1, 2014, February 1, 2015 and December 1, 2015, NewYork-Presbyterian/Lower Manhattan Hospital (NYP/LMH), NYP/Lawrence Hospital, NYP/Hudson Valley and NYP/Queens, respectively, became insured by the Captive. Prior to each entity's respective effective date with the Captive, the entities were covered by various self-insured, claims-made and excess insurance policies. NYP/Brooklyn Methodist participates in a separate captive insurance program which includes certain self-insured retentions. The notes to the audited consolidated financial statements of the Hospital for the years ended December 31, 2019 and 2018, include additional disclosures which describe the Hospital's accounting for its professional liability insurance program and related matters. The Hospital's estimates for professional liabilities are based upon complex actuarial calculations which utilize factors such as historical claims experience for the Hospital and

3. Professional Liability Insurance Program (continued)

related industry factors, trending models, estimates for the payment patterns of future claims and present value discount factors. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term (see Note 6). Revisions to estimated amounts resulting from actual experience differing from projected expectations are recorded in the period the information becomes known or when changes are anticipated.

4. Investments and Assets Limited as to Use

Investments are either separately invested or held on a pooled basis with related parties (pooled with Fund, Inc. or included in unitized investment funds within Hudson East River Systems, LLC (HERS)). The composition and reported value of short-term investments and assets limited as to use at September 30, 2020 and December 31, 2019 consist of the following (in thousands):

	September 30, 2020	**December 31, 2019**
	(Unaudited)	*(Audited)*
Investments held by the Hospital:		
Marketable securities, carried at fair value (*Note 5*)	**$ 501,014**	$ 408,860
Hedge funds, accounted for using the equity method	**1,357**	4,969
Total investments held by the Hospital	**502,371**	413,829
Unitized investments held by HERS, accounted for using the equity method	**2,003,877**	1,814,342
Pooled investments held by Fund, Inc. on behalf of NYP/Queens, accounted for using the equity method	**4,641**	4,347
Total short-term investments	**$ 2,510,889**	$ 2,232,518

4. Investments and Assets Limited as to Use (continued)

The composition and reported value of assets limited as to use, which excludes the beneficial interest in net assets held by related organizations, at September 30, 2020 and December 31, 2019 consist of the following (in thousands):

	September 30, 2020	December 31, 2019
	(Unaudited)	*(Audited)*
Investments accounted for at fair value:		
Marketable securities, carried at fair value	**$ 756,213**	$ 344,962
Investments held by captive insurance companies, at allocated fair value	**204,059**	229,822
Total investments accounted for at fair value	**960,272**	574,784
Hospital held investments accounted for using the equity method:		
Equities and bonds held in common collective/commingled trusts:		
U.S. equites	**34,242**	34,463
Hedge funds	**304**	1,290
Private equity	**2,631**	3,319
Private real assets	**29,904**	41,621
Total Hospital held investments accounted for using the equity method	**67,081**	80,693
Pooled investments held by Fund, Inc. on behalf of NYP/Queens, accounted for using the equity method	**22,446**	24,263
Unitized investments held by HERS, accounted for using the equity method	**3,759,321**	3,411,973
Total investments accounted for using the equity method	**3,848,848**	3,516,929
Total assets limited as to use	**4,809,120**	4,091,713
Less current portion	**62,166**	63,415
Assets limited as to use – noncurrent	**$ 4,746,954**	**$ 4,028,298**

Fund, Inc., an entity related to the Hospital, is the managing member of HERS. HERS began a program to actively manage certain investments of the Hospital and other related organizations in a unitized structure on April 1, 2018. Each entity's member capital account for HERS is tracked for various strategic pools of investments. Each entity is allocated income from investments on a monthly basis based on the underlying fair values and net asset values of the invested securities and their individual unitized ownership. The Hospital recognizes in its consolidated statements of financial position only the unitized portion of HERS assets attributable to the Hospital's member capital accounts. HERS assets attributable to the Hospital's member capital accounts represented approximately 67% and 71% of the total HERS portfolio at September 30, 2020 and December 31, 2019, respectively.

4. Investments and Assets Limited as to Use (continued)

The asset allocation of the HERS investment portfolio and unfunded commitments and liquidity restrictions for certain alternative investments held by HERS at September 30, 2020 are as follows (in thousands):

Description of Investment	Asset Allocation	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
		(Unaudited)		
Cash and cash equivalents	**3%**			
Fixed income securities:				
U.S. government bonds and notes	**12**			
Mortgage and asset-backed	**9**			
Corporate	**8**			
Equities:				
U.S. equities	**3**			
Non-U.S. equities	**2**			
Real asset investments	**1**			
Common collective/commingled trusts – equities	**22**	**$ –**	Daily to Annual	3 to 90 days
Hedge funds	**16**	**–**	Monthly to Annual	30 to 180 days
Private equity	**16**	**733,838**	*	*
Private real assets	**8**	**568,975**	*	*
	100%	**$ 1,302,813**		

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

The Hospital uses various methods of calculating fair value of its financial assets and liabilities, when applicable. The Hospital defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and establishes a framework for measuring fair value. Fair value measurements are applied based on the unit of account from the Hospital's perspective. The unit of account determines what is being measured by reference to the level at which the asset or liability is aggregated (or disaggregated).

5. Fair Value Measurements

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

Level 1: Quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

Level 2: Observable inputs that are based on inputs not quoted in active markets, but corroborated by market data.

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

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

5. Fair Value Measurements (continued)

	September 30, 2020 (Unaudited)			
	Total	**Level 1**	**Level 2**	**Level 3**
Cash and cash equivalents – held for investment	**$ 649,863**	**$ 649,863**	**$ –**	**$ –**
Fixed income:				
U.S. government	**152,194**	**152,194**	**–**	**–**
Corporate	**18,053**	**–**	**18,053**	**–**
Mortgage and asset backed	**2,625**	**–**	**2,625**	**–**
Equities:				
U.S. equities[(a)]	**66,603**	**66,603**	**–**	**–**
Non-U.S. equities [(b)]	**45,087**	**45,087**	**–**	**–**
Mutual funds	**322,802**	**322,802**	**–**	**–**
Alternative investments – investment held by captive insurance companies[(c)]	**204,059**	**–**	**170,717**	**33,342**
	$ 1,461,286	**$ 1,236,549**	**$ 191,395**	**$ 33,342**

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

5. Fair Value Measurements (continued)

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

Financial instruments invested in the Hospital's pension plans at fair value are classified in the table below in one of the three categories described above as of September 30, 2020 and December 31, 2019 (in thousands):

	September 30, 2020 *(Unaudited)*			
	Total	**Level 1**	**Level 2**	**Level 3**
Cash and cash equivalents	**$ 45,293**	**$ 45,293**	**$ –**	**$ –**
Fixed income:				
U.S. government	**203,993**	**203,993**	**–**	**–**
Equities:				
U.S. equities[a]	**59,336**	**59,336**	**–**	**–**
Non-U.S. equities[b]	**30,889**	**30,889**	**–**	**–**
	339,511	**$ 339,511**	**$ –**	**$ –**
Asset measured at net asset value as a practical expedient:				
Common collective equity funds[d]	**421,605**			
Hedge funds[e]	**472,024**			
Private equity[f]	**583,924**			
Private real assets[g]	**285,382**			
	$ 2,102,446			

5. Fair Value Measurements (continued)

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

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

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

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

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

[e] Hedge funds include long and short equity, multi-strategy, event driven relative value funds and uncorrelated alpha funds invested with managers who invest with different strategies and typically employ some leverage. In long and short equity, fund managers create a portfolio of long positions in stocks expected to appreciate over time and short positions in stocks expected to depreciate. Event driven managers create a portfolio designed to profit from corporate events, such as mergers, spin-offs, defaults and bankruptcy. Relative value managers invest in long and short positions, but typically have a more neutral net market position than long and short. Multi-strategy is a fund employing a variety of hedge fund strategies. Uncorrelated alpha funds seek to diversify the sources of alpha by applying quantitative and evaluation techniques in uncorrelated markets using a wide range of models to evaluate uncorrelated equity and bond markets.

5. Fair Value Measurements (continued)

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

(g) Real estate and natural resources investments.

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

The following is a summary of investments (by major class) that have restrictions on the Hospital's or the Hospital's pension plans ability to redeem its investments at the measurement date, any unfunded capital commitments and the investments strategies of the investees as of September 30, 2020 (including investments accounted for using the equity method) (in thousands):

			(Unaudited)	
Description of Investment	**Net Asset Value**	**Unfunded Commitments**	**Redemption Frequency (If Currently Eligible)**	**Redemption Notice Period**
Common collective/ commingled trusts	**$ 455,847**	**$ –**	Daily to annually	3 to 90 days
Hedge funds	**473,685**	–	Monthly to annually	30 to 180 days
Private equity	**586,555**	**355,880**	*	*
Private real assets	**315,286**	**288,429**	*	*
	$ 1,831,373	**$ 644,309**		

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

6. Commitments and Contingencies

Various investigations, lawsuits and claims arising in the normal course of operations are pending or on appeal against the Hospital. While the ultimate effect of such actions cannot be determined at this time, it is the opinion of management that the liabilities which may arise from such actions would not materially affect the consolidated financial position or results of operations of the Hospital. Refer to Note 12 of the Hospital's December 31, 2019 audited consolidated financial statements for its annual disclosure of other matters involving commitments and contingencies.

7. Subsequent Events

Subsequent events have been evaluated through November 25, 2020, which is the date the unaudited consolidated financial statements were issued.

Refer to Note 1 and information referenced relative to COVID-19. The amount reported for CARES PRF grant revenue in the accompanying financial statements is based on HHS guidance issued through September 30, 2020. In October and November 2020, HHS issued revised guidance for determining eligible amounts under the CARES PRF grant. Hospital management does not anticipate these changes to materially impact the amount of revenue recognized through September 30, 2020.

On October 1, 2020, the terms of the Centers for Medicare & Medicaid Services' Accelerated and Advance Payment Program under which the Hospital received approximately $740.1 million in April 2020 in expedited payments for future services were revised such that the recovery of this amount will commence in May 2021 and extend through September 2022. The full amount of the advance payment was initially scheduled to be reconciled with Medicare after submission of the Hospital's cost reports in May 2021 and is included as a current liability in the accompanying September 30, 2020 statement of financial position. Based on the revised terms, the Hospital's current liability was reduced by approximately $555.1 million in October 2020.

In October 2020, the Hospital received reimbursement for certain COVID-19 related expenses from the Federal Emergency Management Agency (FEMA) totaling approximately $129.4 million. The accompanying consolidated financial statements as of and for the nine months ended September 30, 2020 do not reflect this subsequent event.

No other subsequent events have occurred that require disclosure in or adjustment to the unaudited consolidated financial statements.

The New York and Presbyterian Hospital

Unaudited Consolidating Statement of Financial Position

September 30, 2020
(In Thousands)

Consolidating Information

The following table summarizes the unaudited consolidating statement of financial position at September 30, 2020 (in thousands):

			NYP Community Programs, Inc.				
	Obligated Group NYPH	Other Entities	NYP/Hudson Valley	NYP/Queens	NYP/Brooklyn Methodist	Eliminations / Reclasses	Consolidated
				(Unaudited)			
Assets							
Current assets:							
Cash, cash equivalents and short-term investments*:*							
Cash and cash equivalents	$1,021,796	$ 13,342	$ 39,061	$ 76,790	$ 172,572	$ –	$1,323,561
Short-term investments	1,898,719	–	31,064	190,421	390,685	–	2,510,889
Total cash, cash equivalents and short-term investments	2,920,515	13,342	70,125	267,211	563,257	–	3,834,450
Patient accounts receivable - net	648,953	6,698	33,044	86,995	57,890	–	833,580
Other current assets	272,636	2,531	11,671	63,324	41,687	–	391,849
Assets limited as to use – current portion	36,741	–	–	7,742	17,683	–	62,166
Professional liabilities insurance recoveries receivable and related deposits – current portion	63,979	–	2,392	16,417	–	–	82,788
Beneficial interest in net assets held by related organizations – current portion	93,443	–	–	–	–	–	93,443
Due from related organizations – net	173,151	8,595	–	–	–	(168,386)	13,360
Loans receivable from Regional Hospitals – current portion	12,123	–	–	–	–	(12,123)	–
Total current assets	4,221,541	31,166	117,232	441,689	680,517	(180,509)	5,311,636
Assets limited as to use – noncurrent	4,253,665	12,874	12,229	52,309	415,877	–	4,746,954
Property, buildings and equipment – net	4,083,826	8,765	163,695	311,709	617,883	–	5,185,878
Operating lease assets	281,235	18,497	32,796	58,593	54,534	–	445,655
Other noncurrent assets – net	86,959	–	8,237	19,520	2,061	(64,000)	52,777
Loans receivable from Regional Hospitals – noncurrent	466,736	–	–	–	–	(466,736)	–
Professional liabilities insurance recoveries receivable and related deposits – noncurrent	234,262	–	10,185	56,641	10,092	–	311,180
Beneficial interest in net assets held by related organizations – noncurrent	2,056,899	–	–	–	–	–	2,056,899
Total assets	$ 15,685,123	$ 71,302	$ 344,374	$ 940,461	$ 1,780,964	$ (711,245)	$18,110,979

The New York and Presbyterian Hospital

Unaudited Consolidating Statement of Financial Position (continued)

September 30, 2020
(In Thousands)

Consolidating Information (continued)

	Obligated Group NYPH	Other Entities	NYP Community Programs, Inc. NYP/Hudson Valley	NYP/Queens	NYP/Brooklyn Methodist	Eliminations / Reclasses	Consolidated
				(Unaudited)			
Liabilities and net assets							
Current liabilities:							
Long-term debt – current portion	$ 78,362	$ –	$ 402	$ 5,127	$ 2,236	$ –	$ 86,127
Operating lease liability – current portion	39,461	2,601	2,441	9,942	5,928	–	60,373
Loans payable to NYPH – current portion	–	–	2,367	5,353	4,403	(12,123)	–
Accounts payable and accrued expenses	792,738	33,105	33,202	102,847	117,201	–	1,079,093
Accrued salaries and related liabilities	433,124	6,553	26,685	26,712	54,527	–	547,601
Pension and postretirement benefit liabilities – current portion	26,865	–	–	1,079	466	–	28,410
Professional and other insurance liabilities – current portion	66,089	–	2,431	23,455	17,683	–	109,658
Other current liabilities	747,737	4,289	25,973	108,420	108,526	–	994,945
Due to related organizations – net	–	7,745	34,283	109,318	17,040	(168,386)	–
Total current liabilities	2,184,376	54,293	127,784	392,253	328,010	(180,509)	2,906,207
Long-term debt	4,122,105	–	1,219	24,588	19,568	–	4,167,480
Operating lease liability	254,728	15,895	30,583	50,014	52,480	–	403,700
Loans payable to NYPH	–	–	43,208	164,931	322,597	(530,736)	–
Professional and other insurance liabilities	401,045	8,334	15,328	109,668	174,417	–	708,792
Pension liability	487,780	–	–	7,357	16,674	–	511,811
Postretirement benefit liability	24,043	–	–	39,551	8,027	–	71,621
Other noncurrent liabilities	412,270	1,355	13,743	69,945	127,736	–	625,049
Total liabilities	7,886,347	79,877	231,865	858,307	1,049,509	(711,245)	9,394,660
Net assets:							
Net assets without donor restrictions	5,639,765	(9,022)	108,971	68,259	701,749	–	6,509,722
Net assets with donor restrictions	2,159,011	447	3,538	13,895	29,706	–	2,206,597
Total net assets	7,798,776	(8,575)	112,509	82,154	731,455	–	8,716,319
Total liabilities and net assets	$ 15,685,123	$ 71,302	$ 344,374	$ 940,461	$ 1,780,964	$ (711,245)	$ 18,110,979

The New York and Presbyterian Hospital

Unaudited Consolidating Statement of Operations

Nine Months Ended September 30, 2020
(In Thousands)

Consolidating Information (continued)

	Obligated Group NYPH	Other Entities	NYP Community Programs, Inc. NYP/Hudson Valley	NYP Community Programs, Inc. NYP/Queens	NYP Community Programs, Inc. NYP/Brooklyn Methodist	Eliminations / Reclasses	Consolidated
				(Unaudited)			
Operating revenues							
Net patient service revenue	$ 4,181,660	$ 34,798	$ 163,978	$ 588,215	$ 621,898	$ –	$ 5,590,549
Other revenue	846,637	48,787	40,438	260,216	139,371	(44,852)	1,290,597
Total operating revenues	5,028,297	83,585	204,416	848,431	761,269	(44,852)	6,881,146
Operating expenses							
Salaries and wages	2,577,429	51,273	120,292	379,994	400,082	–	3,529,070
Employee benefits	610,447	14,416	30,114	114,883	109,470	–	879,330
Supplies and other expenses	1,798,085	19,883	70,207	317,500	287,803	(44,852)	2,448,626
Interest and amortization of deferred financing fees	95,945	–	1,551	4,937	285	–	102,718
Depreciation and amortization	323,088	1,043	10,460	21,997	21,698	–	378,286
Total operating expenses	5,404,994	86,615	232,624	839,311	819,338	(44,852)	7,338,030
Operating (loss) income	(376,697)	(3,030)	(28,208)	9,120	(58,069)	–	(456,884)
Investment return, net	51,837	245	686	(149)	9,646	–	62,265
Expected return on plan assets and other components of net periodic pension and postretirement cost	12,582	–	–	3,870	2,670	–	19,122
(Deficiency) excess of revenues over expenses	(312,278)	(2,785)	(27,522)	12,841	(45,753)	–	(375,497)
Other changes in net assets without donor restrictions:							
Net asset transfers (to) from related parties	(14,066)	–	–	1,631	–	–	(12,435)
Net assets released from restriction for the purchase of fixed assets	(39)	(308)	–	–	–	–	(347)
Distributions from New York-Presbyterian Fund, Inc. for the purchase of fixed assets	47,518	–	–	–	–	–	47,518
Change in pension and postretirement benefit liabilities to be recognized in future periods	(177,097)	–	–	–	–	–	(177,097)
Change in net assets without donor restrictions	$ (455,962)	$ (3,093)	$ (27,522)	$ 14,472	$ (45,753)	$ –	$ (517,858)

DISCLOSURE REPORT

DATED NOVEMBER 25, 2020

THE NEW YORK AND PRESBYTERIAN HOSPITAL

FOR

THE QUARTER AND NINE MONTHS ENDED

SEPTEMBER 30, 2020

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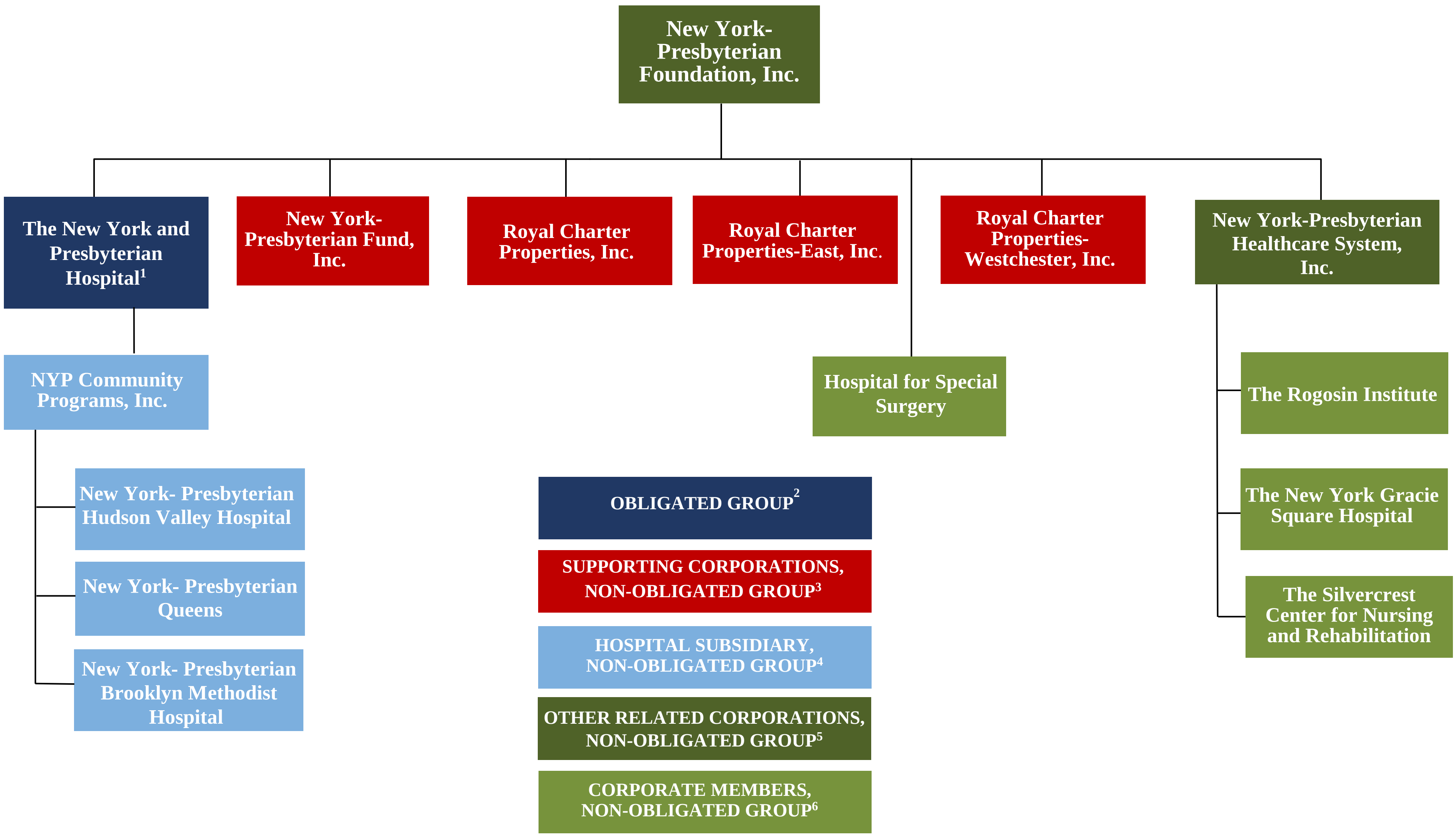
NewYork-Presbyterian Organizational Structure[1]



Notes on next page

1. This NewYork-Presbyterian Organizational Structure chart does not include all entities which are included in the consolidated financial statements of The New York and Presbyterian Hospital (together with the Consolidated Entities (as defined below), the "Hospital"; as a legal entity separate from the Consolidated Entities, "NYPH"). Among others, it does not include Lawrence Medical Associates, P.C. (d/b/a NewYork-Presbyterian Medical Group/Westchester) and Lawrence Care Inc. For additional information regarding these entities, see Note 1 to the Hospital's Unaudited Consolidated Financial Statements and Supplementary Information As of and For the Nine Months Ended September 30, 2020.

2. In connection with the issuance of its Series 2015 Bonds in February 2015, NYPH formed an Obligated Group under and as defined in its Master Trust Indenture. Currently, NYPH is the sole member of the Obligated Group; the Consolidated Entities are not members of the Obligated Group. For a discussion of the Master Trust Indenture, the Obligated Group and the debt covered thereby, see "FINANCIAL AND OPERATING INFORMATION – Outstanding Long-Term Indebtedness – Debt Structure – *The MTI Indebtedness*" on page 19 in this Disclosure Report.

3. For a discussion of the Supporting Corporations, see "INTRODUCTION" on page 1 of this Disclosure Report.

4. Hospital subsidiaries are those entities under the control of NYPH or one of its direct subsidiaries. These entities are part of the Hospital's consolidated group that is reported in the consolidated financial statements prepared in accordance with U.S. generally accepted accounting principles. Entities included in the Hospital's consolidated financial statements, other than NYPH, are not legally obligated on NYPH's indebtedness. The entities that are part of the Hospital's consolidated audit group, other than NYPH, are referred to in this Disclosure Report as the "Consolidated Entities".

5. These corporations provide a corporate or contractual link to certain entities. For additional details, see "INTRODUCTION" on page 1 of this Disclosure Report.

6. For a discussion of the Corporate Members, see "INTRODUCTION" on page 1 of this Disclosure Report.

Note: NYPH is the only entity that is obligated to repay its indebtedness, including The New York and Presbyterian Hospital Taxable Bonds, Series 2015, Series 2016, Series 2019 and Series 2020 (respectively, the "Series 2015 Bonds", the "Series 2016 Bonds", the "Series 2019 Bonds" and the "Series 2020 Bonds"). The Series 2020 Bonds were issued August 19, 2020. None of the assets or revenue of any of the other entities in the chart above is committed to the repayment of such indebtedness.

FORWARD-LOOKING STATEMENTS

Certain statements in this Disclosure Report that relate to NYPH are forward-looking statements that are based on the beliefs of, and assumptions made by, the management of NYPH. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results or performance of NYPH to be materially different from any expected future results or performance.

PREVIOUSLY REPORTED INFORMATION WITH RESPECT TO PRIOR PERIODS

Due to changes in accounting standards and related guidance, the application of relevant accounting standards, or an event such as a merger, that require a reclassification or restatement of certain items, and to adjustments in utilization data that occur in the normal course of patient care or as services are billed and coded, certain financial information and utilization data set forth herein with respect to past periods may differ from what NYPH has previously reported in disclosure documents previously published to the Municipal Securities Rulemaking Board's Electronic Municipal Market Access (EMMA) website.

THIRD-PARTY STATISTICS AND DATA

To the extent this Disclosure Report includes statistics and other data relating to the healthcare industry in the United States that have been derived from third-party sources, such statistics and data are not necessarily reflective of current or future industry and market conditions. While NYPH has no reason to question the accuracy of such statistics and data, such statistics and data have not been independently verified by NYPH.

INTRODUCTION

General

The New York and Presbyterian Hospital ("NYPH"), a New York not-for-profit corporation created as a result of the January 1998 merger of The Society of The New York Hospital ("New York Hospital") and The Presbyterian Hospital in the City of New York ("Presbyterian Hospital"), operates at seven campuses in Manhattan and Westchester County, New York. NYPH serves as the academic and quaternary care hub of a network of health care providers, which, as of November 1, 2020, includes NewYork-Presbyterian/Brooklyn Methodist (d/b/a NewYork-Presbyterian/Brooklyn Methodist Hospital) ("NYP Brooklyn Methodist"), NewYork-Presbyterian/Queens ("NYP Queens") and Hudson Valley Hospital Center (d/b/a NewYork-Presbyterian/Hudson Valley Hospital) ("NYP Hudson Valley") (collectively, the "Regional Hospitals"), and certain other entities, all located in New York. NYPH owns and operates inpatient facilities at seven campuses and each of the Regional Hospitals owns and operates an inpatient facility at its campus, for a total of ten campuses. Over the years NYPH has developed its relationships with the members of the network as part of its strategic goal of providing high quality, integrated care throughout the New York metropolitan area (the "New York Metropolitan Area"). One of the country's largest academic medical centers, NYPH ranked # 4 in the 2020-2021 U.S. News and World Report annual ranking of the best hospitals in the United States and was the top-ranked hospital in the New York Metropolitan Area. NYPH has developed highly specific, patient-centered models of care to treat its diverse patient populations.

As used in this Disclosure Report, the term "NYPH" refers to The New York and Presbyterian Hospital as a legal entity separate from the other entities (the "Consolidated Entities") that are part of the consolidated group that is reported in the consolidated financial statements of the Hospital (as defined below) prepared in accordance with U.S. generally accepted accounting principles. The Consolidated Entities include, among others, NYP Community Programs (as defined below) and the Regional Hospitals. The term "the Hospital" is used in this Disclosure Report to refer to NYPH and its Consolidated Entities collectively.

NYPH is the primary clinical teaching facility for two of the country's leading medical colleges: The Joan and Sanford I. Weill Medical College of Cornell University ("Weill Cornell Medical School") and Columbia University Vagelos College of Physicians and Surgeons ("Columbia VP&S") (collectively, the "Medical Schools").

New York-Presbyterian Foundation, Inc. ("NYPFI") is an affiliate that is linked to NYPH through the NYPH Board of Trustees. NYPH also is affiliated with several entities that support NYPH through fundraising and real estate holdings. These affiliated entities ("Supporting Corporations") include: (i) New York-Presbyterian Fund, Inc. ("Fund, Inc."), which solicits, receives, invests and administers philanthropic funds for NYPH and other charitable organizations approved by the Board of Directors of Fund, Inc. and (ii) three real estate holding companies: Royal Charter Properties, Inc., Royal Charter Properties-East, Inc., and Royal Charter Properties-Westchester, Inc. (collectively, the "RCP Corporations"). Another affiliated entity, New York-Presbyterian Healthcare System, Inc. ("NYPHSI"), serves as the corporate link to entities that are referred to herein as "Corporate Members." NYP Community Programs, Inc. ("NYP Community Programs"), a subsidiary of NYPH, serves as the parent entity of each of the Regional Hospitals.

NYPH CAMPUSES

NYPH owns and operates one of the oldest hospitals in the nation. It has a history of over 225 years of providing medical care in the New York Metropolitan Area, with six of the seven campuses operated by NYPH having roots dating back more than 100 years. NYPH is a major academic medical center operating at seven campuses currently comprised of 2,812 certified beds.

NewYork-Presbyterian/Weill Cornell Medical Center

NewYork-Presbyterian/Weill Cornell Medical Center ("NYP/Weill Cornell") occupies the city blocks bounded by East 68th Street to East 71st Street and from York Avenue to the East River, together with various buildings in the area. Portions of the buildings that comprise the NYP/Weill Cornell campus are owned and/or occupied by Weill Cornell Medical School. NYPH has 879 certified inpatient beds at its facilities at the NYP/Weill Cornell campus.

NewYork-Presbyterian Westchester Behavioral Health Center

NewYork-Presbyterian Westchester Behavioral Health Center ("NYP Westchester"), which is located in White Plains, New York, has 247 certified beds and provides inpatient and outpatient psychiatric and behavioral health services.

NewYork-Presbyterian Lower Manhattan Hospital

NewYork-Presbyterian Lower Manhattan Hospital ("NYP Lower Manhattan") is located at 170 William Street, Manhattan, and is the only acute care facility in Manhattan below 14th Street. It has 180 certified inpatient beds.

NewYork-Presbyterian/Columbia University Irving Medical Center

NewYork-Presbyterian/Columbia University Irving Medical Center ("NYP/Columbia") occupies the city blocks bounded by West 165th Street to West 168th Street and from Broadway to Riverside Drive, together with various other buildings in the area. Portions of the buildings that comprise NYP/Columbia are owned and/or occupied by Columbia University. NYPH has 738 certified inpatient beds at its facilities on this campus.

NewYork-Presbyterian Morgan Stanley Children's Hospital

NewYork-Presbyterian Morgan Stanley Children's Hospital ("NYP Morgan Stanley") is a pediatric acute care and ancillary services facility with 284 certified inpatient beds, and is located on a site contiguous with the NYP/Columbia campus.

NewYork-Presbyterian Allen Hospital

NewYork-Presbyterian Allen Hospital ("NYP Allen") has 196 certified inpatient beds and is located at Broadway and the Harlem River in the Inwood section of Manhattan. It opened in 1988 under the sponsorship of Presbyterian Hospital and offers acute care to residents of its service area in a community-based setting. The Och Spine Hospital at NYP Allen opened in 2015 and is a premier destination for comprehensive care of conditions affecting the neck, lower back, and the entire spine.

NewYork-Presbyterian Lawrence Hospital

NewYork-Presbyterian Lawrence Hospital ("NYP Lawrence") has 288 certified inpatient beds and is located in Bronxville, New York. In July 2014, Lawrence Hospital became NYPH's first indirect hospital subsidiary, and on April 1, 2018 it was merged into NYPH.

COVID-19 PANDEMIC

The COVID-19 pandemic continues to have a substantial effect on NYPH. During late winter and early spring 2020, New York City was an epicenter of the global pandemic, and NYPH's financial results and utilization sharply declined during the six months ended June 30, 2020. Beginning in the second half of the quarter ended June 30, 2020 and continuing into the quarter ended September 30, 2020, measures imposed by the City and State of New York were effective to decrease the rates of infection, hospitalizations and deaths substantially in the New York Metropolitan Area. With the resumption of elective procedures and visits in June 2020, the third quarter of 2020 financial results, without adjustment for relief funds provided under the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"), and utilization results improved when compared with the second quarter of 2020, though they remain substantially below results for the third quarter of 2019. Furthermore, the COVID-19 virus has spread aggressively throughout the nation and in the current quarter ending December 31, 2020 rates of infection, hospitalizations and deaths have begun to increase once again in NYPH's service area.

A discussion of the impact of the COVID-19 pandemic on NYPH's financial and utilization results for the quarter and nine months ended September 30, 2020 is included below under the headings "FINANCIAL AND OPERATING INFORMATION – Management's Discussion and Analysis of Utilization; and - Management's Discussion and Analysis of Recent Financial Performance."

Due to the evolving nature of the pandemic, the uncertainties related to its duration and severity, as well as further actions that may be taken by governmental authorities and other institutions to contain or mitigate its impact, the effect on NYPH's financial condition and operations in the current quarter ending December 31, 2020 and in 2021 cannot be fully determined at this time.

FINANCIAL AND OPERATING INFORMATION

Utilization

A summary of historical utilization data for the quarters and nine months ended September 30, 2020 and 2019 for NYPH is presented in the following table. The table excludes the Consolidated Entities.

HISTORICAL UTILIZATION OF NYPH

	Quarters Ended		Nine Months Ended	
	09/30/2020	09/30/2019	09/30/2020	09/30/2019
Certified Beds (at end of period)	2,812	2,795	2,812	2,795
Staffed Beds (at end of period)[1]	2,552	2,582	2,818	2,582
Discharges[2]	26,817	30,126	77,649	90,971
Patient Days[2]	173,656	193,468	535,636	579,120
Staffed Bed Days Available[3]	234,801	234,962	772,009	704,886
Average Length of Stay (days)[4]	6.38	5.97	6.42	6.01
Case Mix Index – Medicare	2.18	2.02	2.17	2.05
Case Mix Index – Hospital wide[5]	1.74	1.68	1.74	1.66
Average Occupancy (%)[6]	73.96%	82.34%	69.38%	82.16%
Emergency Room Visits[7]	50,188	83,782	171,842	252,900
Outpatient Clinic Visits	109,297	148,935	288,898	467,696
Ambulatory Surgery Procedures	23,751	29,632	56,111	90,524
Mental Health Clinic Visits	20,549	25,084	68,803	81,707

Source: NYPH records

1. Consistent with reporting prior to 2020, staffed beds for the quarter and the nine months ended September 30, 2019 are based on the NYPH staffed beds as of the last date of the applicable reporting period. Due to COVID-19 related temporary fluctuations in the number of staffed beds, for the quarter and nine months ended September 30, 2020, NYPH adjusted its staffed beds reporting as follows: (i) for the quarter ended September 30, 2020, reported is the average of the number of staffed beds as of the last day of each month in the quarter; and (ii) for the nine months ended September 30, 2020, reported is the combination of the average of the daily number of staffed beds available during the period January 1, 2020 through June 30, 2020 and the average of the number of staffed beds as of the last day of each month in the quarter ended September 30, 2020.
2. Excludes newborns.
3. See footnote no. 1.
4. Excludes psychiatry, rehabilitation, normal newborn, uncoded and LOS greater than 300 days.
5. Hospital wide CMI is calculated using the payor specific cost weight (APR, AP or MSDRG).
6. Occupancy percentages based on staffed bed days available.
7. Includes only patients seen in the emergency room and not admitted.

Sources of Patient Service Revenue

The majority of patient service revenue received by NYPH is derived from programs that are either insured or administered by third-party entities. The following table reports the percentage of net patient service revenue by payor source for the quarters and nine months ended September 30, 2020 and 2019. The table excludes the Consolidated Entities.

Percent of NYPH's Net Patient Service Revenue by Payor Source

	Quarters Ended		Nine Months Ended	
	09/30/2020	09/30/2019	09/30/2020	09/30/2019
Payor				
Medicare[1]	25.1%	25.3%	26.0%	25.2%
Medicaid[1]	15.7%	16.4%	16.2%	16.3%
Commercial	58.9%	57.6%	57.2%	57.9%
Self Pay & Other	0.3%	0.7%	0.6%	0.6%
Total	100%	100%	100%	100%

Source: NYPH records

1. Medicare includes Medicare Advantage and Medicaid includes Medicaid Managed Care.

NYPH has established estimates, based on information presently available, of amounts due to or from Medicare and non-Medicare payors for adjustments to current and prior years' payment rates, based on industry-wide and NYPH-specific data. The current Medicaid, Medicare and other third-party payor programs are based upon extremely complex laws and regulations that are subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount when open years are settled, audits are completed and additional information is obtained. Additionally, noncompliance with such laws and regulations could result in fines, penalties and exclusion from such programs.

Summary Statements of Operations and Financial Position

Summary statements of operations and financial position for NYPH are set forth herein. These summary statements reflect financial results for NYPH only. The unaudited information in the summary statements of operations for the nine months ended September 30, 2020 and September 30, 2019 and in the summary statements of financial position at September 30, 2020 are derived from the Hospital's[1] unaudited consolidated financial statements (the "Nine Months Ended September 30, 2020 Unaudited Financial Statements"). The summary statements of financial position at December 31, 2019 are derived from the Hospital's audited consolidated financial statements and supplementary information for the years ended December 31, 2019 and 2018 (the "2019 Audited Financial Statements"). The 2019 Audited Financial Statements and the Nine Months Ended September 30, 2020 Unaudited Financial Statements include the results of the Consolidated Entities. These consolidated financial statements also contain supplementary information setting forth consolidating statements of financial position and operations that present separately the financial results of NYPH and the Consolidated Entities. Such unaudited consolidated financial statements include all adjustments, consisting of normal recurring accruals, which the Hospital considers necessary for a fair presentation of the financial position and the results of operations for these periods. Certain amounts included in the Nine Months Ended September 30, 2020 Unaudited Financial Statements are recorded based on annual estimates, are only updated annually, or are projected for interim financial reporting purposes; however, such amounts and estimates are subject to change and are reevaluated by the Hospital monthly and on an annual basis. The results for the nine months ended September 30, 2020 are not necessarily indicative of the results that may be expected for the entire year ending December 31, 2020.

The financial results of NYPH and the Consolidated Entities, including, without limitation, NYP Community Programs, NYP Hudson Valley, NYP Queens and NYP Brooklyn Methodist, are reflected in the consolidated financial statements of the Hospital. **However, the financial results and utilization data of the Consolidated Entities are not reflected in the information presented in this Disclosure Report. None of the Consolidated Entities is a Member of the Obligated Group. None of the Consolidated Entities has any financial or other obligation under the Master Trust Indenture or any Bond Indenture to which NYPH is a party, and none of their assets or revenue is legally committed to the repayment of any of the debt of NYPH.**

In March 2017, the Financial Accounting Standards Board issued Accounting Standards Update ("ASU") No. 2017-07, *Compensation—Retirement Benefits: Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost*. ASU 2017-07 addresses how employers that sponsor defined benefit pension and/or other postretirement benefit plans present the net periodic benefit cost in the income statement. Employers will be required to present the service cost component of net periodic benefit cost in the same income statement line item as other employee compensation costs arising from services rendered during the period. Employers will present the other components of the net periodic benefit cost separately from the line item that includes the service cost and outside of any subtotal of operating income, if one is presented. The standard became effective for the Hospital for annual periods beginning after December 15, 2018. The Hospital initially adopted ASU 2017-07 effective in its 2019 Audited Financial Statements which required classification of the service cost component of net periodic benefit cost related to its defined benefit plans within salaries and wages on the consolidated statements of operations and to present all other components of net periodic benefit cost as a separate line item excluded from the subtotal for operating income. Net periodic benefit cost was previously reported within employee benefits expense on the consolidated statements of operations. The effects of the adoption of ASU 2017-07 were applied retrospectively. This change was reflected in the Nine Months Ended September 30, 2020 Unaudited Financial Statements, with retrospective adoption for the nine months ended September 30, 2019. Adoption of ASU 2017-07 did not impact the Hospital's consolidated net assets.

[1] As discussed on page 1, the term "the Hospital" is used in this Disclosure Report to refer to NYPH and its Consolidated Entities collectively. The term "NYPH" is used to refer to The New York and Presbyterian Hospital as a legal entity separate from the Consolidated Entities.

SUMMARY STATEMENTS OF OPERATIONS OF NYPH

($ in thousands)

	Unaudited		Unaudited	
	Quarters Ended		Nine Months Ended	
	09/30/20	09/30/19 (adjusted)[1]	09/30/20	09/30/19 (adjusted)[1]
Operating revenues				
Net patient service revenue	$ 1,486,588	$ 1,618,562	$ 4,181,660	$ 4,770,442
Other revenue[2]	122,226	70,487	846,637	222,965
Total operating revenues	1,608,814	1,689,049	5,028,297	4,993,407
Operating expenses				
Salaries and wages	825,700	786,537	2,577,429	2,277,559
Employee benefits	194,258	180,087	610,447	587,687
Supplies and other expenses	571,438	522,862	1,798,085	1,566,674
Interest and amortization of deferred financing fees	33,600	25,352	95,945	76,261
Depreciation and amortization	110,464	100,986	323,088	299,667
Total operating expenses	1,735,460	1,615,824	5,404,994	4,807,848
Operating (loss) income	(126,646)	73,225	(376,697)	185,559
Investment return, net	190,626	42,406	51,837	336,158
Expected return on plan assets and other components of net periodic pension and postretirement cost	4,194	7,130	12,582	21,394
Excess (deficiency) of revenues over expenses	68,174	122,761	(312,278)	543,111
Other changes in net assets without donor restrictions[1]:				
Net asset transfers to related parties	(5,076)	(5,909)	(14,066)	(19,100)
Net assets released from restriction for the purchase of fixed assets	–	(3)	(39)	(469)
Distributions from New York-Presbyterian Fund, Inc. for the purchase of fixed assets	14,510	8,632	47,518	67,525
Change in pension and postretirement benefit liabilities to be recognized in future periods	40,320	(58,425)	(177,097)	(133,543)
Change in net assets without donor restrictions	$ 117,928	$ 67,056	$ (455,962)	$ 457,524

Source: Nine Months Ended September 30, 2020 Unaudited Financial Statements and 2019 Audited Financial Statements. Amounts exclude the Consolidated Entities.

1. Amounts for the nine months ended September 30, 2019 have been adjusted to reflect the retrospective adoption of ASU 2017-07 and the reclassification of net assets released from restrictions for purchase of fixed assets.
2. Other revenue includes CARES Act funds recognized of approximately $616.3 million for the nine months ended September 30, 2020. CMS Medicare advance funds and deferral of payment of employee taxes are included in the Summary Statements of Financial Position of NYPH within other current liabilities and other noncurrent liabilities, respectively.

SUMMARY STATEMENTS OF FINANCIAL POSITION OF NYPH

($ in thousands)

	Unaudited September 30, 2020	Audited December 31, 2019
Assets		
Current assets:		
Cash and cash equivalents	$ 1,021,796	$ 198,259
Short-term investments	1,898,719	1,779,007
Total cash, cash equivalents and short-term investments	2,920,515	1,977,266
Patient accounts receivable – net	648,953	855,466
Other current assets	272,636	212,805
Assets limited as to use – current portion	36,741	38,248
Professional liabilities insurance recoveries receivable and related deposits – current portion	63,979	72,266
Beneficial interest in net assets held by related organizations – current portion	93,443	68,510
Due from related organizations – net	173,151	137,824
Loans receivable from Regional Hospitals – current portion	12,123	13,566
Total current assets	4,221,541	3,375,951
Assets limited as to use – noncurrent	4,253,665	3,495,622
Property, buildings and equipment – net	4,083,826	3,984,592
Operating lease assets	281,235	230,221
Other noncurrent assets – net	86,959	86,959
Loans receivable from Regional Hospitals – noncurrent	466,736	470,874
Professional liabilities insurance recoveries receivable and related deposits – noncurrent	234,262	253,202
Beneficial interest in net assets held by related organizations – noncurrent	2,056,899	2,101,494
Total assets	$ 15,685,123	$ 13,998,915

Source: Nine months ended September 30, 2020 Unaudited Financial Statements and 2019 Audited Financial Statements. Amounts exclude the Consolidated Entities.

SUMMARY STATEMENTS OF FINANCIAL POSITION OF NYPH (continued)

($ in thousands)

	Unaudited September 30, 2020	Audited December 31, 2019
Liabilities and net assets		
Current liabilities:		
Long-term debt – current portion	$ 78,362	$ 78,374
Operating lease liability – current portion	39,461	35,185
Accounts payable and accrued expenses	792,738	621,868
Accrued salaries and related liabilities	433,124	364,701
Pension and postretirement benefit liabilities – current portion	26,865	26,865
Professional and other insurance liabilities – current portion	66,089	74,376
Other current liabilities	747,737	198,387
Total current liabilities	2,184,376	1,399,756
Long-term debt	4,122,105	3,129,861
Operating lease liability	254,728	207,749
Professional and other insurance liabilities	401,045	408,148
Pension liability	487,780	244,243
Postretirement benefit liability	24,043	24,432
Other noncurrent liabilities	412,270	311,380
Total liabilities	7,886,347	5,725,569
Net assets:		
Net assets without donor restrictions	5,639,765	6,095,727
Net assets with donor restrictions	2,159,011	2,177,619
Total net assets	7,798,776	8,273,346
Total liabilities and net assets	$ 15,685,123	$ 13,998,915

Source: Nine months ended September 30, 2020 Unaudited Financial Statements and 2019 Audited Financial Statements. Amounts exclude the Consolidated Entities.

Operating Margin

The following table sets forth the total operating margin of NYPH based on total operating revenue and operating (loss) income as of September 30, 2020 derived from the Nine Months Ended September 30, 2020 Unaudited Financial Statements and as of December 31, 2019 derived from the 2019 Audited Financial Statements. The table excludes the Consolidated Entities.

OPERATING MARGIN OF NYPH
($ in thousands)

	As of September 30, 2020	**As of December 31, 2019**
Total operating revenue	$5,028,297	$6,709,674
Operating (loss) income	($376,697)	$328,633
Total operating margin	**-7.5%**	**4.9%**

Source: NYPH records

Liquidity

The following table sets forth NYPH's days cash on hand based on unrestricted cash and investments and average daily operating expenses as of September 30, 2020, derived from the Nine Months Ended September 30, 2020 Unaudited Financial Statements and as of December 31, 2019 derived from the 2019 Audited Financial Statements. The table excludes the Consolidated Entities.

DAYS CASH ON HAND OF NYPH
($ in thousands)

	As of September 30, 2020	**As of December 31, 2019**
Unrestricted cash and investments (1)	$ 7,045,945	$ 5,349,125
Average daily operating expenses (2)	$18,547	$16,392
Days cash on hand(3)	**379.9**	**326.3**

Source: NYPH records

1. Includes all cash and cash equivalents, short-term investments, funded depreciation investments, board designated funds required by the Department of Housing and Urban Development to be so designated in connection with NYPH's 2013 FHA-insured mortgage loan and investments made with proceeds of the Series 2015 Bonds, Series 2016 Bonds, Series 2019 Bonds and, for September 30, 2020, the Series 2020 Bonds, but excluding any donor restricted funds and other third party restricted funds.
2. Total operating expenses for the period less depreciation and amortization divided by 274 and 365, respectively.
3. Unrestricted cash and investments divided by average daily operating expenses.

Long-Term Debt Service Coverage

The following table sets forth the debt service coverage based on historical maximum annual debt service for NYPH, derived from the Nine Months Ended September 30, 2020 Unaudited Financial Statements and the 2019 Audited Financial Statements. The table excludes the Consolidated Entities.

For the nine months ended September 30, 2020, the debt service coverage decreased sharply as a result of the decrease in patient revenue and increase in expenses related to the COVID-19 pandemic, partially offset by government relief funds received by NYPH in April through September 2020.

LONG-TERM DEBT SERVICE COVERAGE OF NYPH
($ in thousands)

	Nine Months Ended September 30, 2020	**Year Ended December 31, 2019**
Income available for debt service[1]:		
Change in net assets without donor restrictions	$ (455,962)	$ 731,087
Depreciation and amortization	323,088	398,075
Interest expense and amortization of deferred financing fees	95,945	104,723
Distribution from New York-Presbyterian Fund, Inc. for the purchase of fixed assets	(47,518)	(91,873)
Change in unrealized gains and losses on investment and change in interest in HERS	(63,505)	(448,191)
Equity in earnings on alternative investments	12,446	(43,031)
Change in pension and post-retirement benefit liabilities to be recognized in future periods	177,097	163,944
Total	$ 41,591	$ 814,734
Annualized Total[2]	$55,455	
Historical Maximum annual debt service[3]	$ 309,898	$ 309,898
Long-Term Debt Service Coverage	**0.2x**	**2.6x**

Source: NYPH records

1. Income available for debt service is determined in accordance with the Master Trust Indenture.
2. Results for the nine months ended September 30, 2020 are annualized.
3. Maximum annual debt service assumes 30-year level debt service on the lines of credit and level debt service on the Series 2015, Series 2016, Series 2019 and Series 2020 Bonds to their respective maturity dates. In fact, the Series 2015 Bonds require no payment of principal until their maturity in 2045 and the Series 2016 Bonds require no payment of principal until the maturity of their first tranche in 2036. The Series 2019 Bonds require no payment of principal until their maturity in 2119. The Series 2020 Bonds, issued in August 2020, require no payment of principal until the maturity of their first tranche in 2030.

Capitalization

The following table sets forth the historical capitalization of NYPH as of September 30, 2020 derived from the Nine Months Ended September 30, 2020 Unaudited Financial Statements and December 31, 2019 derived from the 2019 Audited Financial Statements. The table excludes the Consolidated Entities.

CAPITALIZATION OF NYPH
($ in thousands)

	September 30, 2020	December 31, 2019
Long-term debt:		
Bonds	$ 3,581,221	$ 2,870,589
Other long-term debt(1)	669,029	384,874
Total long-term debt(2)	4,250,250	3,255,463
Less: Current portion of long-term debt(1)(2)	(82,188)	(82,200)
Net long-term debt(1)	4,168,062	3,173,263
Net assets without donor restrictions	5,639,765	6,095,727
Total capitalization	$9,807,827	$9,268,990
Long-term debt to total capitalization	**42.5%**	**34.2%**

Source: NYPH records

1. Includes the Promissory Note, term loan payable, lines of credit and finance leases, excluding deferred financing costs which are reported net in current and long-term debt.
2. The total long-term debt excludes deferred financing costs of $49.9 million as of September 30, 2020 and $47.4 million as of December 31, 2019. The current portion of long-term debt excludes deferred financing costs of $3.8 million as of September 30, 2020 and December 31, 2019.

Cash to Debt

The following table sets forth NYPH's unrestricted cash and investments to long-term debt as of September 30, 2020 derived from the Nine Months Ended September 30, 2020 Unaudited Financial Statements and December 31, 2019 derived from the 2019 Audited Financial Statements. The table excludes the Consolidated Entities.

CASH TO DEBT OF NYPH
($ in thousands)

	September 30, 2020	December 31, 2019
Unrestricted cash and investments [1]	$ 7,045,945	$ 5,349,125
Long-term debt:		
Bonds	$ 3,581,221	$ 2,870,589
Other long-term debt[2]	669,029	384,874
Total long-term debt[3]	4,250,250	3,255,463
Less: Current portion of long-term debt[2][3]	(82,188)	(82,200)
Net long-term debt	$4,168,062	$3,173,263
Unrestricted cash and investments to Long-term debt	**169.0%**	**168.6%**

Source: NYPH records

1. Includes all cash and cash equivalents, short-term investments, funded depreciation investments, board designated funds required by the Department of Housing and Urban Development to be so designated in connection with NYPH's 2013 FHA-insured mortgage loan and investments made with proceeds of the Series 2015, Series 2016, Series 2019 Bonds and, for September 30, 2020, the Series 2020 Bonds, but excluding any donor restricted funds and other third-party restricted funds.
2. Includes the Promissory Note (as defined in "Outstanding Long-Term Indebtedness – Other Indebtedness"), term loan payable, the lines of credit that mature in more than one year and financed leases excluding deferred financing costs which are reported net in current and long-term debt.
3. The total long-term debt excludes deferred financing costs of $49.9 million as of September 30, 2020 and $47.4 million as of December 31, 2019. The current portion of long-term debt excludes deferred financing costs of $3.8 million as of September 30, 2020 and December 31, 2019.

COVID-19 Pandemic

The COVID-19 pandemic and the issuance of executive orders by New York City (March 16, 2020) and New York State (March 22, 2020) restricting elective procedures has had a substantial adverse effect on the financial and operating condition of NYPH, beginning in the quarter ended March 31, 2020. This continues with NYPH experiencing a substantial decrease in financial performance and utilization comparing the quarter and nine months ended September 30, 2020 with the comparable periods in 2019. With the resumption of elective procedures, there was an improvement when comparing the quarter ended September 30, 2020 with the quarter ended June 30, 2020. Comparing these periods, inpatient discharges increased 6,066 or 29.2%; emergency room visits increased 15,876 or 46.3%; outpatient clinic visits increased 50,406 or 85.6% and ambulatory surgery procedures increased 15,676 cases or 194.1%. However, these increases were not sufficient to bring utilization back to levels seen in 2019 and NYPH continues to experience operating losses, though of a lesser magnitude, for the third quarter of 2020. With the increase in patient volume and a reduction in expenses in the third quarter of 2020 compared with the second quarter, the operating loss decreased from $739.5 million in the second quarter to $172.8 million in the third quarter, excluding CARES Act stimulus grants ($570.1 million recognized in the second quarter of 2020 and $46.2 million recognized in the third quarter).

Management's Discussion and Analysis of Utilization

Quarter ended September 30, 2020 compared to quarter ended September 30, 2019

For the quarter ended September 30, 2020, NYPH's inpatient discharges decreased 3,309 cases or 11.0% compared to the same period in 2019; outpatient clinic visits decreased 39,638 or 26.6% compared to the same period in 2019; emergency room visits decreased 33,594 or 40.1% compared to the same period in 2019; ambulatory surgery procedures decreased 5,881 or 19.8% compared to the same period in 2019 and mental health clinic visits decreased 4,535 or 18.1% compared to the same period in 2019. Although elective surgeries and non-emergent medical services resumed late in the prior quarter, inpatient and outpatient volume continued to be affected by the executive orders mandating social distancing, concerns about exposure to the virus when visiting hospitals and hospital policies limiting the number of patients and visitors during the COVID-19 pandemic.

As noted above, except for mental health clinic visits, the decreases in utilization comparing the quarter ended September 30, 2020 with the quarter ended September 30, 2019 were not as great as the decreases experienced in the quarter ended June 30, 2020 compared with the quarter ended June 30, 2019. The second quarter of 2020 was particularly affected by the severity of the pandemic in the New York Metropolitan Area at that time and the suspension of elective surgeries and non-emergent medical services, which remained in place for more than two months of that quarter. With the decline in infection rates and hospitalizations and the resumption of elective services in June 2020, utilization began to increase, but has remained well below the volume for the comparable period in 2019.

Nine Months ended September 30, 2020 compared to nine months ended September 30, 2019

As a result of the mandated restriction on elective procedures, stay at home directives and other effects of the COVID-19 pandemic, for the nine months ended September 30, 2020, NYPH's inpatient discharges decreased 13,322 cases or 14.6% compared to the same period in 2019; outpatient clinic visits decreased 178,798 or 38.2% compared to the same period in 2019; ambulatory surgery procedures decreased 34,413 cases or 38.0% compared to the same period in 2019, emergency room visits decreased 81,058 or 32.1% compared to the same period in 2019 and mental health clinic visits decreased 12,904 or 15.8% compared to the same period in 2019.

Management's Discussion and Analysis of Recent Financial Performance

Quarter ended September 30, 2020 compared to quarter ended September 30, 2019

For the quarter ended September 30, 2020, NYPH had an operating loss of $126.6 million, a $199.9 million or 273.0% decrease from the $73.2 million of operating income for the same period in 2019. This decrease was primarily driven by lower patient volume and increased expenditures related to the COVID-19 pandemic. The New York City and State executive orders to suspend elective surgeries and non-emergent medical services were lifted in June 2020, as a result, there was some improvement in patient volume this quarter compared with the second quarter of 2020, although inpatient and outpatient volume remained sharply below the comparable period in 2019. For the quarter ended September 30, 2020, NYPH had an excess of revenues over expenses of $68.2 million, with investment return of $190.6 million more than offsetting the operating loss. Despite the investment gain, this represented a $54.6 million or 44.5% decrease in excess of revenues over expenses compared with the same period in 2019.

For the quarter ended September 30, 2020, net patient service revenue decreased $132.0 million or 8.2% compared to the same period in 2019. Decreases in inpatient and outpatient volume were directly the result of the executive orders mandating social distancing, community fear of visiting hospitals and hospital policies limiting procedures and visitors during the COVID-19 pandemic.

For the quarter ended September 30, 2020, other revenue increased $51.7 million or 73.4% compared to the same period in 2019. This was the impact of recognizing $46.2 million of governmental assistance under the CARES Act in this quarter to offset shortfalls in revenue and increased expenditures due to the COVID-19 pandemic.

For the quarter ended September 30, 2020, total operating expenses increased $119.6 million or 7.4% compared with the same period in the previous year. Salaries and wages, together with employee benefits, increased $53.3 million or 5.5% over the same period in the previous year. This increase was primarily a function of having 26 more full time equivalent employees, two bonus payments to employees working on the front line during the COVID-19 pandemic. Also contributing to the increase were information technology and innovation expenses related to the installation of the EPIC integrated electronic medical records and revenue cycle solution at the NYP/Columbia, NYP Allen and NYP Morgan Stanley campuses, coupled with general wage and benefits increases.

For the quarter ended September 30, 2020, supplies and other expenses increased $48.6 million or 9.3% over the same period in the previous year. This increase was primarily due to expenditures for the procurement of patient care supplies utilized to care for COVID-19 patients and support resources provided to employees during the COVID-19 pandemic. Depreciation and amortization expense increased $9.5 million or 9.4% reflecting the increase in a number of capital projects resulting from the COVID-19 pandemic and the installation of the EPIC integrated electronic medical records and revenue cycle solution at the campuses noted above. Interest and amortization of deferred financing fees increased $8.2 million or 32.5% resulting from the issuance of the Series 2019 Bonds in October 2019, the Series 2020 Bonds in August 2020 and the outstanding lines of credit drawn in March 2020.

For the quarter ended September 30, 2020, other changes in net assets without donor restrictions increased $105.5 million or 189.3% compared to the same period in the previous year. This increase was primarily due to the change in the pension and postretirement benefit liabilities related to the pension investments performance and decrease in discount rate, and an increase in distributions from Fund, Inc. for the purchase of fixed assets.

For the quarter ended September 30, 2020, NYPH's net assets without donor restrictions increased by $117.9 million, representing an increase of $50.9 million or 75.9% increase compared to the same period in 2019. This increase was directly the result of the impact of investment performance and the change in the pension and postretirement benefit liabilities offsetting the operating loss.

Nine months ended September 30, 2020 compared to nine months ended September 30, 2019

In addition to the operational and clinical challenges, the COVID-19 pandemic continues to present unique financial challenges for hospitals and health systems. Executive orders mandating social distancing, community fear of visiting hospitals, and hospital policies limiting procedures and visitors resulted in a significant reduction in inpatient and outpatient volume and affected operating revenue. NYPH experienced extraordinary expenses related to procurement of medical supplies, additional staffing, employee support, and community support. The negative financial impact of the pandemic through September 30, 2020 was partially offset by grants and support received from the CARES Act and is expected to be further offset in the future through public assistance funding expected to be received from the Federal Emergency Management Agency ("FEMA"). Approximately $616.3 million is included in other revenue for NYPH in the Hospital's Nine Months Ended September 30, 2020 Unaudited Financial Statements for grant revenue under the CARES Act (NYPH has received $631.1 million in CARES Act grant receipts as of October 31, 2020). As of October 31, 2020, NYPH had notified FEMA of approximately $500.0 million in COVID-19 related costs and completed submission to FEMA several requests for reimbursement aggregating approximately $405.0 million of such costs. As of October 31, 2020, NYPH received approximately $129.4 million from FEMA for reimbursement of COVID-19 related costs under certain requests for reimbursement, while other requests for reimbursement are pending review and approval by FEMA. Currently under the FEMA program, the Federal government reimburses 75% of total allowed costs that are submitted. Additionally, in April 2020 NYPH received $530.0 million in Medicare Accelerated Payments from the Centers for Medicare & Medicaid Services (CMS), which will be recovered based on the terms provided by CMS; such terms were revised on October 1, 2020 such that recoveries will commence in May 2021 and extend through September 2022. Furthermore, NYPH was able to defer $83.6 million in social security payroll tax payments as of September 30, 2020, as allowed by the CARES Act, half of which must be paid by the end of 2021 and the other half to be paid by the end of 2022.

For the nine months ended September 30, 2020, NYPH had an operating loss of $376.7 million, a $562.3 million or 303.0% decrease from the $185.6 million of operating income for the same period in 2019. This decrease was primarily driven by lower patient volume as a result of the COVID-19 pandemic and the New York City and State executive orders to suspend elective surgeries and non-emergent medical services, which had a pervasive and significant negative impact on the financial operations of NYPH, increasing expenses and reducing revenues. NYPH had a deficiency of revenue over expenses of $312.3 million, which represented an $855.4 million or 157.5% decrease over the excess of revenue over expenses of $543.1 million for the same period in 2019. This decrease was also due to the reduction in investment return from $336.2 million for the nine months ended September 30, 2019 to $51.8 million for the nine months ended September 30, 2020, a $284.3 million or 84.6% decrease.

For the nine months ended September 30, 2020, net patient service revenue decreased $588.8 million or 12.3% compared to the same period in 2019 reflecting the decrease in patient volume as a result of the COVID-19 pandemic and the New York City and State executive orders to suspend elective surgical procedures and non-emergent medical services, and executive orders mandating social distancing, community fear of visiting hospitals, and hospital policies limiting procedures and visitors.

For the nine months ended September 30, 2020, other revenue increased $623.7 million or 279.7% compared to the same period in 2019 as a result of recognizing $616.3 million of governmental assistance under the CARES Act in the second and third quarters to offset shortfalls in patient revenue and increased expenditures due to the COVID-19 pandemic.

For the nine months ended September 30, 2020, total operating expenses increased $597.1 million or 12.4% compared to the same period in 2019. Salaries and wages, together with employee benefits, increased $322.6 million or 11.3% over the same period in 2019, primarily as a result of having 811 more full time equivalent employees, two bonus payments to front-line employees as part of NYPH's response to the COVID-19 pandemic, increases in information technology and innovation related to the installation of the EPIC integrated electronic medical records and revenue cycle solution at the NYP/Columbia, NYP Allen and NYP Morgan Stanley campuses and other wages and benefits increases.

Supplies and other expenses increased $231.4 million or 14.8% during the nine months ended September 30, 2020 compared to the same period in 2019 primarily due to expenditures for the procurement of medical supplies and the support resources to front line employees including childcare services, meals, parking, bus service and hotel accommodations. Depreciation and amortization expense during the same period increased $23.4 million or 7.8% compared to the same period in 2019 reflecting the completion of a number of capital projects, mainly the installation of the EPIC integrated medical records and revenue cycle solution at NYP/Columbia, NYP Allen and NYP Morgan Stanley. Interest and amortization of deferred financing fees increased $19.7 million or 25.8% resulting from the issuance of the Series 2019 Bonds in October 2019, the Series 2020 Bonds in August 2020 and the outstanding lines of credit drawn in March 2020.

Other changes in net assets without donor restrictions for the nine months ended September 30, 2020 decreased $58.1 million or 67.9% compared to the same period in 2019 primarily due to the change in the pension and postretirement benefit liabilities related to pension investments performance and discount rate. In addition, there was a decrease in distributions from Fund, Inc. for the purchase of fixed assets, primarily resulting from the funding and subsequent completion of the NYP David H. Koch Center capital project in the first quarter of 2019.

Net assets without donor restrictions decreased by $456.0 million in the nine months ended September 30, 2020, representing a reduction of $913.5 million or 199.7% compared to the same period in 2019 due to the impact of COVID-19 on financial operations and the decrease in investment return.

Outstanding Long-Term Indebtedness

Debt Structure

NYPH's long-term indebtedness can be categorized into four groups: (1) the FHA-Insured Indebtedness, (2) the Master Trust Indenture (MTI) Indebtedness, (3) the NYP Lower Manhattan Indebtedness, and (4) Other Indebtedness. As discussed below, the FHA-Insured Indebtedness and the NYP Lower Manhattan Indebtedness are secured by mortgages on certain of NYPH's facilities and pledges of revenues and accounts. The MTI Indebtedness is unsecured. Additional details are set forth following the table below.

The following table sets forth the long-term indebtedness of NYPH as of September 30, 2020 and December 31, 2019. The table excludes the Consolidated Entities.

OUTSTANDING LONG-TERM INDEBTEDNESS OF NYPH
($ in thousands)

		Outstanding at	
Indebtedness	Maturity Date	**September 30, 2020**	**December 31, 2019**
FHA-Insured			
Mortgage Loan (fixed rate, taxable)	2025	$ 121,128	$ 137,811
Mortgage Loan (fixed rate, taxable)	2035	190,617	198,404
Mortgage Loan (fixed rate, taxable)	2038	410,921	421,859
MTI			
Series 2015 Bonds (fixed rate, taxable)	2045	750,000	750,000
Series 2016 Bonds (fixed rate, taxable)	2036	250,000	250,000
Series 2016 Bonds (fixed rate, taxable)	2056	350,000	350,000
Series 2016 Bonds (fixed rate, taxable)	2116	250,000	250,000
Series 2019 Bonds (fixed rate, taxable)	2119	500,000	500,000
Series 2020 Bonds (fixed rate, taxable)	2030	150,000	–
Series 2020 Bonds (fixed rate, taxable)	2040	300,000	–
Series 2020 Bonds (fixed rate, taxable)	2060	300,000	–
NYP Lower Manhattan			
Dormitory Authority of the State of New York Secured Hospital Revenue Refunding Bonds, Series 2011 (fixed rate, tax-exempt)	2022	8,555	12,515
Other			
Promissory Note – 466 Lexington Avenue	2048	279,369	278,553
Term loan payable – Lawrence Hospital	2025	12,222	13,884
Lines of credit advance	2023	200,000	–
Finance leases	various	177,438	92,437
Total		$ 4,250,250	$ 3,255,463
Add: Unamortized fair value adjustment related to NYP/Lower Manhattan acquisition		78	177
Less: Deferred financing cost, net of accumulated amortization		49,861	47,405
Total		$ 4,200,467	$ 3,208,235

Source: NYPH records

The FHA-Insured Indebtedness

NYPH's FHA-Insured Indebtedness is secured by mortgages on NYP/Weill Cornell campus (the "FHA-Insured Mortgages") and a pledge of revenues and accounts of NYPH. The U.S. Department of Housing and Urban Development and the mortgagee under the FHA-Insured Mortgages released the mortgage liens on the NYP/Columbia, NYP Morgan Stanley, NYP Allen and NYP Westchester campuses in April 2020.

Under the loan documents for the FHA-Insured Mortgages (the "FHA Loan Documents"), NYPH is required to maintain certain debt service funds, including mortgage reserve funds. In addition, NYPH is required to maintain debt service coverage and other financial ratios, and to obtain approval to incur additional debt above specified levels if certain covenant requirements are not met. The terms and provisions of the FHA Loan Documents are solely for the benefit of the parties thereto and may be amended or waived in accordance with their terms, without the consent of or notice to any other creditors of NYPH.

The MTI Indebtedness

Indebtedness evidenced by an Obligation issued under the Master Trust Indenture constitutes a joint and several obligation of NYPH and any entity that may in the future become a Member of the Obligated Group (as defined in the Master Trust Indenture), subject to the right of a Member to withdraw from the Obligated Group upon meeting certain conditions set forth in the Master Trust Indenture. Currently, NYPH is the only Member of the Obligated Group, and there are four Obligations issued under the Master Trust Indenture: (i) Obligation No. 1, which backs the Series 2015 Bonds, (ii) Obligation No. 2, which backs the Series 2016 Bonds, (iii) Obligation No. 3, which backs the Series 2019 Bonds, and (iv) Obligation No.4, which was issued on August 19, 2020 and backs the Series 2020 Bonds.

The table below sets forth each of the Obligations currently outstanding, the Bond Series to which such Obligation relates, and its principal amount and maturity date. This table includes the Series 2020 Bonds which were issued on August 19, 2020.

MTI INDEBTEDNESS
($ in thousands)

Obligation	Bond Series	Principal Amount	Maturity
No. 1	Series 2015 Bonds	$ 750,000	August 1, 2045
No. 2	Series 2016 Bonds	850,000	August 1, 2116[1]
No. 3	Series 2019 Bonds	500,000	August 1, 2119
No. 4	Series 2020 Bonds	750,000	August 1, 2060[2]
Total		$ 2,850,000	

Source: NYPH records

1. While Obligation No. 2 matures in 2116, principal payments are due in the following amounts on August 1 of the years indicated: $250.0 million in 2036, $350.0 million in 2056 and $250.0 million in 2116.
2. While Obligation No. 4 matures in 2060, principal payments are due in the following amounts on August 1 of the years indicated: $150.0 million in 2030, $300.0 million in 2040, and $300.0 million in 2060.

NYP Lower Manhattan Indebtedness

The NYP Lower Manhattan Indebtedness relates to the Secured Hospital Revenue Refunding Bonds (New York Downtown Hospital), Series 2011, which were issued by the Dormitory Authority of the State of New York ("DASNY"). This debt, which matures in 2022, is secured by a mortgage on the NYP Lower Manhattan facility (the

"NYP Lower Manhattan Mortgage") and a security interest in the gross receipts and certain fixtures, furnishings and equipment of NYPH. Pursuant to a Subordination Agreement, dated as of June 28, 2013 (the "DASNY Subordination Agreement"), DASNY agreed to subordinate its interest in NYPH's gross receipts to the security interests granted under the FHA Loan Documents. In the event of a default under the NYP Lower Manhattan Mortgage loan documents, subject to the DASNY Subordination Agreement, DASNY is entitled to exercise certain rights as a secured party, including the right to accelerate the Lower Manhattan Indebtedness and foreclose on the lien of the NYP Lower Manhattan Mortgage. The proceeds of the exercise of any such rights would be applied to the payment of the NYP Lower Manhattan Indebtedness prior to the payment of any other indebtedness of NYPH.

Other Indebtedness

NYPH has various finance leases (formerly referred to as capital leases) totaling $177.4 million as of September 30, 2020, which are secured by the financed equipment.

As of December 31, 2019, NYPH had an unsecured $200.0 million line of credit agreement with a commercial bank available through June 30, 2022. In order to increase liquidity for COVID-19 pandemic related needs, effective March 27, 2020, the amount of this line was increased to $350.0 million and the termination date was extended to March 31, 2023. NYPH borrowed $200.0 million against this line of credit in March 2020 and that amount remains outstanding as of the date hereof.

As of December 31, 2019, NYPH had an unsecured $150.0 million line of credit with a second commercial bank available through August 15, 2022. NYPH borrowed $150.0 million from this line of credit in March 2020 and that amount was repaid in the third quarter. Effective April 2020, NYPH entered into an additional unsecured $100.0 million line of credit available through its termination date of April 16, 2021 with the same commercial bank. As of the date hereof, NYPH has not drawn on this line of credit.

Effective March 30, 2020, NYPH entered into an unsecured $200.0 million line of credit with a third commercial bank available through March 29, 2021. NYPH borrowed $200.0 million from this line of credit in March 2020, which was repaid in the second quarter of 2020. As of the date hereof, NYPH has not re-drawn on this line of credit.

As of the date of this Disclosure Report, these four credit facilities provide a total of $800.0 million in availability, of which $200.0 million has been drawn and remains outstanding. There were no borrowings on the lines of credit during 2019.

In June 2017, NYPH entered into a transaction pursuant to which NYPH purchased a 30-year leasehold condominium interest (with an option to extend) in approximately 480,000 square feet of space located at 466 Lexington Avenue, New York (the "Leasehold Condominium") to be used to consolidate corporate services. The new space replaced certain existing leased and owned office space. To finance the acquisition of the Leasehold Condominium, NYPH issued to the seller a promissory note in the principal amount of $249.9 million (the "Promissory Note") which bears interest at a rate of 7% per annum. Interest payments for the period from July 2017 through December 2018 were deferred. The debt service terms require principal and interest payments in escalating amounts over the life of the note, ranging from $1.5 million to $2.5 million commencing January 2019 through December 2048. Unpaid interest incurred during the period accrues to the outstanding principal balance on the Promissory Note. Under this arrangement, the amount due will increase to an ultimate principal balance of $283.3 million in December 2023. As of September 30, 2020, the balance due includes the principal amount of the Promissory Note and accrued interest of $29.5 million, totaling $279.4 million. The Promissory Note is secured by a mortgage granted by NYPH in its interest in the Leasehold Condominium. In connection with this transaction, the seller/landlord provided NYPH with a tenant allowance for leasehold improvements of approximately $75.6 million. As of September 30, 2020, the unamortized balance remaining is $67.8 million, which was recorded in the Hospital's consolidated statement of financial position.

On April 1, 2018, in connection with the merger of Lawrence Hospital into NYPH, NYPH assumed a term loan made by a commercial bank to Lawrence Hospital with an outstanding principal amount at the time of the merger of $17.6 million. This loan, which had been secured by a mortgage on the facilities of Lawrence Hospital and other collateral, was modified in a number of respects, and is now an unsecured general obligation of NYPH which matures on October 1, 2025. The outstanding principal amount at September 30, 2020 was $12.2 million.

NYPH has a reimbursement agreement in place to support three letters of credit in an aggregate amount of $13.4 million. Effective April 15, 2020, one of the letters of credit was increased from $9.8 million to $23.3 million. The letters of credit were issued on behalf of NYPH in connection with its workers' compensation program. As of the date of this Disclosure Report, no draws have been made under the letters of credit.

The Intercreditor Agreement

The U.S. Department of Housing and Urban Development, Prudential Huntoon Paige Associates, LLC, DASNY, the Master Trustee, the Series 2015 Bond Trustee, the Series 2016 Bond Trustee, the Series 2019 Bond Trustee, the Series 2020 Bond Trustee and NYPH have entered into an intercreditor agreement (the "Intercreditor Agreement"). The Intercreditor Agreement provides for the cross-default under certain conditions of the FHA-Insured Indebtedness and the Lower Manhattan Indebtedness (collectively, the "Senior Debt") with the Series 2015 Bonds, the Series 2016 Bonds, the Series 2019 Bonds and the Series 2020 Bonds, and sets forth the terms as to the subordinate and junior nature of the Series 2015 Bonds, the Series 2016 Bonds, the Series 2019 Bonds and the Series 2020 Bonds with respect to the Senior Debt.

Investments

The following is a summary table of NYPH's cash and investment assets as of September 30, 2020, which includes NYPH's beneficial interest in net assets held by related organizations (NYPH's interest in assets held by Fund, Inc.) and assets attributable to NYPH's member capital account held in Hudson East River Systems, LLC ("HERS"), a pooled investment program through a limited liability company of which Fund, Inc. is the managing member. The table excludes assets invested in NYPH's pension plans, as well as assets of NYPH's Consolidated Entities.

CASH AND INVESTMENT ASSETS OF NYPH

	Total Investment Assets	Beneficial Interest[1]	NYPH Assets[2]
Total (in billions)	$9.0	$1.8	$7.2
Cash	22%	8%	25%
Treasuries	11	7	12
Public Equity	20	29	18
Private Equity	12	21	10
Real Estate	5	7	4
Natural Resources	2	5	2
Hedge Funds	11	17	9
Credit	16	3	19
Uncorrelated Alpha	1	3	1
Total	100%	100%	100%

Source: NYPH records

1. The beneficial interest component is almost entirely comprised of NYPH's beneficial interest in Fund, Inc.
2. Includes NYPH's interest in HERS.

For long-term funds, NYPH has adopted a return-oriented, well-diversified asset allocation strategy. Results for the long-term investment funds have generally outperformed benchmarks.

The above table details NYPH's investment assets, including NYPH's beneficial interest in net assets held by related organizations, which comprise the majority of the investment assets under the purview of the Investment Committee and Investment Staff. The NYPH component includes investments limited as to use, including funded depreciation, funds held under loan agreements, and funded self-insurance. The NYPH component also includes short-term and cash equivalent investments maintained for purposes of operations and other needs of NYPH, escrow funds, and other assets. The beneficial interest component is almost entirely comprised of NYPH's beneficial interest in Fund, Inc. The table does not include investments held by NYPH's pension plan, which are invested similarly to other long-term assets.

The following table shows, as of September 30, 2020, the liquidity of NYPH's investment portfolio, with 65% or $5.8 billion of assets accessible within one month. The table excludes assets of NYPH's pension plans and assets of NYPH's Consolidated Entities.

LIQUIDITY OF NYPH'S INVESTMENT PORTFOLIO

	NYPH Long-Term Fund	NYPH Current Investments	Total
1-5 Days	26%	100%	60%
6-31 Days	9	N/A	5
1-6 Months	16	N/A	9
7-12 Months	4	N/A	2
1-3 Years	9	N/A	5
3+ Years	36	N/A	20
Total[1]	100%	100%	100%

Source: NYPH records

1. Totals may not foot due to rounding.

The following table shows (i) the amount of investment assets of NYPH under management as of September 30, 2020, and as of December 31, 2019, and (ii) the investment performance of the long-term portfolio through September 30, 2020. The table excludes assets invested in NYPH's pension plans and assets of NYPH's Consolidated Entities.

INVESTMENT ASSETS UNDER MANAGEMENT

	As of September 30, 2020	As of December 31, 2019
Investment Assets Under Management (in billions)	$9.0	$7.3

Source: NYPH records

LONG-TERM PORTFOLIO PERFORMANCE

	5 Year	3 Year	1 Year
Long-Term Portfolio Performance through 09/30/20	6.5%	4.8%	3.5%

Source: NYPH records

Philanthropy

In 2007, after completing a $1.0 billion campaign three years ahead of schedule, NYPH, through Fund, Inc., began the Quiet Phase of a $2.0 billion campaign. This campaign was publicly launched in 2012. As of September 30, 2020, approximately $1.5 billion in pledges and gifts have been made towards this campaign since its public launch date. As of September 30, 2020, NYPH has received pledges and gifts of approximately $2.3 billion against the $2.0 billion campaign. An additional campaign has been launched to raise $300.0 million for the Alexandra Cohen Hospital for Women and Newborns. As of September 30, 2020, NYPH has received pledges and gifts of $189.6 million for this campaign. The collection rate for pledges, based on recent history, approximates 100%. In addition, approximately $0.3 billion in pledges and gifts have been made to the Quiet Phase of a new campaign.

Fund, Inc.

During the nine months ended September 30, 2020 and year ended December 31, 2019, Fund, Inc. distributed approximately $47.5 million and $91.9 million, respectively, for the purchase of fixed assets to NYPH. Fund, Inc. holds certain assets on behalf of NYPH that are restricted and may only be used for the benefit of NYPH. **There is no legal or contractual requirement that Fund, Inc. continue to make distributions of its unrestricted assets to NYPH.**

Capital Expenditures

For the nine months ended September 30, 2020 and year ended December 31, 2019, NYPH incurred capital expenditures of $422.3 million and $481.7 million, respectively, for acquisition of property, building and equipment (net of disposals). These expenditures were funded from internally generated cash flow and donations. For the nine months ended September 30, 2020 and year ended December 31, 2019, Fund, Inc. received approximately $123.1 million and $177.9 million, respectively, (including $121.4 million and $172.7 million, respectively, specifically restricted for NYPH) in new gifts and pledges from individuals, foundations and corporate donors for capital acquisitions and other purposes.

Royal Charter Properties

For the nine months ended September 30, 2020 and year ended December 31, 2019, the RCP Corporations had an aggregate net operating income of approximately $31.8 million and $44.8 million, respectively. Historically, each of the RCP Corporations has turned over its excess of revenue over expenses, less reasonable reserves ("Excess Revenue") to NYPH. For the nine months ended September 30, 2020 and year ended December 31, 2019, these amounts totaled $31.0 million and $38.8 million, respectively, and are included in other operating revenue in the Statements of Operations of NYPH. **However, the board of directors of each of the RCP Corporations has complete discretion within its stated corporate purposes with respect to the distribution of its Excess Revenue; there is no legal or contractual requirement that these amounts be distributed to NYPH.**