Albert Einstein Healthcare Network

Consolidated Financial Statements
June 30, 2021 and 2020 and
Supplemental Consolidating Information
June 30, 2021

Albert Einstein Healthcare Network
Consolidated Financial Statements
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June 30, 2021 and 2020

Report of Independent Auditors

To the Board of Trustees of Albert Einstein Healthcare Network

We have audited the accompanying consolidated financial statements of Albert Einstein Healthcare Network and its subsidiaries, which comprise the consolidated balance sheets as of June 30, 2021 and 2020, and the related consolidated statements of operations, of changes in net assets and of cash flows for the years then ended.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

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

Opinion

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

PricewaterhouseCoopers LLP, *Two Commerce Square 2001 Market Street Suite 1800 Philadelphia, Pennsylvania 19103-7042*
T: 267 330 3000, www.pwc.com/us

Other Matter

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The consolidating information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves and other additional procedures, in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating information is fairly stated, in all material respects, in relation to the consolidated financial statements taken as a whole. The consolidating information is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, results of operations and changes in net assets, and cash flows of the individual entities and is not a required part of the consolidated financial statements. Accordingly, we do not express an opinion on the consolidated balance sheets, statements of operations and changes in net assets, and statements of cash flows of the individual entities.

PricewaterhouseCoopers LLP

Philadelphia, Pennsylvania
September 30, 2021

Albert Einstein Healthcare Network
Consolidated Balance Sheets
June 30, 2021 and 2020

(in thousands of dollars)

	2021	2020
Assets		
Current assets:		
Cash and cash equivalents	$ 88,825	$ 103,577
Investments	260,932	127,010
Accounts receivable for patient services	129,683	130,483
Other accounts receivable	14,476	5,056
Inventories	23,790	21,229
Other current assets	16,234	13,371
Assets whose use is limited	36,532	37,536
Total current assets	570,472	438,262
Investments	198,824	171,959
Assets whose use is limited	221,800	182,799
Land, buildings and equipment, net	533,401	561,365
Right of use assets	25,498	27,388
Beneficial interest in perpetual trusts	56,555	45,796
Insurance recoverable	47,702	50,453
Other non-current assets	129,828	121,202
Total assets	1,784,080	1,599,224
Liabilities and Net Assets		
Current liabilities:		
Current portion of long-term obligations	12,255	32,259
Current portion of lease liabilities	6,373	8,071
Accounts payable and accrued expenses	198,214	144,735
Accrued vacation and other benefits	15,230	14,970
Current portion of accrued professional liability claims	41,584	38,510
Other liabilities	96,138	100,914
Total current liabilities	369,794	339,459
Long-term obligations	422,566	432,066
Lease liabilities	21,097	21,579
Accrued pension liability	199,958	286,657
Accrued professional liability claims	174,119	167,709
Other liabilities	91,503	44,564
Total liabilities	1,279,037	1,292,034
Net assets:		
Without donor restrictions	337,841	168,837
With donor restrictions	167,202	138,353
Total net assets	505,043	307,190
Total liabilities and net assets	$ 1,784,080	$ 1,599,224

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

Albert Einstein Healthcare Network
Consolidated Statements of Operations and Changes in Net Assets
June 30, 2021 and 2020

(in thousands of dollars)

	2021	2020
Net Assets Without Donor Restrictions		
Operating revenues, gains and other support		
Net patient service revenue	$ 1,223,835	$ 1,185,314
Cares act revenue	135,309	50,660
Other revenue	63,450	87,689
Net assets released from restrictions	6,439	6,028
Total operating revenues, gains and other support	1,429,033	1,329,691
Operating expenses		
Salaries and employee benefits	821,519	783,114
Supplies	196,030	176,912
External physician, clinical and professional service fees	140,261	137,843
Depreciation and amortization	72,463	72,542
Interest expense	20,697	20,843
Insurance	44,777	41,033
Other	93,064	101,612
Total operating expenses	1,388,811	1,333,899
Operating income (loss)	40,222	(4,208)
Non-operating revenues, net & (charges)		
Investment income and realized gains and losses	13,441	8,027
Unrealized gains on investments	28,917	3,348
Other than temporary impairments on investments	(562)	(2,784)
Other pension costs	(13,426)	(11,465)
Other	3,871	2,782
Excess(deficiency) of revenues over expenses	72,463	(4,300)

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

Albert Einstein Healthcare Network
Consolidated Statements of Operations and Changes in Net Assets, continued
June 30, 2021 and 2020

(in thousands of dollars)

	2021	2020
Net Assets Without Donor Restrictions (continued)		
Excess (deficiency) of revenues over expense	72,463	(4,300)
Change in net unrealized (losses)/gains on investments	(179)	100
Decrease (increase) in pension liability	96,720	(66,782)
Increase (decrease) in net assets without donor restrictions	169,004	(70,982)
Net Assets With Donor Restrictions		
Contributions	6,605	4,303
Investment income and realized gains	3,018	3,098
Other than temporary impairments on investments	(171)	(1,412)
Change in beneficial interest in perpetual trusts	173	15
Change in net unrealized (losses)/gains on investments	25,663	(3,074)
Net assets released from restrictions	(6,439)	(6,028)
Increase (decrease) in restricted net assets with donor restrictions	28,849	(3,098)
Increase (decrease) in net assets	197,853	(74,080)
Net assets, beginning of year	307,190	381,270
Net assets, end of year	$ 505,043	$ 307,190

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

Albert Einstein Healthcare Network
Consolidated Statements of Cash Flows
June 30, 2021 and 2020

(in thousands of dollars)

	2021	2020
Cash flows from operating activities		
Increase (decrease) in net assets	$ 197,853	$ (74,080)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Net realized and unrealized gains on investments	(65,851)	(646)
Depreciation and amortization	70,695	70,603
(Decrease) increase in pension liability	(96,720)	66,782
Gain on sale of assets	(5,570)	(3,620)
Change in beneficial interest in perpetual trusts	(174)	(14)
Contributions and investment income restricted for long-term purposes	(6,984)	(5,662)
Equity in income of joint venture	(22,299)	(46,463)
(Increase) decrease in:		
Changes in assets and liabilities		
Accounts receivable	(8,620)	29,218
Inventories	(2,561)	(502)
Insurance recoverable	2,751	12,746
Other assets	(2,863)	(128)
Increase (decrease) in:		
Accounts payable and accrued expenses	52,422	16,558
Accrued pension liability, net of funding	10,021	(51,774)
Accrued vacation and other benefits	260	1,880
Accrued professional liability, net of funding	9,484	(14,950)
Other liabilities	42,163	91,485
Net cash provided by operating activities	174,008	91,433
Cash flows from investing activities		
Purchase of land, buildings and equipment [1]	(42,106)	(44,944)
Purchase of investments and assets whose use is limited	(438,967)	(257,466)
Proceeds from sale of investments and assets whose use is limited	296,864	190,853
Proceeds from sale of assets	6,387	4,027
Investment in joint ventures	(1,797)	(3,374)
Distribution from joint ventures	26,125	23,100
Other	(10,655)	(1,990)
Net cash used in by investing activities	(164,149)	(89,794)

Supplemental Disclosure:		
Accounts Payable related to buildings and equipment	$ 2,382	$ 1,615

[1] Non-cash investing activities
Finance lease obligations of $2,212 were incurred in 2021 when the Network entered into leases for new equipment. These amounts are not included the purchase of land, buildings and equipment.

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

Albert Einstein Healthcare Network
Consolidated Statements of Cash Flows - Continued
June 30, 2021 and 2020

(in thousands of dollars)

	2021	2020
Cash flows from financing activities		
Net repayments from revolving line of credit	170	(182)
Proceeds from short-term borrowings	-	20,000
Repayment of long-term borrowings	(28,175)	(7,785)
Principal payments under capital lease obligations	(2,174)	(1,840)
Contributions and investment income restricted for long-term purposes	6,984	5,662
Net cash (used in) provided by financing activities	(23,195)	15,855
Net (decrease) increase in cash and cash equivalents	(13,337)	17,494
Cash and cash equivalents, beginning of year	137,452	119,958
Cash and cash equivalents, end of year	$ 124,115	$ 137,452

	2021	2020
Reconciliation of cash and cash equivalents to the consolidated balance sheets		
Cash and cash equivalents	$ 88,825	$ 103,577
Cash and cash equivalents included in assets who's use is limited	35,290	33,875
Cash and cash equivalents at end of of period	$ 124,115	$ 137,452

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

1. Organization and Nature of Operations

Albert Einstein Healthcare Network ("AEHN") is a not-for-profit corporation that controls related organizations in a health care delivery system serving the greater Delaware Valley through sole membership in those related organizations. AEHN, together with its related member organizations, comprise Albert Einstein Healthcare Network ("Network").

The Network engages in health education, health promotion and fundraising activities, conducts system-wide planning, establishes overall financial goals and oversees funds management.

AEHN appoints the governing boards of subsidiaries and member organizations. The related organizations and their primary operations included in the consolidated financial statements are as follows:

Albert Einstein Medical Center ("AEMC") is a controlled organization through sole AEHN membership. AEMC is licensed to operate 551 acute care beds,187 rehabilitation beds, 44 skilled nursing beds and an outpatient surgical center across three campuses.

> On its main campus, in North Philadelphia, AEMC provides tertiary care in a 485 acute care bed hospital setting. AEMC provides rehabilitation services in a 21-bed setting on its main campus and 36-bed setting at three other hospitals that are part of its Moss Rehab division. AEMC provides nursing care in a 44-bed setting that is a skilled nursing facility. In addition, services are provided through an emergency department on the main campus; outpatient and ancillary services are provided both on the main campus and through surrounding community sites. AEMC also provides services through a crisis response center.
>
> On its Elkins Park campus, AEMC provides tertiary care in a 66-bed acute care hospital setting. AEMC provides rehabilitation services in a 130-bed rehabilitation setting that is also part of its Moss Rehab division. In addition, services are provided through an emergency department and various outpatient and ancillary departments.
>
> On its Germantown campus, AEMC provides services through various outpatient and ancillary departments. Psychiatric services are provided in a long-term structured residential setting.

Einstein Practice Plan, Inc. ("EPPI") is a controlled organization through sole AEHN membership. EPPI employs physicians who are members of the medical staff of AEMC and provide clinical care, teaching and research services to the Network's affiliated entities.

Einstein Community Health Associates ("ECHA") is a controlled organization through sole AEHN membership. ECHA employs physicians who provide primary care services in the community.

Einstein Medical Center Montgomery ("EMCM) is a controlled organization through AEHN. EMCM provides tertiary care to residents in and around central Montgomery County in a 175 acute care bed hospital setting. In addition, services are provided through an emergency department on the main campus; outpatient and ancillary services are provided both on the main campus and through surrounding community sites.

Montgomery Hospital Medical Center (“MHMC”) is a controlled organization through sole AEHN membership. MHMC consists of three constituent companies, Montgomery Hospital Medical Center (“MHMC”), Montgomery Health Foundation ("MHF"), and CMMC, Inc. (“CMMC”)

MHMC was licensed to operate as a general acute care hospital providing services in a 177-bed hospital setting in Norristown, Pennsylvania. On September 29, 2012, MHMC discontinued its healthcare delivery services.

MHF engages in fund raising activities primarily for the benefit of MHMC and the community.

CMMC leases space in its medical office building and provides other services ancillary to MHMC.

Fornance Physician Services (“FPS”) is a controlled organization through sole AEHN membership. FPS is a physician practice organization providing services in various medical specialties at locations throughout Montgomery County.

BCCT Over Corp (“Belmont”) is a controlled organization through sole AEHN membership. On July 1, 2015, Network sold the assets of Belmont and ceased operations.

Einstein/USP Surgery Centers, L.L.C., a Pennsylvania L.L.C., is a controlled organization through which AEHN (Parent) controls 80% of the ownership. Its partner, United Surgical Partners, Inc., (USP) holds 20% of the ownership. During June of 2016 via an asset purchase agreement, the EMCM purchased the assets & assumed certain obligations related to those assets. As a result, the ambulatory surgical center on the campus of Einstein Medical Center Montgomery ceased operations.

Einstein Healthcare Systems, Inc. (“EHS”) is a wholly owned for-profit business corporation and subsidiary of AEHN.

Einstein Care Partners, LLC (ECP), is controlled organization through sole AEHN membership. ECP operates an accountable care organization (ACO) comprised of clinically integrated network of Member-owned and independent healthcare providers. ECP also contracts with government payers, private health benefit plans, employers and other parties for certain populations under value-based and/or risk-bearing payment arrangements.

Broadline Risk Retention Group, Inc., (“BRRG”), a Vermont not for profit sponsored risk retention group, organized on July 2010, is a controlled organization through membership of AEHN (Parent) and its subsidiaries who participate in its risk retention program. BRRG is organized and operated exclusively to support the Network and the charitable healthcare activities of the member organizations of the Network and provides professional liability, general liability and excess liability insurance to the Network and its members.

Definitive Agreement with Thomas Jefferson University

On September 14, 2018, AEHN signed a definitive agreement whereby AEHN will become part of Thomas Jefferson University (“TJU”). TJU will become the sole corporate member of AEHN to further expand and enhance AEHN’s mission of improving the quality of life for all by fostering healing, easing suffering, and promoting wellness in a culture of safety, learning and respect. TJU is an independent, non-profit corporation organized under the laws of the Commonwealth of Pennsylvania and recognized as a tax-exempt organization pursuant to Section 501(c) (3) of the Internal Revenue Code. It conducts research and offers undergraduate and graduate instruction through the Sidney Kimmel Medical College, the Jefferson Colleges of Nursing, Pharmacy, Health

Professions, Population Health, and Biomedical Sciences. TJU has approximately 3,200 students and is located in Philadelphia.

On February 27, 2020, the Federal Trade Commission (FTC) brought an action to block the proposed transactions and the Commonwealth of Pennsylvania joined the FTC in the action. AEHN and TJU defended the transaction. In December 2020, the Federal Court for the Eastern District of Pennsylvania ruled in favor of AEHN and TJU, and subsequently the FTC and PA Attorney General decided not to appeal the decision, which ended the litigation and removed the impediment to closing the transaction. AEHN and TJU have a closing date target of October 4, 2021.

2. Significant Accounting Policies

Basis of Presentation and Use of Estimates

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in conformity with generally accepted accounting principles in the United States of America (“GAAP”). These consolidated financial statements include the accounts of the Network and its controlled affiliates. Investments in which the Network does not control, but in which it has a substantial ownership interest and can exercise significant influence, are accounted for using the equity method. All significant inter-company accounts and transactions have been eliminated.

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period and the accompanying notes. Actual results could differ from these estimates.

Financial Statement Presentation

Net assets without donor restrictions are those assets that are available for the support of operations and whose use is not externally restricted, although their use may be limited by other factors such as by contract or board designation.

Net assets with donor restrictions include gifts for which donor-imposed restrictions such as specific time period or purpose have not been met and trust activity and pledges receivable for which the ultimate purpose of the proceeds is not restricted in perpetuity. It also includes gifts, trusts and pledges which require by donor restriction that the corpus be invested in perpetuity and only the income be made available for operations in accordance with donor restrictions.

Performance Indicator

In the consolidated statements of operations and changes in net assets, the primary indicator of the Network’s results is “Excess/(deficiency) of revenues over expenses.” As such, it includes all revenues, operating expenses, non-operating revenues, investment income and non-operating expenses without donor restrictions. Transactions such as restricted contributions and contributions of long-lived assets (e.g., capital equipment), certain investment income and realized gains and losses related to these transactions, unrealized gains/losses on debt securities, and actuarial adjustments to the pension obligation are not included in Excess/(deficiency) of revenues over expenses.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash and investments in highly liquid debt instruments with an original maturity of three months or less. At June 30, 2021 and 2020, AEHN had cash balances in financial institutions which exceeded the Federal Depository Insurance limits. Management believes that the risk related to these deposits is minimal.

Fair Value Measurement

The Network adopted FASB guidance on fair value measurements for investments effective July 1, 2008. This guidance defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. Under the standard, fair value is defined as an exit price, representing 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. As such, fair value is a market-based measurement to be determined based on the assumptions that market participants would use in pricing an asset or liability in a hypothetical transaction at the measurement date.

The Network measures its restricted and unrestricted marketable securities at fair value on a recurring basis. Fair value is a market-based measurement that is determined based on assumptions that market participants would use in pricing an asset or liability. The Network's valuation methodologies used to measure financial assets and liabilities at fair value are outlined below:

Level 1 **–** Where applicable, the Network uses quoted prices in active markets for identical assets to determine fair value. This pricing methodology typically applies to domestic equities, international equities and mutual funds which redeem at net asset value (NAV).

Level 2 **–** If quoted prices in active markets for identical assets are not available, then quoted prices for similar assets, quoted prices for identical assets in inactive markets or inputs other than quoted prices that are observable for the asset, either directly or indirectly, will be used to determine fair value. These inputs may include recent bid prices, interest rates, yield curves, credit risk and default rates or inputs derived principally from market data and corroborated by market data. Securities typically priced using Level 2 inputs include government bonds (including U.S. Treasuries and Agencies), corporate bonds, asset-backed securities and mortgage-backed securities, commercial paper, guaranteed investment contracts, currency options and commingled funds where NAV is corroborated with observable market data.

Level 3 **–** These inputs would be the Network's own assumptions about the assumptions market participants would use in pricing an asset.

Assets and liabilities measured at fair value are based on one or more of three valuation techniques as follows:

- Market approach – Prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities;
- Cost approach – Amount that would be required to replace the service capacity of an asset (i.e., replacement cost); and
- Income approach – Techniques to convert future amounts to a single present amount based on market expectations (including present value techniques, option-pricing models and lattice models).

Fair value measurements – for investments in certain entities that calculate net asset value per share (or its equivalent)

Investments valued at net asset value (NAV) as a practical expedient are excluded from the fair value hierarchy.

Unrealized Gains and Losses

Unrealized gains and losses on all investments are shown within the Excess/(deficiency) of revenues over expenses except for those investments holding debt securities.

Investment income on investments of donor-restricted funds, including unrealized gains and losses, is added to or deducted from the appropriate net asset category based on the donor's restrictions.

Inventories

Inventories are stated at the lower of cost or net realizable value with cost determined using the first-in-first-out method.

Assets Whose Use Is Limited

Assets whose use is limited are recorded at fair value and principally include amounts restricted by donors, amounts set aside by the Board of Trustees for future capital improvements and amounts held by outside trustees under bond indenture agreements and self-insurance trust arrangements. Amounts required to meet current liabilities have been classified as current assets in the accompanying consolidated balance sheets.

Equity in Joint Ventures

The Network is one of four owners of Health Partners of Philadelphia, Inc. ("Health Partners") a not-for-profit Health Maintenance Organization joint venture providing access to health care services on a prepaid basis. Health Partners is licensed to operate in Philadelphia and the surrounding counties, for the Commonwealth of Pennsylvania Medicaid Health Choices program. The Network accounts for its joint venture interest on the equity method whereby it records its share of (losses)/earnings and net assets. Its share of Health Partners earnings was $21.7 million and $46.2 million in 2021 and 2020, respectively, and is included in other operating revenues. Its share of Health Partners net assets was $65.5 million and $69.3 million in 2021 and 2020 respectively and is included in other non-current assets.

In April of 2018 the Network entered into a joint venture ("Einstein-Solis Joint Venture") between the Network and Solis-NFP JV Holding, LLC, a Delaware limited liability company. The purpose of the joint venture is to provide management and administrative services to the network-wide direct patient care mammography service line. During fiscal years 2021 and 2020, the Network contributed an additional $1.8 million and $3.4 million respectively for three addition patient care sites. The Network accounts for its joint venture interest on the equity method whereby it records its share $353.2 thousand and $28 thousand for the years ended June 30, 2021 and 2020 respectively and is included in other operating revenues. Its share of Einstein-Solis Joint Venture net assets was $11.9 million and $10.2 million and is included in other non-current assets for the years ended June 30, 2021 and 2020 respectively.

Land, Buildings and Equipment

Land, buildings and equipment are stated at cost less accumulated depreciation. Interest and associated borrowing costs for financed projects such as major facility construction are capitalized during the time to complete and prepare the asset for its intended use. Donated equipment is recorded at fair market value at the date of receipt, which is then treated as cost. Depreciation is calculated utilizing the straight-line method based on the estimated useful lives of the underlying assets. Gains and losses from retirement or disposition of fixed assets are recognized in the consolidated statements of operations as non-operating gains or losses.

Beneficial Interest in Perpetual Trusts
The Network is the beneficiary of various irrevocable charitable and split-interest trusts which are administered by trustees. The Network's proportionate interest in the investments of these trusts is recorded at fair value. The Network's proportionate interest is reported within net assets as an asset with donor restrictions in the consolidated balance sheets. Distributions of trust income are included in other non-operating revenues. Currently, the trusts contain Level 1 and Level 2 investment assets. The Network's beneficial interest in changes in fair value of the trusts' assets are reported as changes in unrealized gains and losses within Net Assets with Donor Restrictions.

Leases
The Network leases property and equipment under finance and operating leases. AEHN determines whether an arrangement is a lease at inception. For leases with terms greater than 12 months, AEHN records the related right-of-use (ROU) assets and lease liabilities at the present value of lease payments over the term. Leases may include rental escalation clauses and options to extend or terminate the leases that are factored into the determination of lease payments when appropriate. The Network separates the lease and non-lease components of contracts. The Network's incremental borrowing rate, which is based on information available at the adoption date for existing leases and the commencement date for leases commencing after the adoption date, is used to determine the present value of lease payment.

Operating leases are included in ROU assets, current portion of lease liabilities, and lease liabilities on the consolidated balance sheets. Operating lease expense is recognized on the straight-line basis over the lease term and is included in other on the consolidated statements of operations and changes in net assets.

Finance leases are included in property and equipment, current portion of long-term debt and long-term debt on the consolidated balance sheets. Property and equipment under finance lease obligations are amortized over the lease term or the estimated useful life of the equipment, whichever is shorter. Such amortization is included with depreciation on the accompanying consolidated statements of operations and changes in net assets.

Self-Insurance Plans
Professional liability claims are insured under a combination of a risk retention group, self-insurance and excess commercial reinsurance programs. All of the Network's hospital operating entities also participate in the Medical Care Availability and Reduction of Error ("MCARE") Fund. Management accrues its best estimate of known and unknown medical malpractice and workers' compensation losses utilizing historical and actuarial data on a discounted basis. Professional liability claims are recorded on a discounted basis using a rate of 3%.

Workers' compensation liabilities are insured through a large deductible commercial insurance policy. Workers' compensation liabilities are recorded on a discounted basis using a rate of 3%.

Self-insurance plans, claims and related insurance recoveries, are not netted against a related claim liability. The Network has recorded $47.7 million and $50.5 million for 2021 and 2020, respectively, of insurance liabilities that are recoverable from insurance carriers.

Net Patient Service Revenue
The Network's net patient service revenue is reported at the amount that reflects the consideration to which the Network expects to be entitled in exchange for providing patient care. These amounts are due from patients, third-party payers (including health insurers and government programs), and others and include an estimate of variable consideration for retroactive revenue adjustments due to

settlement of audits, reviews, and investigations. Generally, the Network bills the patients and third-party payers several days after the services are performed and/or the patient is discharged from the facility. Revenue is recognized as performance obligations are satisfied.

Performance obligations are determined based on the nature of the services provided by the Network. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected (or actual) charges. The Network believes that this method provides a reasonable representation of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Generally, performance obligations satisfied over time relate to both inpatient and outpatient services because the patient simultaneously received and consumed the benefits provided by the Network as the Network performed the services. The Network 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 completion of the outpatient services. Revenue for performance obligations satisfied at a point in time is recognized when goods or services are provided, and the Network does not believe it is required to provide additional goods or services to the patient.

Because all of its performance obligations relate to contracts with a duration of less than one year, the Network has elected to apply the optional exemption provided in FASB ASC 606-10-50-14a and, therefore, is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period. The unsatisfied or partially unsatisfied performance obligations referred to previously are primarily related to inpatient acute care services at the end of the reporting period. The performance obligations for these contracts are generally completed when the patients are discharged, which generally occurs within days or weeks of the end of the reporting period.

The Network has elected to use a portfolio approach, as described in FASB ASC 606-10-10-4, for categories of patient contracts as a collective group, rather than recognizing revenue on an individual contact basis. Based on the historical collection trends and other analysis, the Network believes that the revenue recognized by utilizing the portfolio approach approximates the revenue that would have been recognized if an individual contract approach were used.

The Network determines the transaction price based on standard charges for goods and services provided, reduced by contractual adjustments provided to third-party payors, discounts provided to uninsured patients in accordance with the Network’s policy, and implicit price concessions provided to uninsured patients. The Network determines its estimates of contractual adjustments and discounts based on contractual agreements, its discount policies, and historical experience. The Network determines its estimate of implicit price concessions based on its historical collection experience with this class of patients.

Most of the Network’s services are rendered to patients with third party coverage. Reimbursement under these programs for all payers is based on a combination of prospectively determined rates, discounted charges and historical costs. Amounts received under Medicare and Medical Assistance programs are subject to review and final determination by program intermediaries or their agents and the contracts the Network has with commercial payers also provide for retroactive audit and review of claims. Agreements with third-party payers typically provide for payments at amounts less than established charges.

Laws and regulations concerning government programs, including Medicare and Medicaid, are complex and subject to varying interpretation. As a result of investigations by governmental agencies, various health care organizations, like AEHN, have received requests for information and notices regarding alleged noncompliance with those laws and regulations, which, in some instances, have resulted in organizations entering into significant settlement agreements. Compliance with such laws and regulations may also be subject to future government review and interpretation, as well as significant regulatory action, including fines, penalties, and potential exclusion from the related programs. There can be no assurance that regulatory authorities will not challenge the Network's compliance with these laws and regulations, and it is not possible to determine the impact (if any) such claims or penalties would have upon the Network. Services billed to the Medicare program are subject to external review for both medical necessity and billing compliance. Medicare cost reports for all years, except 2018, 2019, 2020 and 2021 for Albert Einstein Medical Center and 2019, 2020, and 2021 for Einstein Medical Center Montgomery have been audited and final settled as of June 30, 2021. No significant adjustments are expected. In addition, the contracts the Network has with commercial payors also provide for retroactive audit and review of claims.

Settlements with third-party payors for retroactive adjustments due to 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 Network's historical settlement activity, including an assessment to ensure that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the retroactive adjustment is subsequently resolved. Estimated settlements are adjusted in future periods as adjustments become known (that is, new information becomes available), or as years are settled or are no longer subject to such audits, reviews, and investigations. Adjustments arising from a change in the transaction price were not significant in the twelve months ended June 30, 2021 or 2020.

Generally, patients who are covered by third-party payers are responsible for related deductibles and coinsurance, which vary in amount. The Network also provides services to uninsured patients, and offers those uninsured patients a discount, either by policy or law, from standard charges. The Network estimates the transaction price for patients with deductibles and coinsurance and from those who are uninsured based on historical experience and current market conditions. The initial estimate of the transaction price is determined by reducing the standard charge by any contractual adjustments, discounts, and implicit price concessions. Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to patient service revenue in the period of the change and are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined. Adjustments arising from a change in the transaction price were not significant in the twelve months ended June 30, 2021 or 2020.

Consistent with the Network's mission, care is provided to patients regardless of their ability to pay. The Network has determined it has provided implicit price concessions to uninsured patients and patients with other uninsured balances (for example, copays and deductibles). The implicit price concessions included in estimating the transaction price represent the difference between amounts billed to patients and the amounts the Network expects to collect based on its collection history with those patients.

Patients who meet the Network's criteria for charity care are provided care without charge or at amounts less than established rates and the Network has determined it has provided an implicit price concession. Price concessions, including charity care, are not reported as net patient service revenue.

The composition of net patient service revenue for the twelve months ended June 30, 2021 and 2020, primarily resulting from patients in the southeastern Pennsylvania region, are as follows:

	2021	2020
Medicare	38%	38%
Medicaid	35%	33%
Commercial	25%	27%
Self Pay/Other	2%	2%
	100%	100%

Revenue from patient's deductibles and coinsurance are included in the preceding categories based on the primary payor.

Net patient service revenue disaggregated by lines of service for the years ended June 30, 2021 and 2020 are as follows in thousands of dollars:

	2021	2020
Inpatient services	$ 709,904	$ 691,715
Outpatient services	513,931	493,599
	$ 1,223,835	$ 1,185,314

At June 30, 2021 and 2020, patient accounts receivable, net were comprised of the following components in thousands of dollars:

	2021	2020
Patient receivables	$ 123,530	$ 124,859
Contract assets	6,153	5,624
	$ 129,683	$ 130,483

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

The Network has applied the practical expedient provided by FASB ASC 340-40-25-4 and all incremental customer contract acquisition costs are expensed as they are incurred, as the amortization period of the asset that the Network otherwise would have recognized is one year or less in duration.

The Network has elected the practical expedient allowed under FASB ASC 606-10-32-18 and does not adjust the promised amount of consideration from patients and third-party payors for the effects of a significant financing component due to the Network's expectation that the period between the time the service is provided to a patient and the time that the patient or a third-party payor pays for that service will be one year or less. However, the Network does, in certain instances, enter into payment agreements with patients that allow payments in excess of one year. For those cases, the financing component is not deemed to be significant to the contract.

Donor-Restricted Gifts
Unconditional promises to receive cash and other assets are reported at fair value at the date the promise is received. The gifts are reported as assets with donor restrictions support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends, or the purpose of the restriction is accomplished, net assets with donor restrictions are reclassified as assets without donor restrictions and reported in the consolidated statement of operations and changes in net assets as net assets released from restrictions.

Uncompensated Medical Care Provided
The Network provides services to all patients regardless of ability to pay. Although patients are ultimately responsible for hospital services rendered that are not covered by insurance, some uninsured patients qualify for financial assistance under established guidelines and are therefore not responsible for payment of such services. These guidelines require medical indigence status based on federal poverty guidelines. Charges for services rendered to patients who qualify for financial assistance are not reflected in the accompanying consolidated financial statements. Uninsured patients who do not qualify for financial assistance are provided care at reduced rates.

The Network maintains records to identify and monitor the level of uncompensated care provided. These records include the amount of charges forgone for services and supplies furnished. Management estimates that the cost of uncompensated care (which includes patients who qualify for financial assistance and costs provided to patients where the net patient revenue was not collected) provided by the Network approximated $43.6 million in 2021 and $43.1 million in 2020. The cost of uncompensated care is computed by taking the ratio of each operating division's cost to charges and multiplying it by the charges forgone for each patient where medical care was provided but went uncompensated.

Other Uncompensated Community Services
Services are provided to patients in the community who are insured under the Pennsylvania Medical Assistance Program. Payments from the Medical Assistance Program are substantially below the Network's cost of providing such services. The costs of providing services to eligible welfare recipients who participate in the Pennsylvania Medical Assistance and local Health Choices programs exceeded reimbursement by $87.1 million in 2021 and $66.3 million in 2020.

In addition to providing direct patient charity care and in furtherance of its exempt purpose to benefit the community, the Network provides various community services such as education, screenings and support groups for cancer patients and their families, health and wellness festivals, continuum of independent living and senior health programs, heart disease screenings, maternity care and childbirth programs, behavioral health crisis response and other related community health programs. The Network is also involved with school partnerships and helps organize educational programs for childhood and adolescent health issues, including underage drinking and smoking. Associated amounts expended for the above services approximated $5.3 million in 2021 and $5.0 million in 2020.

Income Taxes
AEHN and its controlled affiliates are tax-exempt pursuant to Section 501(c)(3) of the Internal Revenue Code. The Network also owns or controls for-profit subsidiaries that are taxable corporations. The Coronavirus Aid, Relief, and Economic Security (CARES) Act was enacted on March 27, 2020. On June 5, 2020, the Paycheck Protection Program Flexibility Act of 2020 was enacted, which revised certain provisions of the Paycheck Protection Program created by the CARES Act. As a result of evaluating the provisions that impact its organizations, AEHN has concluded that this law will not have a material impact on its financial statements related to the accounting for income taxes.

Subsequent Events
The Network has performed an evaluation of subsequent events through September 30, 2021, which is the date the financial statements were issued.

New Accounting Pronouncements
Effective July 1, 2020, the Network adopted ASU No. 2018-13, Fair Value Measurement (Topic 820), which improves the effectiveness of the notes to financial statements through changes in the disclosure requirements for fair value measurement. The Network adopted this guidance on a retrospective basis, which did not impact the disclosures for fair value measurement of the Network's investments.

In August 2018, the FASB issued ASU No. 2018-14, Compensation - Retirement Benefits – Defined Benefit Plans (Topic 715). This ASU modifies the disclosure requirements for employers that sponsor defined benefit pension or other postretirement plans. The ASU is for the Network's fiscal year beginning after December 15, 2020 and will be applied using a retrospective approach. The Network is currently assessing the impact of this ASU on its consolidated financial statements.

In August 2018, the FASB issued ASU No. 2018-15, Intangibles - Goodwill and Other, Internal-Use software (Subtopic 350-40), Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract. This ASU aligns the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software. The ASU is effective for the Network's fiscal year beginning after December 15, 2020 and will be applied using a prospective approach. The Network is currently assessing the impact of this ASU on its consolidated financial statements.

3. Fair Value of Investments

As of June 30, 2021, the fair values of investments, assets whose use is limited and beneficial interest in perpetual trusts, in thousands of dollars, consisted of the following:

	Level 1	Level 2	Level 3	Total Fair Value
Cash and cash equivalents	$ 9,690	$ 26,183		$ 35,874
U.S. treasury obligations		5,952		5,952
U.S. agency obligations		1,002		1,002
Bond mutual funds	305,594	13,676		319,269
Equity mutual funds	42,187			42,187
Marketable equity securities	5,201			5,201
Corporate bonds		18,639		18,639
Alternative investments	32,209	4,728		36,937
Beneficial interest in perpetual trusts			56,555	56,555
	$ 394,881	$ 70,181	$ 56,555	521,617
Investments at NAV				253,026
				$ 774,643

The unfunded commitments, redemption frequency and redemption notice periods for the investments that utilize Net Asset Value (NAV) for practical expedient purposes by strategy are as follows in thousands of dollars:

	Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Long/Short Equity (a)	4,968	-	Daily/Annually	0-75 Days
Long Equity (b)	45,728	-	Daily	
Multi-Strategy (c)	-	-	Annually	90 Days
Real Assets (d)	42,105	-	Daily	
Short Term Bond Fund (e)	111,012	-	Daily	
Core Plus Bond Fund (f)	23,906	-	Daily	
High Yield Bond Fund (g)	6,214	-	Monthly	
Equity Index Funds (h)	10,032	-	Daily	
Event Driven (i)	9,061	-	Quarterly/Annually	45-65 Days

(a) This category includes investments in hedge funds that invest in both long and short positions. The focus is on value, emphasizing low price-to-earnings ratios as well as discounts to private market value. Short equity investments are limited to 10% of assets.
(b) This category includes funds that invest principally in equity securities of small and large capitalization U.S. companies and other developed market countries.
(c) This category invests in hedge funds of funds that pursue multiple strategies to diversify risks and reduce downside exposure. The portfolio seeks a mixture of managers by style, size, geography and liquidity that can perform well in a variety of markets and can protect against a market correction.
(d) This category invests in funds that provide exposure to Real Estate Investment Trusts (REITs), commodities, and natural resources. The strategy complements a policy portfolio and is intended to provide inflation protection relative to equities and fixed income.
(e) This category purchases investment grade fixed income securities with duration typically of one to three years.
(f) This category invests in fixed income securities issued by the U.S. Government, U.S. Government agencies, and of corporations domiciled in the United States, developed international markets and emerging markets. These securities have investment grade credit ratings and non-investment grade credit ratings.
(g) This category invests principally in U.S. dollar denominated high yield bonds with a focus on achieving superior risk-adjusted performance over extended periods. The portfolio focuses on capital preservation and mitigating volatility.
(h) This category purchases each stock in the Standard & Poor's 500 Index. The strategy is to buy and hold securities, trading when there is a change to the index, participant cash flows, or to reinvest cash from dividend income.
(i) This category includes investments in hedge funds that seek to preserve capital and to profit from merger arbitrage, distressed investments, and extraordinary corporate actions with predictable outcomes.

As of June 30, 2021, the fair values of investments, assets whose use is limited and beneficial interest in perpetual trusts, in thousands of dollars, are presented in the consolidated balance sheets under the following classifications:

	Level 1	Level 2	Level 3	Total Fair Value
Investments, current	$ 174,871	$ 34,582		$ 209,452
Assets whose use is limited, current	3,503	30,690		34,193
Investments, non-current	162,004	84		162,088
Assets whose use is limited, non-current	54,503	4,826		59,329
Beneficial interest in perpetual trusts			56,555	56,555
	$ 394,881	$ 70,181	$ 56,555	521,617
Investments at NAV				253,026
				$ 774,643

As of June 30, 2020, the fair values of investments, assets whose use is limited and beneficial interest in perpetual trusts, in thousands of dollars, consisted of the following:

	Level 1	Level 2	Level 3	Total Fair Value
Cash and cash equivalents	$ 7,198	$ 27,149		$ 34,348
U.S. treasury obligations		6,330		6,330
U.S. agency obligations		1,201		1,201
Bond mutual funds	202,458	8		202,466
Equity mutual funds	31,618			31,618
Marketable equity securities	2,599			2,599
Corporate bonds		17,995		17,995
Alternative investments	25,362	2,669		28,031
Beneficial interest in perpetual trusts			45,796	45,796
	$ 269,235	$ 55,352	$ 45,796	370,384
Investments at NAV				194,784
				$ 565,168

The unfunded commitments, redemption frequency and redemption notice periods for the investments that utilize Net Asset Value (NAV) for practical expedient purposes by strategy are as follows in thousands of dollars:

	Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Long/Short Equity (a)	5,380	-	Daily/Annually	0-75 Days
Long Equity (b)	37,180	-	Daily	
Multi-Strategy (c)	-	-	Annually	90 Days
Real Assets (d)	17,441	-	Daily	
Short Term Bond Fund (e)	78,498	-	Daily	
Core Plus Bond Fund (f)	21,442	-	Daily	
High Yield Bond Fund (g)	5,415	-	Monthly	
Equity Index Funds (h)	22,083	-	Daily	
Event Driven (i)	7,345	-	Quarterly/Annually	45-65 Days

(a) This category includes investments in hedge funds that invest in both long and short positions. The focus is on value, emphasizing low price-to-earnings ratios as well as discounts to private market value. Short equity investments are limited to 10% of assets.
(b) This category includes funds that invest principally in equity securities of small and large capitalization U.S. companies and other developed market countries.
(c) This category invests in hedge funds of funds that pursue multiple strategies to diversify risks and reduce downside exposure. The portfolio seeks a mixture of managers by style, size, geography and liquidity that can perform well in a variety of markets and can protect against a market correction.
(d) This category invests in funds that provide exposure to Real Estate Investment Trusts (REITs), commodities, and natural resources. The strategy complements a policy portfolio and is intended to provide inflation protection relative to equities and fixed income.
(e) This category purchases investment grade fixed income securities with duration typically of one to three years.
(f) This category invests in fixed income securities issued by the U.S. Government, U.S. Government agencies, and of corporations domiciled in the United States, developed international markets and emerging markets. These securities have investment grade credit ratings and non-investment grade credit ratings.
(g) This category purchases each stock in the Standard & Poor's 500 Index. The strategy is to buy and hold securities, trading when there is a change to the index, participant cash flows, or to reinvest cash from dividend income.
(h) This category purchases each stock in the Standard & Poor's 500 Index. The strategy is to buy and hold securities, trading when there is a change to the index, participant cash flows, or to reinvest cash from dividend income.
(i) This category includes investments in hedge funds that seek to preserve capital and to profit from merger arbitrage, distressed investments, and extraordinary corporate actions with predictable outcomes.

As of June 30, 2020, the fair values of investments, assets whose use is limited and beneficial interest in perpetual trusts, in thousands of dollars, are presented in the consolidated balance sheets under the following classifications:

	Level 1	Level 2	Level 3	Total Fair Value
Investments, current	$ 76,150	$ 22,483		$ 98,633
Assets whose use is limited, current	5,185	29,976		35,161
Investments, non-current	143,519	35		143,554
Assets whose use is limited, non-current	44,381	2,859		47,240
Beneficial interest in perpetual trusts			45,796	45,796
	$ 269,235	$ 55,353	$ 45,796	370,384
Investments at NAV				194,784
				$ 565,168

4. Investment Income

Investment income and net realized and unrealized gains (losses) for 2021 and 2020 included in the consolidated statements of operations and changes in net assets, in thousands of dollars, are comprised of the following:

	2021	2020
Investment income included in non-operating revenues above the performance indicator:		
Interest and dividends	$ 3,897	$ 5,800
Net realized gains on sales of investments	9,544	2,227
Net unrealized gains on sales of investments	28,917	3,348
Investment impairments	(562)	(2,784)

	2021	2020
Investment income (net assets with donor restrictions):		
Interest and dividends	$ 379	$ 1,359
Net realized gains on sales of investments	2,639	1,739
Investment impairments	(171)	(1,412)
Total investment income on net assets with donor restrictions	$ 2,847	$ 1,686

Increases in net unrealized gains for 2021 and 2020 included in the consolidated statements of operations and changes in net assets, in thousands of dollars, are comprised of the following:

	2021	2020
Change in net unrealized (loss) gain on investments on assets without donor restrictions below the performance indicator	$ (179)	$ 100
Change in net unrealized gain (loss) on investments on net assets with donor restrictions	25,663	(3,074)
Total change in net unrealized gains (losses)	$ 25,484	$ (2,974)

Included in interest, dividends and net realized and unrealized gains are investment management fees of $2.5 million and $2.1 million for fiscal years 2021 and 2020 respectively.

5. Assets Whose Use Is Limited

Assets whose use is limited by donors, trust agreements or board designation, in thousands of dollars, were comprised of the following at June 30, 2021 and 2020:

	2021	2020
Self-insurance assets internally designated	$ 107,542	$ 90,438
Board designated assets	16,566	12,872
Certificate of deposit held in trust used as debt collateral	25,500	26,510
Net assets with donor restrictions invested	108,724	90,515
	$ 258,332	$ 220,335

6. Land, Buildings and Equipment

A summary of land, buildings, and equipment, in thousands of dollars, is as follows:

	2021	2020
Land and land improvements	$ 67,812	$ 70,557
Buildings	774,812	791,925
Equipment	563,009	769,445
Construction in progress	15,593	12,343
	1,421,226	1,644,270
Less: Accumulated depreciation	(887,825)	(1,082,905)
	$ 533,401	$ 561,365
Total depreciation expense	$ 72,232	$ 72,308

Included in equipment and construction in progress are financing leases of $16.6 million in 2021 and $16.2 million in 2020; included in accumulated depreciation is $8.7 million in 2021 and $9.5 million in 2020 pertaining to the accumulated amortization of financing leases.

Included in equipment are unamortized computer software costs of $177.2 million in 2021 and $163.2 million in 2020. Included in total depreciation expense is $15.0 million in 2021 and $15.5 million in 2020 pertaining to amortization of computer software.

7. Long-Term Obligations

Long-term obligations at June 30, 2021 and 2020, in thousands of dollars, consisted of the following:

	2021	2020
Series 2015A Bonds (a)	$ 429,641	$ 439,352
Finance leases (b)	2,701	2,663
HELP Loan (c)	-	20,000
Other (d)	2,479	2,309
	434,822	464,324
Less: Current portion	12,255	32,259
	$ 422,566	$ 432,065

a. On June 24, 2015, the Network issued $453,470,000 in Health System Revenue Bonds, Series 2015A through the Montgomery County Industrial Development Authority (“MCIDA”). The bond proceeds, along with other funds were used to:

   i. refunding of Series 2009A and 2010 bonds,

   ii. refinancing of taxable debt incurred as capitalized costs during construction of EMCM (Negative Arbitrage Loan)

   iii. payment of (or reimbursement for) cost of building renovations, equipment, or other miscellaneous capital expenditures and,

   iv. payment of bond issuance costs.

   In conjunction with (a) above, the Network has entered into a loan agreement with MCIDA whereby MCIDA has loaned the proceeds of the Series 2015A bonds to the Network. The Network has agreed to repay the loan by paying amounts sufficient to pay, when due, the principal and interest on the Series 2015A bonds.

   Stated interest rates on the bonds outstanding at June 30, 2021 range from 4.0% to 5.25%.

   As evidence of its obligation under the loan agreement and in order to provide security for the repayment of the loan, the Network has issued its Series 2015A Master Note and granted

MCIDA through its Trustee a mortgage lien and security interest in certain real property owned by the Network.

For the purpose of securing payment of the Series 2015A Bonds, AEHN (the Network parent company), AEMC, EMCM, EPPI, ECHA, MHMC, and Fornance, formed the AEHN Obligated Group (the “Obligated Group”). No other Network affiliates other than members of the Obligated Group were obligated or are guarantors of the Series 2015A Bonds.

b. During the fiscal year ended June 30, 2017, Albert Einstein Medical Center entered into finance lease agreements for information technology infrastructure. Some leases are payable in monthly installments through 2022, ranging from $131,000 in 2020 to $141,000 in 2022.

During the fiscal year ended June 30, 2019, Albert Einstein Medical Center entered into a finance lease agreement for clinical equipment. The lease is payable in monthly installments through 2022, ranging from $9,964 in 2020 to $11,032 in 2022.

During the fiscal year ended June 30, 2021, the Network entered into two finance lease agreements for clinical equipment. The one lease is payable in monthly installments of $34,000 through 2026. The second lease is payable in annual installments of $69,000 through 2025.

c. During the fiscal year ended June 30, 2020, Albert Einstein Medical Center and Einstein Medical Center Montgomery borrowed $10 million each through the Pennsylvania Hospital Emergency Loan Program (HELP). This program was established to provide a short-term financing solution for Pennsylvania hospitals until sufficient federal grant funding through the Coronavirus Aid, Relief, and Economic Security (CARES) Act is received by the hospital. The funding was dispersed by the Pennsylvania Infrastructure Investment Authority and is administered by the Pennsylvania Department of Community and Economic Development (DCED) through the Pennsylvania First Program. The interest rate is .5%. The loan is secured by an assignment of Federal COVID-19 Relief Funds. A balloon payment of the accrued interest and principal satisfied this obligation in September 2020.

d. In 2016 Albert Einstein Healthcare Network commenced a $5.4 million revolving line of credit for a commercial card payment program. There are no stated interest rates on this line of credit as the balance is due in full each month. For the fiscal years ended June 30, 2021 and 2020, outstanding draws on this revolving line of credit were $2.5 million and $2.3 million respectively.

Cash paid for interest on long-term debt in 2021 and 2020 was $22.1 million and $22.5 million, respectively.

Principal payments and installments for debt service requirements over the next five years and thereafter, in thousands of dollars, are as follows:

	Series 2015A	Finance Leases	Other	Combined
2022	$ 8,585	$ 1,175	$ 2,479	$ 12,239
2023	9,015	439	-	9,454
2024	9,465	452	-	9,917
2025	9,940	466	-	10,406
2026	10,435	169	-	10,604
Thereafter	382,201	-	-	382,201
	$ 429,641	$ 2,701	$ 2,479	$ 434,821

8. Pension Plans

The Network has a non-contributory defined benefit retirement plan (“The Plan”), which provides retirement benefits, generally at age 65, to all employees other than the employees of EMCM and FPS. Benefits under the Plan are based on average final pay and years of service. Contributions to the Plan are designed to meet the minimum funding requirements of the Employee Retirement Income Security Act of 1974 and the Pension Protection Act of 2006. The measurement date used for plan assets and liabilities is June 30th of each year.

Both MHMC and FPS curtailed its individual non-contributory defined benefit plan effective May 31, 2003, when benefit accruals were frozen. On June 30, 2015 the MHMC and FPS plans were merged with the Plan. Due to the merger of the plans, all assets, liabilities, and participants of the MHMC and FPS plans were considered to be part of the Plan upon the merger effective date of June 30, 2015.

Items included in unrestricted net assets represent amounts that have not been recognized in net periodic pension expense. The component recognized in unrestricted net assets, as of June 30 includes:

	2021	**2020**
Net actuarial loss	$ 219,628	$ 316,348

The changes in amounts in unrestricted net assets that have not been recognized in net periodic pension expense are as follows:

	2021	**2020**
Net assets without donor restrictions, prior year	$ 316,348	$ 249,567
Recognition of net actuarial losses	(28,138)	(21,506)
Increase (decrease) in net actuarial loss	(68,583)	88,288
	$ 219,628	$ 316,348

Year-end amounts in unrestricted net assets expected to be recognized as a component of net periodic pension expense during the following fiscal year is as follows:

	2021	**2020**
Amortization of net actuarial losses	$ 15,942	$ 27,177

The components of pension expense for the Plan were as follows:

	2021	**2020**
Components of net periodic pension cost		
Service cost	$ 31,595	$ 26,121
Interest cost	23,056	26,435
Expected return on plan assets	(37,768)	(36,477)
Recognized actuarial loss	28,138	21,506
Net periodic pension cost	$ 45,021	$ 37,586

Actuarial assumptions used to compute pension expense were as follows:

	2021	**2020**
Discount rate	3.00%	3.70%
Long-term rate of return	8.00%	8.00%
Compensation increase	2.55%	2.53%

The components of the pension plan financial position on the consolidated balance sheets, in thousands of dollars, were as follows:

	2021	2020
Change in benefit obligation		
Projected benefit obligation, beginning of year	$ 771,962	$ 715,900
Service cost	31,595	26,121
Interest cost	23,056	26,435
Actuarial loss (gain)	(9,805)	71,307
Benefit payments	(25,745)	(67,801)
Projected benefit obligation, end of year	791,064	771,962
Change in Plan assets		
Fair value of Plan assets, beginning of year	485,305	444,251
Actual return on Plan assets	96,546	19,495
Employer contributions	35,000	89,360
Benefit payments	(25,745)	(67,801)
Fair value of Plan assets, end of year	591,106	485,305
Funded status, end of year (non-current liability)	$ (199,958)	$ (286,657)

Included in Fair value of Plan assets are accrued income of $1.7 million and $1.6 million, and accrued expenses of $0.3 million and $0.4 million, as of June 30, 2021 and June 30, 2020, respectively.

Amounts recognized on the consolidated balance sheet consist of:

	2021	2020
Accrued pension liability	$ 199,958	$ 286,657
Net assets without donor restrictions (cumulative actuarial loss and prior service cost)	(219,628)	(316,348)
Net amount recognized	$ (19,670)	$ (29,692)

Assumptions utilized to estimate year-end pension obligations are as follows:

	2021	2020
Discount rate	3.10%	3.00%
Compensation increase	2.55%	2.54%

The Accumulated Benefit Obligaton was $755.8 million and $734.9 million as of June 30, 2021 and June 30, 2020, respectively.

Projected Benefit Payments

Benefit payments for the next ten years, in thousands of dollars, are currently projected to be:

2022	29,517
2023	31,265
2024	33,080
2025	34,794
2026	36,264
2027-2031	199,849

Asset Allocation

The asset allocation of the Plan's investments can be summarized as follows:

	Target Allocation	Percentage of Plan Assets June 30	
	2021	2021	2020
Equity Securities	45.0%	44.9%	43.8%
Debt Securities	40.0%	36.8%	37.8%
Alternative Investments	10.0%	10.3%	10.9%
Inflation Hedging	5.0%	5.2%	4.4%
Cash & Equivalents	-	2.9%	3.1%
Total	100.0%	100.0%	100.0%

The expected long-term rate of return for the U.S. plan assets of 8% is based on the expected return of each of the above categories, weighted based on the target allocations for each class. Equity securities are expected to return 10% on average over the long-term, while the average expected return for debt securities is 5% over the long-term.

The Network's investment policy utilizes a constant risk strategy, whereby employer contributions and the sale of securities are utilized to rebalance the asset allocation back to target levels when the actual asset allocation percentages vary from the target allocation percentages. Under normal market conditions, tolerance for variation from target percentages has been approximately 5%.

The following table presents the Plan's assets as of June 30, 2021, in thousands of dollars, measured at fair value on a recurring basis using the fair value hierarchy defined in Note 2:

	Level 1	**Level 2**	**Level 3**	**Total Fair Value**
Pension investment program:				
Cash management funds	$ -	$ 17,871	$ -	$ 17,871
U.S. treasury obligations	-	26,319	-	26,319
U.S. agency obligations	-	2,587	-	2,587
Bond mutual funds	55,684	-	-	55,684
Equity mutual funds	86,892	-	-	86,892
Corporate bonds	-	186,225	-	186,225
Alternative investments	14,711	-	-	14,711
Total pension investment program	$ 157,286	$ 233,002	$ -	390,288
Investments at NAV				199,409
				$ 589,697

The unfunded commitments, redemption frequency and redemption notice periods for the Plans' investments that utilize Net Asset Value (NAV) for practical expedient purposes by strategy are as follows in thousands of dollars:

Category	Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Long/Short Equity (a)	$ 13,365	-	Daily/Quarterly	45-90 Days
Event Driven (b)	32,560	-	Quarterly/Annually	45-65 Days
Real Assets (d)	30,481	-	Daily	
Equity Index Funds (e)	94,446	-	Daily	
Long Equity (f)	28,556	-	Daily/Monthly	10 Days

(a) This category includes investments in hedge funds that invest in long and short positions in both domestic and international stocks.
(b) This category includes investments in hedge funds that seek to preserve capital and to profit from merger arbitrage, distressed investments, and extraordinary corporate actions with predictable outcomes.
(c) This category invests in hedge funds of funds that pursue multiple strategies to diversify risks and reduce downside exposure. The portfolio seeks a mixture of managers by style, size, geography and liquidity that can perform well in a variety of markets and can protect against a market correction.

(d) This category invests in funds that provide exposure to Real Estate Investment Trusts (REITs), commodities, and natural resources. The strategy complements a policy portfolio and is intended to provide inflation protection relative to equities and fixed income.
(e) This category purchases each stock in the Standard & Poor's 500 Index. The strategy is to buy and hold securities, trading when there is a change to the index, participant cash flows, or to reinvest cash from dividend income.
(f) This category includes funds that invest principally in equity securities of small and large capitalization U.S. companies and other developed and emerging market countries.

The following table presents the Plan's assets as of June 30, 2020, in thousands of dollars, measured at fair value on a recurring basis using the fair value hierarchy defined in Note 2:

	Level 1	Level 2	Level 3	Total Fair Value
Pension investment program:				
Cash management funds	$ -	$ 21,629	$ -	$ 21,629
U.S. treasury obligations	-	14,913	-	14,913
U.S. agency obligations	-	2,066	-	2,066
Bond mutual funds	41,430	-	-	41,430
Equity mutual funds	68,651	-	-	68,651
Corporate bonds	-	162,683	-	162,683
Alternative investments	12,240	-	-	12,240
Total pension investment program	$ 122,321	$ 201,291	$ -	323,612
Investments at NAV				160,607
				$ 484,219

The unfunded commitments, redemption frequency and redemption notice periods for the Plans' investments that utilize Net Asset Value (NAV) for practical expedient purposes by strategy are as follows in thousands of dollars:

Category	Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Long/Short Equity (a)	$ 10,866	-	Daily/Quarterly	45-90 Days
Event Driven (b)	28,922	-	Quarterly/Annually	45-65 Days
Multi-Strategy (c)	-	-	Monthly/Quarterly	65-90 Days
Real Assets (d)	18,266	-	Daily	
Equity Index Funds (e)	79,377	-	Daily	
Long Equity (f)	23,176	-	Daily/Monthly	10 Days

(a) This category includes investments in hedge funds that invest in long and short positions in both domestic and international stocks.
(b) This category includes investments in hedge funds that seek to preserve capital and to profit from merger arbitrage, distressed investments, and extraordinary corporate actions with predictable outcomes.
(c) This category invests in hedge funds of funds that pursue multiple strategies to diversify risks and reduce downside exposure. The portfolio seeks a mixture of managers by style, size, geography and liquidity that can perform well in a variety of markets and can protect against a market correction.
(d) This category invests in funds that provide exposure to Real Estate Investment Trusts (REITs), commodities, and natural resources. The strategy complements a policy portfolio and is intended to provide inflation protection relative to equities and fixed income.
(e) This category purchases each stock in the Standard & Poor's 500 Index. The strategy is to buy and hold securities, trading when there is a change to the index, participant cash flows, or to reinvest cash from dividend income.

Contributions

In June of 2021, the Network made a fiscal year 2022 funding contribution of $35 million. The Network does not project to make additional contributions to the plan the Plan during the 2022 fiscal year.

In addition to the defined benefit plan, the Network maintains defined contribution plans that cover substantially all employees. Under the defined contribution plans, employees may elect to contribute a percentage of their salary, which is matched in accordance with the provisions of the plans. Total plan expenses for the years ended June 30, 2021 and 2020 were $2.6 million and $2.4 million, respectively.

9. Professional Liability Claims

At June 30, 2021 and 2020 the Network has accrued professional liability claims of approximately $168.0 million and $155.8 million, respectively. In addition, the Network has recorded $44.8 million and $46.4 million for 2021 and 2020, respectively, of insurance liabilities that are recoverable from insurance carriers. These claims have been discounted at a 3% rate. As of June 30, 2021, and 2020, the carrying amount of these accrued liability claims before discounting was $228.6 million and $217.9 million, respectively. The Network has recognized professional liability expense of approximately $41.6 million and $38.8 million, for the years ended June 30, 2021 and 2020 respectively.

The Network obtains primary hospital and physician professional liability and general liability coverage through BRRG. BRRG provides the first (“primary”) layer of professional liability on a claims made coverage basis with limits of $500,000 per professional incident/$2,500,000 annual aggregate per licensed acute care hospital, $500,000 per professional incident/$1,500,000 annual aggregate per long term care facility, $1,000,000 per professional incident/$3,000,000 annual aggregate for Belmont for claims that occurred prior to July 1, 2015 but reported after July 1, 2015, $1,000,000 per professional incident/$3,000,000 annual aggregate for non-healthcare professional liability, $500,000 per professional incident and $1,500,000 annual aggregate per physician and $1,000,000 per professional incident/$3,000,000 annual aggregate per employed Dentist at June 30, 2021 and 2020. The limits for this primary coverage layer are statutorily prescribed in Pennsylvania. BRRG provides general liability coverage on an occurrence basis with limits of liability of $1,000,000 per occurrence/$3,000,000 annual aggregate. The premiums charged for the primary layer are determined by an independent actuary inclusive of loss and loss adjustment expense experience and other factors, based on the actuary's best estimate of expected losses during fiscal years 2021 and 2020, plus a charge for premium tax and operating expenses. The premiums charged by BRRG are subject to annual retrospective adjustments made to align assets available for payment of claims at fiscal year-end with estimated liabilities. Claims are recorded on a discounted basis using a rate of 3% as of June 30, 2021 and 2020.

The second layer of coverage is provided through Pennsylvania's Medical Care Availability and Reduction of Error Fund (the "MCARE Fund"). MCARE acts as a service agent to facilitate the payment of medical malpractice claims exceeding the primary layer of professional liability insurance carried by AEHN and most of the physicians they insure. This second layer, required by statute, consists of coverage with limits of $500,000 per incident and $1,500,000 annual aggregate per hospital, long term care facility and per employed physician at June 30, 2021 and June 30, 2020. The annual assessments for MCARE Fund coverage are based on a schedule of occurrence rates approved by the Insurance Commissioner of Pennsylvania for the Pennsylvania Professional Liability Joint Underwriting Association multiplied by an annual assessment percentage. This assessment is recognized as an expense in the period incurred.

AEHN and its employed/insured physicians paid surcharge assessments during fiscal years 2021 and 2020 totaling $4.8 million and $5.1 million, respectively. The actuarially computed liability to all Pennsylvania healthcare providers (hospital, physicians and others) participating in the Commonwealth's MCARE Fund at December 31, 2019 (the latest date for which such information is available) was $1,025 million. No provision has been made for any MCARE Fund unfunded liabilities in the accompanying financial statements as AEHN's portion of the MCARE Fund unfunded liability cannot be reasonably estimated. Of those insurance liabilities that are recoverable from insurance carriers noted above, $34.7 million and $35.6 million are recoverable from MCARE, for fiscal years ended June 30, 2021, and 2020 respectively.

The Network's recorded expense for potential losses in excess of the primary and MCARE layers up to a $12 million each professional incident/$12 million annual aggregate retention excess of $12 million each and every professional incident (acute care facilities excluding EMCM and any potential losses from the former operations of MHMC), $5 million each and every professional incident (EMCM, MH, Fornance, Einstein at Elkins Park) and $4 million each professional incident/$4 million annual aggregate retention excess of $2 million each and every professional incident (psychiatric, rehabilitation and long term care services) is based on actuarially determined estimates at the expected level for fiscal years 2021 and 2020. A 3% discount rate was utilized for fiscal year 2021 and fiscal year 2020. These estimates are based on historical information along with certain assumptions about future events. Changes in assumptions for such considerations as medical costs and actual experience could cause these estimates to change. Primary and MCARE erode these retentions.

During fiscal years 2021 and 2020, BRRG provided excess, professional liability on claims made coverage basis and umbrella liability coverage on an occurrence basis with limits of liability of $40 million per professional incident/ $40 million annual aggregate and $40 million per occurrence/ $40 million annual aggregate respectively in excess of underlying coverage and limits. BRRG has reinsured 100% of the excess professional liability and umbrella liability to reinsurance companies, Continental Casualty Company, Berkley Insurance Company, MedPro Group, and Endurance, all rated A or better by A.M. Best.

10. Commitments and Contingencies

Lines and Letters of Credit

The Network had a $28 million open line of credit as of June 30, 2021 and 2020 respectively. The Network may issue letters of credit under the line of credit provided that the aggregate of all such letters does not exceed $28 million. The Network had open letters of credit under the line of credit aggregating to $25.5 million and $26.5 million as of June 30, 2021 and 2020 respectively. Letters of credit are reviewed and renewed, as needed on an annual basis. The letters are secured by a certificate of deposit held in trust.

Litigation

The Network is involved in litigation and regulatory investigations arising in the ordinary course of business. In the opinion of management, all such matters are adequately covered by commercial insurance or by accruals, and if not so covered, are without merit or are of such kind, or involve such amounts, as would not have a material adverse effect on the financial position or results of operations of the Network.

Other

A large portion of the Network’s net revenue is derived from services provided to beneficiaries of government sponsored health care programs, principally Medicare and Medicaid. The Network, like other health care providers who participate in these programs, is required to adhere to billing, coding and other requirements. As a condition of its receiving payment and continued participation in Medicare and Medicaid programs, the Network must comply with extensive federal and state regulations and must submit to reviews and audits by the federal and state agencies charged with administering these programs.

Violations of these billing, coding and other similar requirements can subject the Network to claims by the government for repayment of amounts it received for the services billed to the government programs, as well as for civil monetary penalties of up to three times the amount of payments received from the programs. Failure to comply with any of the laws or regulations under these programs could have a material, adverse effect on the Network’s financial position and results of operations.

11. Leases

The Network and its related entities have various lease obligations for equipment, ambulatory facilities, and office space. The leases have remaining lease terms of 1 year to 29 years, some of which may include an option to extend and some of which include an option to terminate leases within one year. The components of the lease expense were as follows:

	2021	2020
Finance lease cost		
Amortization of right-of-use assets (depreciation)	$ 1,071	$ 711
Interest on lease liabilities	121	114
Operating lease costs	9,247	11,916
Short-term lease costs	2,519	2,000
Total Lease cost	$ 12,958	$ 14,741

	2021	2020
Supplemental cash flow information		
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	$ 9,576	$ 9,661
Operating cash flows from finance leases	121	114
Financing cash flows from finance leases	2,236	1,840
Right-of-use assets obtained in exchange for lease obligations:		
Operating leases	$ 6,753	$ 35,966
Finance leases	2,212	-
Weighted average remaining lease term in (in years)		
Operating leases	6.63	6.76
Finance leases	2.99	1.41
Weighted average discount rate		
Operating leases	4.07%	4.11%
Finance leases	3.43%	3.00%

At June 30, 2021, the minimum future rental commitment, in thousands of dollars, is as follows:

	Operating	Finance
2022	$ 6,456	$ 1,250
2023	4,162	478
2024	2,965	478
2025	2,431	478
2026	2,127	170
Thereafter	7,339	-
Total futre minimum lease payments	25,480	2,854
Less imputed interest	2,555	153
Net present value of minimum lease payments	$ 22,925	$ 2,701

12. Donor Restricted Endowment Funds

The Network adopted FASB guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enhanced version of the Uniform Prudent Management of Institutional Funds Act of 2006 (“UPMIFA”) and additional disclosures about an organization’s endowment funds. Pennsylvania is one of three states that have not adopted UPMIFA to date, however certain disclosures are made as required under the FASB guidance.

The Network’s endowments consist of 132 individual funds established for purposes specified by donors (Specific Purpose Funds), 426 individual funds for which donors have established permanent balances (Endowment Funds), 16 outside trust funds where the Network is a benefactor (Perpetual Trusts) and 1 fund established by the Board of Trustees to underwrite rehabilitation research (Board Designated Funds). Net assets associated with each of these groups of funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based upon the existence or absence of donor-imposed restrictions.

The Network has adopted investment and spending policies for endowment assets that attempt to provide a predicable stream of funding to programs supported by its endowment. Endowment assets are invested in a manner to provide that sufficient assets are available as a source of liquidity for the intended use of the funds, achieve the optimal return possible within the specified risk parameters, prudently invest assets in a high-quality diversified manner, and adhere to the established guidelines.

The Network’s spending formula can be characterized as applying a spending rate to a three-year market value average (utilizing a 12-quarter rolling average) of endowment assets. The spending formula is reviewed and updated annually. For the periods ended June 30, 2021 & 2020, the spending rate was 4%.

To satisfy its long-term rate-of-return objectives, the Network relies on a total return strategy in which investment returns are achieved through both capital appreciation, (realized and unrealized) and current yield (interest and dividends). The Network targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

The Board of Trustees has interpreted the State Prudent Management of Institution Funds Act (“SPMIFA”) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Network classifies as permanently restricted net assets (a) the original value of gifts donated to a permanent endowment, (b) the original value of subsequent gifts to a permanent endowment, and (c) accumulations to a permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund, except for beneficial interests in perpetual trusts, that is not classified in permanently restricted net assets is classified as net assets with donor restrictions until they are appropriate for expenditure by the Network in a manner consistent with the standard of prudence prescribed by SPMIFA. A summary of net asset composition by type of endowment restrictions fund and changes in net assets by those types of funds, in thousands of dollars, is as follows:

June 30, 2021:

	Without Donor Restrictions	With Donor Restrictions			
	Board Designated	Specific Purpose	Endowments	Perpetual Trusts	Total
Donor-restricted endowment funds	$ -	$ 98,092	$ 12,558	$ 56,552	$ 167,202
Board-designated endowment funds	16,566	-	-	-	$ 16,566
Total Funds	$ 16,566	$ 98,092	$ 12,558	$ 56,552	$ 183,768

June 30, 2020:

	Without Donor Restrictions	Donor Restricted			
	Board Designated	Specific Purpose	Endowments	Perpetual Trusts	Total
Donor-restricted endowment funds	$ -	$ 81,464	$ 11,096	$ 45,793	$ 138,353
Board-designated endowment funds	12,872	-	-	-	$ 12,872
Total Funds	$ 12,872	$ 81,464	$ 11,096	$ 45,793	$ 151,225

Changes in Net Assets functioning as endowments for the fiscal years ended June 30, 2021 and 2020, in thousands of dollars, are as follows:

	Without Donor Restrictions	With Donor Restrictions			
	Board Designated	Specific Purpose	Endowments	Perpetual Trusts	Total
Endowment net assets June 30, 2019	$ 13,116	$ 83,314	$ 10,928	$ 47,209	154,567
Investment return:					
Investment income	194	1,247			1,441
Net appreciation (realized and unrealized)	(438)	208		(1,431)	(1,661)
Total investment return	(244)	1,455	-	(1,431)	(220)
Contributions		4,135	168		4,303
Appropriation of endowment assets for expenditure		(6,028)			(6,028)
Other changes:					
Change in beneficial interest in Perpetual trust				15	15
Investment impairment		(1,412)			(1,412)
Endowment net assets June 30, 2020	12,872	81,464	11,096	45,793	151,225
Investment return:					
Investment income	97	1,383			1,480
Net appreciation (realized and unrealized)	3,597	16,712		10,586	30,895
Total investment return	3,694	18,095	-	10,586	32,375
Contributions		5,143	1,462		6,605
Appropriation of endowment assets for expenditure		(6,439)			(6,439)
Other changes:					
Change in beneficial interest in Perpetual trust				173	173
Investment impairment		(171)			(171)
Endowment net assets June 30, 2021	$ 16,566	$ 98,092	$ 12,558	$ 56,552	$ 183,768

	2021	2020
With Donor Restrictions		
Endowment funds		
(1) The portion of perpetual endowment funds that is required to be retained permanently either by explicit donor stipulation or by SPMIFA	$ 69,110	$ 56,889
Total endowment funds classified as perpetual	$ 69,110	$ 56,889
(2) The portion of perpetual endowment funds subject to a time restriction under SPMIFA:		
Cumulative realized and unrealized gains	$ 57,574	$ 41,973
Funds appropriated for specific purpose expenditure	40,518	39,491
Total endowment funds subject to a time restriction	$ 98,092	$ 81,464
Total endowment funds classified as net assets with donor restrictions	$ 167,202	$ 138,353

The Network receives contributions in support of research, education, and clinical activities. Net assets with donor restrictions were available on June 30, 2021 and 2020 in thousands of dollars, are as follows.

Net Assets with donor Restrictions

	2021	2020
Subject to expenditure for specified purpose:		
Buildings and Equipment	$ 4,482	$ 4,272
Clinical Care Support	26,246	25,665
Education	1,507	875
Other	523	1,010
Research	7,762	7,669
Total expenditure for specified purpose	40,520	39,491
Endowments:		
Perpetual in nature		
Buildings and Equipment	250	250
Charity care	951	951
Clinical Care Support	67,030	54,809
Education	15	15
Other	373	373
Research	491	491
Total expenditure for specified purpose	69,110	56,889
Subject to endowment spending policy:		
Buildings and Equipment	80	3
Charity care	10,038	7,459
Clinical Care Support	38,948	28,434
Education	77	79
Other	2,342	1,704
Research	6,087	4,294
Total expenditure for specified purpose	57,572	41,973
Total net assets with donor restrictions	$ 167,202	$ 138,353

13. Functional Expenses

The following is a summary of operating expenses by nature and function for the years ending June 30, 2021 and 2020 in thousands of dollars. Reclassifications were made to the prior year presentation.

Year ended June 30, 2021	Hosptial Services					Physcian Services			General & Adminstrative Support			
	Acute Care	Research	Skilled Nursing	Rehabilitation	Total	Tertiary	Primary	Total	Hospital & Physician Services	Other	Total	Total
Salaries and employee benefits	$ 513,651	$ 10,619	$ 3,921	$ 67,610	$ 595,801	$ 133,908	$ 46,749	$ 180,657	$ 45,061		$ 45,061	$ 821,519
Supplies	179,686	202	230	5,262	185,380	3,935	5,006	8,941	1,709		1,709	196,030
External physician, clinical and professional service fees	102,345	2,758	105	5,761	110,969	14,852	1,922	16,774	11,144	1,374	12,518	140,261
Depreciation and amortization	63,796	4	253	1,432	65,485	605	812	1,417	5,601	(40)	5,561	72,463
Interest expense	20,697				20,697			-			-	20,697
Insurance	31,331	31	247	353	31,962	10,487	1,410	11,897	918		918	44,777
Other	61,862	2,739	1,589	8,366	74,556	7,737	4,454	12,191	5,594	723	6,317	93,064
Total operating expenses	973,368	16,353	6,345	88,784	1,084,850	171,524	60,353	231,877	70,027	2,057	72,084	1,388,811
Contribution expense									5,191		5,191	5,191
Other pension costs	8,395	174	64	1,105	9,738	2,188	764	2,952	736		736	13,426
Total	$ 981,763	$ 16,527	$ 6,409	$ 89,889	$ 1,094,588	$ 173,712	$ 61,117	$ 234,829	$ 75,954	$ 2,057	$ 78,011	$ 1,407,428

Year ended June 30, 2020	Hosptial Services					Physcian Services			General & Adminstrative Support			
	Acute Care	Research	Skilled Nursing	Rehabilitation	Total	Tertiary	Primary	Total	Hospital & Physician Services	Other	Total	Total
Salaries and employee benefits	$ 482,400	$ 10,396	$ 5,030	$ 66,590	$ 564,416	$ 124,805	$ 45,751	$ 170,556	$ 48,142		$ 48,142	$ 783,114
Supplies	159,622	622	170	4,805	165,219	4,140	4,863	9,003	2,690		2,690	176,912
External physician, clinical and professional service fees	84,477	3,158	129	5,757	93,521	15,549	3,633	19,182	24,786	354	25,140	137,843
Depreciation and amortization	62,297	4	280	1,488	64,069	602	801	1,403	6,713	357	7,070	72,542
Interest expense	20,843				20,843			-			-	20,843
Insurance	24,556	27	255	364	25,202	13,360	2,128	15,488	343		343	41,033
Other	68,438	2,856	1,580	8,581	81,455	8,401	5,616	14,017	5,522	618	6,140	101,612
Total operating expenses	902,633	17,063	7,444	87,585	1,014,725	166,857	62,792	229,649	88,196	1,329	89,525	1,333,899
Contribution expense									5,160		5,160	5,160
Other pension costs	7,062	152	74	975	8,263	1,827	670	2,497	705	-	705	11,465
Total	$ 909,695	$ 17,215	$ 7,518	$ 88,560	$ 1,022,988	$ 168,684	$ 63,462	$ 232,146	$ 94,061	$ 1,329	$ 95,390	$ 1,350,524

Other pension costs are allocated to functional classifications based on salaries and benefits.

14. Liquidity and Availability

The Financial assets available for general expenditure within one year of the balance sheet date, comprise the following at June 30, 2021 and 2020 in thousands of dollars:

	2021	2020
Cash and cash equivalents	$ 88,825	$ 103,577
Accounts receivable	129,683	130,483
Other receivables	14,476	5,056
Investments	459,756	298,969
Total financial assets available within one year	$ 692,740	$ 538,085

The Network's endowment funds consist of donor-restricted endowments and funds designated by the board as endowment. Income from endowments is restricted for specific purposes, as described in Note 12. The Network has a spending policy and $1.5 million of appropriation from the endowments will be available in the next twelve months. As part of a liquidity management plan, the Network has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Cash, in excess of daily requirements, is invested in short-term investments.

15. Asset Retirement Obligations

As of June 30, 2021, and 2020, $5.3 million and $5.1 million, respectively, of conditional asset retirement obligations are included within other non-current liabilities in the balance sheet and relate to asbestos remediation. Interest accretion costs reduced operating income and increased the conditional asset retirement liability by $258,000 for the year ended June 30, 2021 and by $195,000 for the year ended June 30, 2020.

16. Coronavirus Aid, Relief, and Economic Security (CARES) Act

In response to the disruptions that the COVID-19 pandemic has caused in operations for health care organizations, on March 27, 2020 the Federal Government passed the Coronavirus Aid, Relief, and Economic Stimulus Act (CARES Act) which made funds available to the Network through various provisions of the legislation. Through June 30, 2020, the Network received CARES Act provider relief funding of $49.9 million. In July 2020, the Network received additional CARES Act provider relief funding attributable to a targeted distribution of approximately $134.9 million for COVID-19 high impact ("hot spot") hospitals. The Network has recognized revenue related to the CARES Act provider relief funding based on information contained in laws and regulations, as well as interpretations issued by the Department of Health and Human Services (HHS), governing the funding that was publicly available at June 30, 2021.

During the fiscal year ended 2020, the Network received $81.4 million in advanced payments from the Centers for Medicare and Medicaid Services (CMS) Accelerated and Advanced Payments Program. In addition, the Network also received $9.5 million in similar advance payments from other third-party payors that are not provided for by the CARES Act. Both advances were included within other current liabilities.

During the fiscal year ended June 30, 2021, the Network received an additional $ 48.7 million in advance payments from the Centers for Medicare and Medicaid Services (CMS) Accelerated and Advanced Payments Program. In addition, the Network also received $2.3 million in similar advance payments from other third-party payors that are not provided for by the CARES Act.

During the fiscal year 2021, $11.8 million of advance payments from the Centers for Medicare and Medicaid Services (CMS) Accelerated and Advanced Payments Program and $11.8 million in other third-party payor advances were repaid. The remaining balances are reported as either other current liabilities or long-term liabilities on the consolidated balance sheet, depending on how current legislation defines the repayment terms.

In June 2021, HHS issued clarifying FAQs on reporting requirements for the CARES Act provider relief funding. The new requirements require the Network to demonstrate that the provider relief funds were used for lost revenues compared to calendar year 2019 or for having incurred health care-related expenses that are attributable to COVID-19.

HHS is entitled to recoup excess amounts only to the extent that health care-related expenses or lost revenues have not been incurred. Due to these new reporting requirements, there is at least a reasonable possibility that amounts recorded under CARES Act provider relief fund by the Network may change in future periods.

The CARES Act and related cash funding advances the Network received during the two years ended June 30, 2021 are outlined below:

Amounts Received:
(in thousands)

	2020	2021	Total Funds Received
Provider Relief Funds (PRF)	$ 49,850	$ 135,309	$ 185,159
Other Grants	810	-	810
Total grants (included in total operating revenues, gains and other support)	50,660	135,309	185,969
Medicare Advance Payment Program	81,368	48,680	130,048
Other payor advances	9,879	4,718	14,597
Total advances	91,247	53,398	144,645
Total CARES Act/COVID-19 Funds Received	$ 141,907	$ 188,707	$ 330,614

Reconciliation remaining advance balance
(in thousands)

	2021
Total advances	$ 144,645
Less: advance repayments:	(23,614)
Advance balance June 30, 2021	121,031
Less: Medicare advance repayments due greater than 1 year	(34,800)
Advance balance included in other current liabilities	$ 86,231

17. Supplemental Consolidating Information

The supplemental combining financial information of the Albert Einstein Healthcare Network includes: Supplemental Consolidating Balance Sheet; Supplemental Consolidating Statement of Operations and Changes in Net Assets; and Supplemental Statement of Cash Flows, for the year ended June 20, 2021. It has been prepared in a manner consistent with generally accepted accounting principles and is presented only for the purpose of additional analysis and not as a presentation of financial position and results of operations of each component of the combined group. The supplemental combining financial information was derived from the accounting records used to prepare the combined financial statements. All material combining entries and intracompany/intercompany eliminations have been properly recorded. The accompanying notes are an integral part of the accompanying supplemental combining financial information.

Supplemental Consolidating Information

ALBERT EINSTEIN HEALTHCARE NETWORK
Supplemental Consolidating Balance Sheet
June 30, 2021

(in thousands)

	Albert Einstein Healthcare Network (Parent)	Albert Einstein Medical Center	Einstein Practice Plan	ECHA	Einstein Medical Center Montgomery	MHS	Fornance	Reclass and Eliminations	Obligated Group	Belmont Center for Comprehensive Treatment	USP Surgery Center	Einstein Healthcare Systems, Inc. & Einstein Care Partners, LLC	Broadline Risk Retention Group, Inc	Reclass and Eliminations	Network Consolidated
ASSETS															
Current assets:															
Cash and cash equivalents	$ 48,054	$ 2,922	$ 1,209	$ 740	$ 31,541	$ 2,659	$ 223	$ -	$ 87,348	$ -	$ -	$ 1,477	$ 2,480	$ (2,480)	$ 88,825
Investments	-	192,445	-	-	68,487	-	-	-	260,932	-	-	-	-	-	260,932
Accounts receivable for patient services, net	-	78,509	14,557	1,747	30,363	-	4,415	-	129,591	-	-	92	-	-	129,683
Other accounts receivable	10,052	3,745	(6)	-	693	(3)	(5)	-	14,476	-	-	-	-	-	14,476
Due from affiliated companies	(14,704)	(79,615)	77,885	9,297	(5,562)	(1,347)	14,257	-	211	51	-	(62)	(200)	-	-
Inventories	-	16,072	428	1,034	6,100	-	156	-	23,790	-	-	-	-	-	23,790
Other current assets	664	13,779	470	-	661	52	78	-	15,704	-	-	-	530	-	16,234
Investment in subsidiary companies	1,382	-	-	-	-	-	-	-	1,382	-	-	-	-	(1,382)	-
Assets whose use is limited	-	36,321	-	-	-	200	-	-	36,521	11	-	-	-	-	36,532
Total current assets	45,448	264,178	94,543	12,818	132,283	1,561	19,124	-	569,955	62	-	1,507	2,810	(3,862)	570,472
Investments	-	188,385	-	-	-	10,439	-	-	198,824	-	-	-	105,062	(105,062)	198,824
Assets whose use is limited	16,548	97,295	-	-	-	415	-	-	114,258	-	-	-	-	107,542	221,800
Land, buildings and equipment, net	4,157	281,224	-	1,477	244,004	1,486	1,053	-	533,401	-	-	-	-	-	533,401
Right of use assets	11,050	4,360	14	3,030	4,167	-	2,877	-	25,498	-	-	-	-	-	25,498
Beneficial interest in perpetual trusts	-	42,948	-	-	-	13,607	-	-	56,555	-	-	-	-	-	56,555
Insurance recoverable	-	33,819	-	-	2,762	-	1,091	-	37,672	-	-	-	10,030	-	47,702
Investment in affiliates	10,862	66,205	1	1	339	1	1	-	77,410	1	-	1	-	(8)	77,404
Deferred financing costs	-	1,107	-	-	2,346	-	-	-	3,453	-	-	-	-	-	3,453
Other non-current assets	417	-	42,880	-	5,000	-	674	-	48,971	-	-	-	-	-	48,971
Total assets	$ 88,482	$ 979,521	$ 137,438	$ 17,326	$ 390,901	$ 27,509	$ 24,820	$ -	$ 1,665,997	$ 63	$ -	$ 1,508	$ 117,902	$ (1,390)	$ 1,784,080

ALBERT EINSTEIN HEALTHCARE NETWORK
Supplemental Consolidating Balance Sheet
June 30, 2021

(in thousands)

	Albert Einstein Healthcare Network (Parent)	Albert Einstein Medical Center	Einstein Practice Plan	ECHA	Einstein Medical Center Montgomery	MHS	Fornance	Reclass and Eliminations	Obligated Group	Belmont Center for Comprehensive Treatment	USP Surgery Center	Einstein Healthcare Systems, Inc. & Einstein Care Partners, LLC	Broadline Risk Retention Group, Inc	Reclass and Eliminations	Network Consolidated
LIABILITIES AND NET ASSETS															
Current liabilities:															
Current portion of bond payable	$ -	$ 2,005	$ -	$ -	$ 6,580	$ -	$ -	$ -	$ 8,585	$ -	$ -	$ -	$ -	$ -	$ 8,585
Current portion of long-term obligations	-	3,313	-	-	357	-	-	-	3,670	-	-	-	-	-	3,670
Current portion of lease liabilities	1,853	1,415	8	726	1,762	-	609	-	6,373	-	-	-	-	-	6,373
Accounts payable and accrued expenses	8,294	140,516	11,474	580	35,758	69	1,312	-	198,003	(5)	-	64	61,006	(60,854)	198,214
Accrued vacation and other benefits	669	4,794	8,215	492	903	-	157	-	15,230	-	-	-	-	-	15,230
Current portion of accrued professional liability claims	-	19,103	-	-	466	-	247	-	19,816	-	-	-	(9)	21,777	41,584
Other liabilities	-	89,484	-	-	6,654	-	-	-	96,138	-	-	-	-	-	96,138
Total current liabilities	10,816	260,630	19,697	1,798	52,480	69	2,325	-	347,815	(5)	-	64	60,997	(39,077)	369,794
Bond payable	-	139,115	-	-	281,941	-	-	-	421,056	-	-	-	-	-	421,056
Long-term obligations	-	192	-	-	1,318	-	-	-	1,510	-	-	-	-	-	1,510
Lease liabilities	10,175	3,104	7	2,526	2,601	-	2,684	-	21,097	-	-	-	-	-	21,097
Accrued pension liability	48,243	55,350	51,099	11,641	-	21,962	11,663	-	199,958	-	-	-	-	-	199,958
Accrued professional liability claims	-	106,802	-	-	11,241	-	6,971	-	125,014	-	-	-	10,030	39,075	174,119
Other liabilities	19	41,031	42,880	-	6,906	-	667	-	91,503	-	-	-	-	-	91,503
Total liabilities	69,253	606,224	113,683	15,965	356,487	22,031	24,310	-	1,207,953	(5)	-	64	71,027	(2)	1,279,037
Net assets:															
Without donor restrictions	19,229	226,759	23,755	1,361	27,838	(8,547)	510	-	290,905	5	-	1,444	46,875	(1,388)	337,841
With donor restrictions	-	146,538	-	-	6,576	14,025	-	-	167,139	63	-	-	-	-	167,202
Total net assets	19,229	373,297	23,755	1,361	34,414	5,478	510	-	458,044	68	-	1,444	46,875	(1,388)	505,043
Total liabilities and net assets	$ 88,482	$ 979,521	$ 137,438	$ 17,326	$ 390,901	$ 27,509	$ 24,820	$ -	$ 1,665,997	$ 63	$ -	$ 1,508	$ 117,902	$ (1,390)	$ 1,784,080

ALBERT EINSTEIN HEALTHCARE NETWORK
Supplemental Consolidating Statement of Operations and Changes in Net Assets
Year Ended June 30, 2021

(in thousands)

	Albert Einstein Healthcare Network (Parent)	Albert Einstein Medical Center	Einstein Practice Plan	ECHA	Einstein Medical Center Montgomery	MHS	Fornance	Reclass and Eliminations	Obligated Group	Belmont Center for Comprehensive Treatment	USP Surgery Center	Einstein Healthcare Systems, Inc. & Einstein Care Partners, LLC	Broadline Risk Retention Group, Inc	Reclass and Eliminations	Network Consolidated
Net patient service revenue	$ -	$ 774,304	$ 152,877	$ 25,343	$ 249,590	$ -	$ 28,108	$ (6,387)	$ 1,223,835	$ -	$ -	$ -	$ -	$ -	$ 1,223,835
CARES act revenue	-	93,309	-	-	42,000	-	-	-	135,309	-	-	-	-	-	135,309
Other revenue	74,520	45,767	4,175	3,024	8,346	1,542	4,519	(78,485)	63,408	-	-	1,116	20,322	(21,396)	63,450
Net assets released from restrictions	-	6,139	-	-	300	-	-	-	6,439	-	-	-	-	-	6,439
Total operating revenues without donor restrictions, gains and other support	74,520	919,519	157,052	28,367	300,236	1,542	32,627	(84,872)	1,428,991	-	-	1,116	20,322	(21,396)	1,429,033
Salaries and employee benefits	45,061	482,548	128,201	22,084	117,382	-	30,372	(4,129)	821,519	-	-	-	-	-	821,519
Supplies	1,709	132,709	3,908	2,613	52,671	-	2,420	-	196,030	-	-	-	-	-	196,030
External physician, clinical and professional service fees	11,102	84,717	12,661	2,658	31,655	466	1,455	(5,403)	139,311	-	-	1,136	888	(1,074)	140,261
Depreciation and amortization	5,601	44,193	602	454	21,292	(40)	361	-	72,463	-	-	-	-	-	72,463
Interest expense	-	7,010	-	-	13,685	2	-	-	20,697	-	-	-	-	-	20,697
Insurance	918	31,216	10,804	747	3,030	-	1,200	10	47,925	-	-	-	17,174	(20,322)	44,777
Other operating expenses	5,594	105,139	17,611	3,926	32,497	805	2,921	(75,350)	93,143	-	-	(82)	3	-	93,064
Total operating expenses	69,985	887,532	173,787	32,482	272,212	1,233	38,729	(84,872)	1,391,088	-	-	1,054	18,065	(21,396)	1,388,811
Operating income (loss)	4,535	31,987	(16,735)	(4,115)	28,024	309	(6,102)	-	37,903	-	-	62	2,257	-	40,222
Investment income and realized gains and losses	602	8,887	-	-	559	267	-	-	10,315	-	-	-	3,126	-	13,441
Unrealzied gains(losses) on investments	3,101	17,852	-	-	51	1,125	-	-	22,129	-	-	-	6,788	-	28,917
Investment impairment	(33)	(529)	-	-	-	-	-	-	(562)	-	-	-	-	-	(562)
Other pension costs	-	(13,426)	-	-	-	-	-	-	(13,426)	-	-	-	-	-	(13,426)
Other non-operating revenue (expenses)	(5,191)	8,272	-	-	479	311	-	-	3,871	-	-	-	-	-	3,871
Total non-operating revenues/(expenses)	(1,521)	21,056	-	-	1,089	1,703	-	-	22,327	-	-	-	9,914	-	32,241
(Deficiency)/excess of revenues over expenses	$ 3,014	$ 53,043	$ (16,735)	$ (4,115)	$ 29,113	$ 2,012	$ (6,102)	$ -	$ 60,230	$ -	$ -	$ 62	$ 12,171	$ -	$ 72,463

ALBERT EINSTEIN HEALTHCARE NETWORK
Supplemental Consolidating Statements of Operations and Changes in Net Assets (continued)
Year Ended June 30, 2021

(in thousands)

	Albert Einstein Healthcare Network (Parent)	Albert Einstein Medical Center	Einstein Practice Plan	ECHA	Einstein Medical Center Montgomery	MHS	Fornance	Reclass and Eliminations	Obligated Group	Belmont Center for Comprehensive Treatment	USP Surgery Center	Einstein Healthcare Systems, Inc. & Einstein Care Partners, LLC	Broadline Risk Retention Group, Inc	Reclass and Eliminations	Network Consolidated
Net assets without donor restrictions (continued):															
Excess/(deficiency) of revenues over expenses	$ 3,014	$ 53,043	$ (16,735)	$ (4,115)	$ 29,113	$ 2,012	$ (6,102)	$ -	$ 60,230	$ -	$ -	$ 62	$ 12,171	$ -	$ 72,463
Change in net unrealized gains/(losses) on investments	-	(179)	-	-	-	-	-	-	(179)	-	-	-	-	-	(179)
Decrease in pension liability	-	96,720	-	-	-	-	-	-	96,720	-	-	-	-	-	96,720
Transfer among affiliates	(4,115)	(16,736)	16,736	4,115	(10,038)	-	10,038	-	-	-	-	-	-	-	-
Increase (decrease) in net assets without donor restrictions	(1,101)	132,848	1	-	19,075	2,012	3,936	-	156,771	-	-	62	12,171	-	169,004
Net assets with donor restrictions:															
Contributions	-	5,792	-	-	813	-	-	-	6,605	-	-	-	-	-	6,605
Investment income and realized gains and (losses)	-	2,982	-	-	39	(3)	-	-	3,018	-	-	-	-	-	3,018
Investment impairment	-	(171)	-	-	-	-	-	-	(171)	-	-	-	-	-	(171)
Change in beneficial interest in perpetual trusts	-	(191)	-	-	-	364	-	-	173	-	-	-	-	-	173
Change in net unrealized gains on investments	-	23,392	-	-	-	2,271	-	-	25,663	-	-	-	-	-	25,663
Net assets released from restrictions	-	(6,139)	-	-	(300)	-	-	-	(6,439)	-	-	-	-	-	(6,439)
Increase (decrease) in net assets with donor restrictions	-	25,665	-	-	552	2,632	-	-	28,849	-	-	-	-	-	28,849
Increase (decrease) in net assets	(1,101)	158,513	1	-	19,627	4,644	3,936	-	185,620	-	-	62	12,171	-	197,853
Net assets															
Beginning of year	20,330	214,784	23,754	1,361	14,787	834	(3,426)	-	272,424	68	-	1,382	34,704	(1,388)	307,190
End of year	$ 19,229	$ 373,297	$ 23,755	$ 1,361	$ 34,414	$ 5,478	$ 510	$ -	$ 458,044	$ 68	$ -	$ 1,444	$ 46,875	$ (1,388)	$ 505,043

ALBERT EINSTEIN HEALTHCARE NETWORK

Supplemental Consolidating Statement of Cash Flows

Year Ended June 30, 2021

(in thousands)

	Albert Einstein Healthcare Network (Parent)	Albert Einstein Medical Center	Einstein Practice Plan	ECHA	Einstein Medical Center Montgomery	MHS	Fornance	Reclass and Eliminations	Obligated Group	Belmont Center for Comprehensive Treatment	USP Surgery Center	Einstein Healthcare Systems, Inc. & Einstein Care Partners, LLC	Broadline Risk Retention Group, Inc	Reclass and Eliminations	Network Consolidated
Cash flows from operating activities:															
Increase (decrease) in net assets	$ (1,101)	$ 158,513	$ 1	$ -	$ 19,627	$ 4,644	$ 3,936	$ -	$ 185,620	$ -	$ -	$ 62	$ 12,171	$ -	$ 197,853
Adjustments to reconcile changes in net assets to net cash provided by operating activities:															
Net realized and unrealized gains(losses) on investments	(3,599)	(48,622)	-	-	(181)	(3,536)	-	-	(55,938)	-	-	-	(9,913)	-	(65,851)
Gain on sale of assets	-	(5,570)	-	-	-	-	-	-	(5,570)	-	-	-	-	-	(5,570)
Depreciation and amortization	5,601	46,921	2	254	17,796	(40)	161	-	70,695	-	-	-	-	-	70,695
Decrease in pension liability	-	(96,720)	-	-	-	-	-	-	(96,720)	-	-	-	-	-	(96,720)
Change in beneficial interest in perpetual trusts	-	190	-	-	-	(364)	-	-	(174)	-	-	-	-	-	(174)
Contributions and investment income restricted for long-term purposes	-	(6,135)	-	-	(852)	3	-	-	(6,984)	-	-	-	-	-	(6,984)
Equity in income of joint ventures	(256)	(15,458)	(4,150)	(930)	(1,505)	-	-	-	(22,299)	-	-	-	-	-	(22,299)
Extra ordinary Item	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Undistributed earnings of affiliates	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(Increase) decrease in:															
Accounts receivable	(10,042)	3,550	4,161	360	(6,580)	4	(265)	-	(8,812)	-	-	192	-	-	(8,620)
Inventories	-	(1,626)	(233)	(391)	(316)	-	5	-	(2,561)	-	-	-	-	-	(2,561)
Insurance recoverable	-	3,083	-	-	(891)	-	(243)	-	1,949	-	-	-	802	-	2,751
Other assets	34,200	(51,864)	(6,859)	(1,341)	25,579	1,896	(4,186)	-	(2,575)	-	-	(297)	9	-	(2,863)
Increase (decrease) in:															
Accounts payable and accrued expenses	(2,729)	65,514	(2,744)	(708)	(6,272)	(26)	(610)	-	52,425	-	-	(40)	4,932	(4,895)	52,422
Accrued pension liability	3,864	(594)	4,618	1,493	-	-	640	-	10,021	-	-	-	-	-	10,021
Accrued vacation and other benefits	(9)	(1,049)	1,037	298	(24)	-	7	-	260	-	-	-	-	-	260
Accrued professional liability, net of funding	-	4,983	-	-	1,344	(1,403)	475	-	5,399	-	-	-	(811)	4,896	9,484
Other liabilities	15	25,031	10,961	-	6,022	-	134	-	42,163	-	-	-	-	-	42,163
Net cash (used in) provided by operating activities	25,944	80,148	6,794	(965)	53,747	1,178	54	-	166,900	-	-	(83)	7,190	1	174,008
Cash flows from investing activities:															
Purchase of land, buildings and equipment	(2,517)	(28,189)	(2)	(157)	(11,108)	(8)	(125)	-	(42,106)	-	-	-	-	-	(42,106)
Proceeds (purchase) of investments and assets whose use is limited, net	(109)	(99,952)	-	-	(37,281)	(135)	-	-	(137,477)	-	-	-	(3,242)	(1,384)	(142,103)
Proceeds from sale of assets	-	6,387	-	-	-	-	-	-	6,387	-	-	-	-	-	6,387
Net distriburtion from (investment in) joint ventures	(1,407)	25,695	-	-	40	-	-	-	24,328	-	-	-	-	-	24,328
Other	(5)	(6,433)	(6,811)	930	1,607	-	57	-	(10,655)	-	-	-	-	-	(10,655)
Net cash (used in) provided by investing activities	(4,038)	(102,492)	(6,813)	773	(46,742)	(143)	(68)	-	(159,523)	-	-	-	(3,242)	(1,384)	(164,149)
Cash flows from financing activities:															
Net (repayments) proceeds from revolving line of credit	-	170	-	-	-	-	-	-	170	-	-	-	-	-	170
Proceeds from short-term borrowings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Repayment of long-term borrowings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Principal payments under capital lease obligations	-	(1,958)	-	-	(216)	-	-	-	(2,174)	-	-	-	-	-	(2,174)
Contributions and investment income restricted for long-term purposes	-	6,135	-	-	852	(3)	-	-	6,984	-	-	-	-	-	6,984
Repayment of long-term bonds	-	(11,910)	-	-	(16,265)	-	-	-	(28,175)	-	-	-	-	-	(28,175)
Net cash (used in) provided by financing activities	-	(7,563)	-	-	(15,629)	(3)	-	-	(23,195)	-	-	-	-	-	(23,195)
Net increase(decrease) in cash and cash equivalents	21,906	(29,908)	(19)	(192)	(8,624)	1,032	(14)	-	(15,819)	-	-	(83)	3,948	(1,383)	(13,337)
Cash and cash equivalents															
Beginning of year	26,163	59,126	1,228	932	40,165	2,242	237	-	130,093	11	-	1,560	6,885	(1,097)	137,452
End of year	$ 48,069	$ 29,218	$ 1,209	$ 740	$ 31,541	$ 3,274	$ 223	$ -	$ 114,274	$ 11	$ -	$ 1,477	$ 10,833	$ (2,480)	$ 124,115