

NYU Langone Hospitals
Consolidated Financial Statements and
Supplemental Information
August 31, 2021 and 2020

NYU Langone Hospitals
Index
August 31, 2021 and 2020

	Page(s)
Report of Independent Auditors	1–2
Consolidated Financial Statements	
Balance Sheets	3
Statements of Operations	4
Statements of Changes in Net Assets	5
Statements of Cash Flows	6
Notes to Financial Statements	7–36
Supplemental Information	
Consolidating Balance Sheets	37–38
Consolidating Statements of Operations	39–40
Note to Consolidating Supplemental Information	41



Report of Independent Auditors

To the Board of Trustees of
NYU Langone Health System

We have audited the accompanying consolidated financial statements of NYU Langone Hospitals and its subsidiaries, which comprise the consolidated balance sheets as of August 31, 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 NYU Langone Hospitals and its subsidiaries as of August 31, 2021 and 2020, and the results of their operations, changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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, changes in net assets and cash flows of the individual companies and is not a required part of the consolidated financial statements. Accordingly, we do not express an opinion on the financial position, results of operations, changes in net assets and cash flows of the individual companies.

PricewaterhouseCoopers LLP

New York, New York
December 13, 2021

NYU Langone Hospitals
Consolidated Balance Sheets
August 31, 2021 and 2020

<i>(in thousands)</i>	2021	2020
Assets		
Current assets		
Cash and cash equivalents	\$ 1,802,962	\$ 1,776,582
Short-term investments	1,273,620	743,208
Assets limited as to use	11,841	13,614
Patient accounts receivable, net	896,425	685,099
Contributions receivable	61,886	14,465
Insurance receivables - billed	105,457	114,290
Other current assets	403,806	287,486
Total current assets	4,555,997	3,634,744
Long-term investments	57,991	127,470
Assets limited as to use, less current portion	1,389,431	1,336,696
Contributions receivable, less current portion	133,578	13,730
Professional liabilities insurance recoveries receivable	70,541	74,733
Operating lease right-of-use assets	542,158	566,062
Other assets	80,031	119,447
Property, plant and equipment, net	4,770,717	4,716,406
Total assets	\$ 11,600,444	\$ 10,589,288
Liabilities and Net Assets		
Current liabilities		
Current portion of long-term debt and finance lease obligations	\$ 53,776	\$ 51,906
Current portion of operating lease obligations	34,485	38,778
Accounts payable and accrued expenses	420,597	358,660
Accrued salaries and related liabilities	381,068	203,537
Deferred revenue	113,688	141,833
Due to related organizations	73,856	120,307
Other current liabilities	338,377	493,188
Total current liabilities	1,415,847	1,408,209
Long-term debt and finance lease obligations, less current portion	3,175,044	3,228,705
Long-term operating lease obligations, less current portion	551,933	564,717
Professional liabilities	847,910	770,741
Accrued pension liabilities	515,645	719,485
Accrued postretirement liabilities	93,624	110,834
Other liabilities	459,228	382,644
Total liabilities	7,059,231	7,185,335
Net assets		
Net assets without donor restrictions	4,166,554	3,256,535
Net assets with donor restrictions	374,659	147,418
Total net assets	4,541,213	3,403,953
Total liabilities and net assets	\$ 11,600,444	\$ 10,589,288

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

NYU Langone Hospitals
Consolidated Statements of Operations
Years Ended August 31, 2021 and 2020

<i>(in thousands)</i>	2021	2020
Operating revenues and other support		
Net patient service revenue	\$ 6,168,439	\$ 5,578,852
Grants and sponsored programs	23,346	37,241
Insurance premiums earned	106,708	107,149
Contributions	8,661	44,643
Endowment distribution and return on short-term investments	37,501	82,392
Other revenue	718,696	850,705
Net assets released from restrictions for operating purposes	17,281	21,325
Total operating revenues and other support	7,080,632	6,722,307
Operating expenses		
Salaries and wages	2,051,353	1,950,767
Employee benefits	656,052	571,721
Supplies and other	3,228,383	3,277,002
Depreciation and amortization	421,383	427,688
Interest	128,811	122,672
Total operating expenses	6,485,982	6,349,850
Gain from operations	594,650	372,457
Other items		
Other component of pension and postretirement costs	24,539	6,647
Investment return, net	166,417	17,805
Mission based payment to NYUGSoM	(50,000)	(50,000)
Other	12,977	4,108
Excess of revenue over expenses	748,583	351,017
Other changes in net assets without donor restrictions		
Changes in pension and postretirement obligations	192,239	5,810
Contributions for capital asset acquisitions	754	3,954
Equity transfers to related organizations, net	(35,387)	(63,568)
Net assets released from restrictions for capital purposes	3,841	6,312
Other	(11)	(2,884)
Net increase in net assets without donor restrictions	\$ 910,019	\$ 300,641

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

NYU Langone Hospitals
Consolidated Statements of Changes in Net Assets
Years Ended August 31, 2021 and 2020

<i>(in thousands)</i>	Without Donor Restrictions	With Donor Restrictions	Total
Net assets at August 31, 2019	\$ 2,955,894	\$ 107,167	\$ 3,063,061
Excess of revenue over expenses	351,017	-	351,017
Net assets released from restrictions for operating puposes	-	(21,325)	(21,325)
Net assets released from restrictions for capital purposes	6,312	(6,312)	-
Change in pension and postretirement obligation	5,810	-	5,810
Equity transfers to related organizations, net	(63,568)	-	(63,568)
Investment return, net	-	2,682	2,682
Appropriation of endowment distribution	-	(1,111)	(1,111)
Contributions and other items	1,070	66,317	67,387
Total changes in net assets	<u>300,641</u>	<u>40,251</u>	<u>340,892</u>
Net assets at August 31, 2020	<u>3,256,535</u>	<u>147,418</u>	<u>3,403,953</u>
Excess of revenue over expenses	748,583	-	748,583
Net assets released from restrictions for operating puposes	-	(17,281)	(17,281)
Net assets released from restrictions for capital purposes	3,841	(3,841)	-
Change in pension and postretirement obligation	192,239	-	192,239
Equity transfers to related organizations, net	(35,387)	-	(35,387)
Investment return, net	-	11,295	11,295
Appropriation of endowment distribution	-	(1,262)	(1,262)
Contributions and other items	743	238,330	239,073
Total changes in net assets	<u>910,019</u>	<u>227,241</u>	<u>1,137,260</u>
Net assets at August 31, 2021	<u>\$ 4,166,554</u>	<u>\$ 374,659</u>	<u>\$ 4,541,213</u>

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

NYU Langone Hospitals

Consolidated Statements of Cash Flows

Years Ended August 31, 2021 and 2020

<i>(in thousands)</i>	2021	2020
Cash flows from operating activities		
Changes in net assets	\$ 1,137,260	\$ 340,892
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Depreciation and amortization	421,383	427,688
Loss on disposal of property, plant and equipment and debt refinancing	36	1,627
Post-retirement and pension benefit adjustment	(192,239)	(5,810)
Equity transfers to related organizations, net	35,387	63,568
Grants and contributions restricted for capital	(6,304)	(36,829)
Donated securities liquidated to cash and restricted for capital	-	(11,521)
Payments received for commercial insurance	(99)	(1,379)
Amortization of operating lease assets	48,046	48,540
Net unrealized and realized gain on investments and assets limited as to use	(183,621)	(71,970)
Changes in operating assets and liabilities		
Patient accounts receivable, net	(211,326)	123,087
Non-capital contributions receivable	(167,269)	18,149
Insurance receivables – billed	8,833	(23,560)
Accounts payable and accrued expenses	26,244	(15,556)
Accrued salaries and related liabilities	177,531	(25,705)
Professional liabilities, net	81,361	82,790
Accrued pension obligation	(34,879)	(8,034)
Accrued postretirement obligation	6,068	4,793
Other operating assets, liabilities and deferred revenue	(302,834)	475,079
Net cash provided by operating activities	<u>843,578</u>	<u>1,385,849</u>
Cash flows from investing activities		
Acquisitions of property, plant and equipment	(385,481)	(248,283)
Purchases of investments	(2,074,535)	(1,880,243)
Sales of investments	1,860,487	919,465
Commercial insurance proceeds for capital	99	1,379
Net cash used in investing activities	<u>(599,430)</u>	<u>(1,207,682)</u>
Cash flows from financing activities		
Proceeds from issuance of long-term debt, finance lease incentives and borrowings on lines of credit	14,547	1,067,573
Principal payments on long-term debt, finance leases and lines of credit	(72,755)	(510,841)
Equity transfers to related organizations, net	(35,387)	(63,568)
Payments received and proceeds from donated securities restricted for capital	6,304	17,450
Payments of deferred financing costs	-	(2,087)
Net cash (used in) provided by financing activities	<u>(87,291)</u>	<u>508,527</u>
Net increase in cash and cash equivalents	156,857	686,694
Cash and cash equivalents, and restricted cash		
Beginning of year	1,957,502	1,270,808
End of year	<u>\$ 2,114,359</u>	<u>\$ 1,957,502</u>
Supplemental information		
Cash paid for interest	\$ 137,728	\$ 118,238
Right-of-use assets obtained in exchange for finance lease obligations	8,176	234,645
Right-of-use assets obtained in exchange for operating lease obligations	24,728	20,184
Change in non-cash acquisitions of property, plant and equipment	(87,588)	2,003

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

NYU Langone Hospitals

Notes to Consolidated Financial Statements

August 31, 2021 and 2020

1. Organization and Summary of Significant Accounting Policies

Organization

NYU Langone Hospitals is a quaternary care teaching hospital that operates five inpatient acute care facilities and over 38 ambulatory facilities in Manhattan, Brooklyn, and Long Island. The Manhattan inpatient facilities, comprised of the Kimmel Pavilion (which also houses the Hassenfeld Children's Hospital) and Tisch Hospital, are licensed to operate 844 beds. NYU Langone Orthopedic Hospital, also located in Manhattan, is a 225 bed facility specializing in orthopedic, neurologic, and rheumatologic services. NYU Langone Hospital-Brooklyn ("NYU Langone Brooklyn") is a 450 bed facility in the Sunset Park section of Brooklyn. NYU Langone Hospital-Long Island ("NYU Langone Long Island") is a 591 bed facility located in Mineola, New York. Ambulatory facilities include the Laura and Isaac Perlmutter Cancer Center, the Ambulatory Care Center, the Outpatient Surgery Center, the Orthopedic Center, a free-standing Emergency Department in the Cobble Hill section of Brooklyn, the Brooklyn Endoscopy and Ambulatory Surgery Center in the Midwood section of Brooklyn and Levit Medical, a diagnostic and treatment facility with three locations in Brooklyn.

NYU Langone Hospitals is a Section 501(c)(3) organization exempt from federal income taxes under Section 501(a) of the Internal Revenue Code and from New York State and City income taxes.

NYU Langone Hospitals is the sole corporate member of CCC550 Insurance, SCC. ("CCC550") which provides professional liability insurance to NYU Langone Hospitals, physicians employed by NYU Robert I. Grossman School of Medicine ("NYUGSoM") and other nonemployed physicians (Note 8). CCC550 is subject to taxation in accordance with section 29 of the Exempt Insurance Act in Barbados. NYU Langone Hospitals is also the sole corporate member of Winthrop-University Hospital Services Corp. ("WUHSC"), a real estate holding company, and various faculty, community and hospital-based physician service organizations.

NYU Langone Hospitals' sole corporate member is NYU Langone Health System (the "NYU Health System"), which is a subsidiary of New York University ("NYU"). NYU does not assume any responsibility or liability for the financial obligations of the NYU Health System or NYU Langone Hospitals. NYUGSoM and the NYU Long Island School of Medicine ("NYULISoM") (collectively referred to as the "NYU Schools of Medicine") are schools within NYU, but not separate legal entities. NYU Langone Hospitals, the NYU Health System and the NYU Schools of Medicine are collectively referred to as NYU Langone Health. The NYU Board of Trustees appoints the members of the NYU Health System Board, the NYU Langone Hospitals' Board and the NYUGSoM Advisory Board, who are the same individuals.

Affiliation with Long Island Community Hospital

In July 2021, the NYU Health System entered into an Affiliation Agreement with Brookhaven Memorial Medical Center Inc., d/b/a Long Island Community Hospital, ("LICH"), a 306 bed acute care hospital located in Suffolk County. Implementation of the proposed affiliation with LICH is subject to completion of satisfactory due diligence and receipt of regulatory approvals which are pending as of the date of these financial statements.

Basis of Presentation and Principles of Consolidation

The accompanying consolidated financial statements are prepared on the accrual basis of accounting and in accordance with accounting principles generally accepted in the United States of America ("GAAP"). The accompanying consolidated financial statements include the accounts of NYU Langone Hospitals, CCC550, and the other NYU Langone Hospitals subsidiaries (primarily

NYU Langone Hospitals

Notes to Consolidated Financial Statements

August 31, 2021 and 2020

WUHSC). Accordingly, amounts due from or to and the transactions between these entities have been eliminated in consolidation.

Related Organizations

Transactions among NYU Langone Hospitals' related organizations relate principally to the sharing of certain services, facilities, equipment and personnel and are accounted for on the basis of allocated cost, as agreed among the parties (primarily the NYU Schools of Medicine). The amounts due from or to related organizations for operating activities do not bear interest. Additionally, NYU Langone Hospitals has established guidelines for reimbursement, on a fee-for-service basis, for services provided to or by its related organizations.

NYU Langone Hospitals has an existing affiliation agreement with Sunset Park Health Council, Inc., a New York not-for-profit corporation, d/b/a Family Health Centers at NYU Langone ("FHC"). FHC is a designated Level 3 Medical Home and co-operates a Federally Qualified Health Center ("FQHC") with NYU Langone Hospitals under NYU Langone Hospitals' operating certificate. The affiliation agreement will remain in effect for as long as NYU Langone Hospitals remains a co-operator of the FQHC.

New Authoritative Pronouncements adopted

In August 2018, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2018-13, *Fair Value Measurement: Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement (Topic 820)*. The new ASU eliminates, adds and modifies certain disclosure requirements related to fair value measurement. NYU Langone Hospitals adopted this standard in fiscal year 2021 on a retrospective basis. Adoption did not have a material impact on the consolidated financial statements.

In August 2018, the FASB issued ASU 2018-14, *Compensation - Retirement Benefits - Defined Benefit Plans (Subtopic 715-20)*. The new ASU eliminates, adds and modifies certain disclosure requirements related to defined benefit plans. NYU Langone Hospitals early adopted this standard in fiscal year 2021 on a retrospective basis. Adoption resulted in the elimination of certain disclosures from Note 9, specifically amounts in net assets without donor restriction expected to be recognized in net periodic pension cost in the next fiscal year and certain disclosures of the effect of a 1% change in the health care cost trend rate.

New Authoritative Pronouncements not yet adopted

In August 2018, FASB issued ASU 2018-15, *Intangibles – Goodwill and Other – Internal Use Software (350-40): Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract*, which aligns the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software (and hosting arrangements that include an internal use software license). The accounting for the service element of a hosting arrangement that is a service contract is not affected by this standard. This ASU is effective for NYU Langone Hospitals for fiscal years beginning after December 15, 2020. NYU Langone Hospitals is evaluating the impact of the new standard on the consolidated financial statements.

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments – Credit Losses: Measurement of Credit Losses on Financial Instruments*. The previous standard delays the recognition of a credit loss on a financial asset until the loss is probable of occurring. The new standard removes the requirement that a credit loss be probable of occurring for it to be recognized, and requires entities to use historical experience, current conditions, and reasonable

NYU Langone Hospitals

Notes to Consolidated Financial Statements

August 31, 2021 and 2020

and supportable forecasts to estimate their future expected credit losses. The standard is required to be applied using the modified retrospective approach with a cumulative-effect adjustment to net assets, if any, upon adoption. This ASU is effective for NYU Langone Hospitals for fiscal years beginning after December 15, 2022. NYU Langone Hospitals is currently evaluating the impact of the new standard on the consolidated financial statements.

In March 2020, the FASB issued ASU 2020-04, *Reference Rate Reform (Topic 848)*, which provides temporary optional guidance to ease the potential burden in accounting for reference rate reform due to the risk of cessation of the London Interbank Offered Rate ("LIBOR"). The amendments apply only to contracts, hedging relationships, and other transactions that reference LIBOR or another reference rate expected to be discontinued because of reference rate reform. The pronouncement is effective immediately and can be applied through December 31, 2022. The adoption of this standard is not expected to have a material impact on NYU Langone Hospitals' consolidated financial position, results of operations or cash flows.

Cash and Cash Equivalents

Cash equivalents consist of highly liquid financial instruments purchased with a maturity of three months or less. All short-term, highly liquid investments, otherwise qualifying as cash equivalents that are included in NYU Langone Hospitals' long-term investments in NYU's pooled investments are treated as investments and are therefore excluded from cash and cash equivalents in the consolidated statements of cash flows.

The following table provides a reconciliation of cash and cash equivalents reported within the consolidated balance sheets to the amounts shown in the consolidated statements of cash flows:

<i>(in thousands)</i>	2021	2020
Cash and Cash Equivalents	\$ 1,802,962	\$ 1,776,582
Cash and Cash Equivalents included in assets limited as to use and short-term investments (Note 3)	<u>311,397</u>	<u>180,920</u>
Total cash and cash equivalents shown in the consolidated statements of cash flows	<u>\$ 2,114,359</u>	<u>\$ 1,957,502</u>

NYU Langone Hospitals maintains its deposits with high credit quality financial institutions and has balances in these financial institutions that exceed federal depository insurance limits. Management does not believe the credit risk related to these deposits to be significant.

Investments

Short-term investments consist of cash and cash equivalents and marketable securities. NYU Langone Hospitals classifies investments on the consolidated balance sheet based on their availability for use rather than on the timing of their intended use. Investment income on short-term investments is included in operating revenues in the consolidated statements of operations. Realized and unrealized gains and losses are included in investment return, net on the consolidated statements of operations.

Long-term investments include donor-restricted and board-designated endowment funds held in a pooled investment portfolio maintained by NYU (Note 3). NYU's investment pool is managed to maximize the prudent long-term return and the NYU's Board of Trustees has authorized a policy designed to allow asset growth while providing a predictable flow of return to support operations. Distributions from the long-term investments held by the endowment to support operations (approximately 4.5% in 2021 and 2020) are calculated using the prior year distribution adjusted for the change in the New York Metro Area Consumer Price Index (CPI). Endowment distributions are reported within operating revenues in the consolidated statements of operations. Investment return

NYU Langone Hospitals

Notes to Consolidated Financial Statements

August 31, 2021 and 2020

greater or less than NYU's approved endowment distribution is reported within other items in the consolidated statements of operations.

Assets limited as to use

Assets limited as to use primarily consist of externally restricted assets held under long-term debt agreements (Note 7), assets restricted for deferred retirement benefits, and assets restricted to pay professional liability claims (Note 8). These assets consist primarily of marketable securities (Note 3). NYU Langone Hospitals classifies assets limited as to use on the consolidated balance sheet to align with their intended use rather than on their availability for use. Investment return on assets limited to use is reported as operating revenues in the consolidated statements of operations, with the exception of assets restricted for deferred retirement benefits.

Fair Value Measurements

FASB ASC 820, *Fair Value Measurement*, establishes a framework for measuring fair value under GAAP and enhances disclosures about fair value measurements. Fair value is defined as the exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that is determined based on assumptions that market participants would use in pricing an asset or liability. Fair value requires an organization to determine the unit of account, the mechanism of hypothetical transfer, and the appropriate markets for the asset or liability being measured.

The guidance establishes a hierarchy of valuation inputs based on the extent to which the inputs are observable in the marketplace. Observable inputs reflect market data obtained from sources independent of the reporting entity and unobservable inputs reflect the entity's own assumptions about how market participants would value an asset or liability based on the best information available. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs.

As a basis for comparing assumptions, accounting guidance establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair values as follows:

- Level 1 Financial instruments for which unadjusted quoted market prices are available for identical instruments in active markets. Market price data is generally obtained from exchange or dealer markets.
- Level 2 Financial instruments for which there are inputs, other than the unadjusted quoted prices for identical instruments in active markets, that are observable either directly or indirectly. These investments can also be valued by the investment portfolio managers utilizing a portfolio system. NYU Langone Hospitals reviews the results of these valuations in assessing its fair value of investments.
- Level 3 Financial instruments for which there are unobservable inputs, in which there is little or no market data, which require the reporting entity to develop its own assumptions.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions. Inputs may include price information, credit data, liquidity statistics and other factors.

NYU Langone Hospitals

Notes to Consolidated Financial Statements

August 31, 2021 and 2020

The following is a description of the methods and assumptions used to estimate the fair value of NYU Langone Hospitals' investments and assets limited as to use. There have been no changes in valuation methods and assumptions used at August 31, 2021 and 2020.

Equity and Fixed Income Investments

Valued on the basis of quoted market prices at year-end (Level 1). If quoted market prices are not available, these investments are valued based on yields currently available on comparable securities or issuers with similar credit ratings (Level 2).

Cash and Cash Equivalents

Consist primarily of U.S. government debt securities with maturities less than three months from year-end. These investments are valued on the basis of quoted market prices at year-end (Level 1). If quoted market prices are not available, these investments are valued based on yields currently available on comparable securities or issuers with similar credit ratings (Level 2).

Investments held in NYU pooled investment portfolio

The fair value of the investments held in NYU's pooled investment portfolio is based on values reported by NYU's respective external investment managers, and consist of both marketable and nonmarketable securities. As the fair value of NYU Langone Hospitals' units held in NYU's pool investment portfolio cannot be corroborated by observable market data as of August 31, 2021 and 2020, it is classified as Level 3.

Inventories

NYU Langone Hospitals' inventories are carried at the lower of cost or net realizable value. Inventories are used in the provision of patient care and generally are not held for sale. Inventories are recorded within other current assets on the consolidated balance sheet.

Property, Plant and Equipment

Property, plant and equipment is carried at cost. The carrying amounts of assets and the related accumulated depreciation and amortization are removed from the accounts when such assets are disposed of and any resulting gain or loss is recorded in operations. Annual provisions for depreciation are made based primarily upon the straight-line method over the estimated useful lives of the assets as follows:

Land improvement	20 years
Building improvement	10-25 years
Buildings	40-60 years
Fixed and moveable equipment	3-20 years

Right-of-use assets under finance leases are recorded at present value at lease commencement and are amortized on the straight-line method over the shorter of the lease term or the estimated useful life of the asset. The amortization of finance lease right-of-use assets is included in depreciation and amortization expense in the accompanying consolidated statements of operations. Repairs and maintenance expenditures are expensed as incurred.

Leases

NYU Langone Hospitals leases certain medical offices, administrative offices, equipment and ground space. At the inception of a contract, a determination is made if the arrangement is or contains a lease. Leases are classified as either finance or operating leases, based on the underlying terms of the agreement.

NYU Langone Hospitals

Notes to Consolidated Financial Statements

August 31, 2021 and 2020

Operating and finance lease assets and obligations are recognized based on the present value of fixed lease payments over the lease term. Since NYU Langone Hospitals' leases do not have readily determinable implicit discount rates, NYU Langone Hospitals uses its incremental borrowing rate to calculate the present value of lease payments. As a practical expedient, NYU Langone Hospitals has made an accounting policy election for all asset classes not to separate lease components from nonlease components in the event that a contract contains both. Both lease and nonlease components are included for purposes of calculating the right-of-use asset and lease liability. Variable lease payments are excluded for purposes of calculating the right-of-use asset and lease obligation unless the variable lease payments depend on an index or rate or are in substance fixed payments. Lease payments related to periods subject to renewal options are also excluded for purposes of calculating the right-of-use asset and lease obligation unless NYU Langone Hospitals is reasonably certain to exercise the option to extend the lease. NYU Langone Hospitals has made an accounting policy election not to record leases with an initial term of less than twelve months as right-of-use assets and lease obligations.

Lease expense for fixed operating lease payments is recognized on a straight-line basis over the term of the lease. The difference between fixed operating lease payments and lease expense on a straight-line basis is recorded as a reduction to the operating lease right-of-use assets on the consolidated balance sheet. Lease expense for variable lease payments is recognized as incurred.

Asset Retirement Obligation

NYU Langone Hospitals recorded an asset retirement obligation liability related to the estimated future costs to remediate asbestos. At August 31, 2021 and 2020, the liability was approximately \$103.1 million and \$51.5 million, respectively, and is included in other liabilities in the consolidated balance sheets.

Net Assets

Net assets with donor restrictions include gifts, pledges, trusts, and gains whose use by NYU Langone Hospitals have been limited by donors to a specific time period and/or purpose. Contributions receivable that do not carry a purpose restriction are deemed to be time restricted. Donor restrictions are removed either through the passage of time or because certain actions are taken by NYU Langone Hospitals that fulfill the restrictions. Contributions to construct long lived assets are released from restriction when the asset is placed into service. Certain donor restrictions are perpetual in nature while allowing the use of the investment return for general or specific purpose, in accordance with donor provisions.

Net assets without donor restriction are the remaining net assets of NYU Langone Hospitals that are used to carry out its mission and are not subject to donor restrictions.

Contributions

Contributions, including unconditional promises or pledges to give cash or donate securities and other assets, are reported at fair value on the date that the gift intent is made known in writing. Contributions receivable are reported at their discounted present value and an allowance for amounts estimated to be uncollectible is applied. Conditional promises to give, including bequest intentions and estate gifts, are not recognized as revenue until they become unconditional, that is, when the conditions on which they depend are substantially met. In the case of estate gifts, revenue is recorded at the conclusion of probate.

The gifts are reported as donor-restricted 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 purpose restriction is accomplished, net assets with donor restrictions are

NYU Langone Hospitals

Notes to Consolidated Financial Statements

August 31, 2021 and 2020

reclassified to net assets without donor restrictions and reported as net assets released from restrictions.

During the years ended August 31, 2021, and 2020, NYU Langone Hospitals received contributed securities of \$39.1 million and \$58.9 million, respectively, which were subsequently liquidated before August 31, 2021, and 2020, respectively.

Grants and Sponsored Programs

Grants and sponsored programs revenues represent reimbursements of costs incurred in direct support of sponsored activities. Operating revenue recorded from grants and sponsored programs amounted to \$23.3 million and \$37.2 million for the years ended August 31, 2021 and 2020, respectively.

Other Revenue

Other revenue represents various sources of operating revenue, including pharmacy revenue and governmental funding related to COVID-19 (Note 16). NYU Langone Hospitals recorded pharmacy revenue of \$348.0 million and \$232.2 million for the years ended August 31, 2021 and 2020, respectively.

Uncompensated Care

As a matter of policy, NYU Langone Hospitals provides significant amounts of partially or totally uncompensated patient care under its charity care policy or through its financial aid program.

Federal and state law requires that hospitals provide emergency services regardless of a patient's ability to pay. In accordance with these laws, NYU Langone Hospitals has implemented a discount policy and financial aid program that is consistent with the mission, values, and capacity of NYU Langone Hospitals, while considering an individual's ability to contribute to their care. Under this policy, the discount offered to uninsured patients is reflected as a reduction to net patient service revenue at the time the uninsured billings are recorded.

Uninsured patients seen in the emergency department, including patients subsequently admitted for inpatient services, often do not provide information necessary to allow NYU Langone Hospitals to qualify such patients for charity care. Net patient service revenue related to uninsured patients who do not qualify for either Medicaid assistance or NYU Langone Hospitals' financial aid program is recognized for the amount of consideration to which NYU Langone Hospitals expects to be entitled in exchange for providing patient care, net of implicit price concessions based on historical collections. Implicit price concession rates for uninsured patients are refined on an annual basis.

NYU Langone Hospitals' charity care policy, in accordance with the New York State Department of Health's ("NYS DOH") guidelines, ensures the provision of quality health care to the community served while carefully considering the ability of the patient to pay. The policy has sliding fee schedules for inpatient, ambulatory and emergency services provided to the uninsured and under-insured patients that qualify. Patients are eligible for the charity care fee schedule if they meet certain income tests. Since payment of the difference between NYU Langone Hospitals' standard charges and the charity care fee schedules is not sought, these forgone charges for charity care are not reported as revenue. Total forgone charges for charity care totaled \$101.3 million and \$102.6 million for the years ended August 31, 2021 and 2020, respectively. This equated to an approximate cost of \$19.3 million and \$22.1 million for the years ended August 31, 2021 and 2020, respectively, which is based on a ratio of cost to charges.

NYU Langone Hospitals

Notes to Consolidated Financial Statements

August 31, 2021 and 2020

New York State regulations provide for the distribution of funds from an indigent care pool, which is intended to partially offset the cost of uncompensated care and service provided to uninsured patients. The funds are distributed to NYU Langone Hospitals based on an uninsured methodology. Subsidy payments recognized as revenue amounted to approximately \$49.4 million and \$43.6 million for the years ended August 31, 2021 and 2020, respectively, and are included in net patient service revenue in the accompanying consolidated statements of operations. At August 31, 2021 and 2020, receivables from indigent care pools totaled \$15.2 million and \$6.4 million, respectively, and are included in other current assets on the consolidated balance sheets. NYU Langone Hospitals has paid \$63.0 million and \$61.5 million into the indigent care pool for the years ended August 31, 2021 and 2020, respectively.

Performance Indicator

The consolidated statements of operations include excess of revenue over expenses as the performance indicator. Changes in net assets without donor restrictions which are excluded from excess of revenue over expenses, consistent with industry practice, include changes in pension and postretirement obligations, contributions for capital asset acquisitions, equity transfers to related organizations, and net assets released from restrictions for capital purposes.

NYU Langone Hospitals differentiates its operating activities through the use of gain from operations as an intermediate measure of operations. Items which management does not consider to be components of NYU Langone Hospitals' operating activities are excluded from the gain from operations and reported as other items in the consolidated statements of operations. These include other components of pension and postretirement costs, investment return, net, mission based payment to NYUGSoM, and other.

Use of Estimates

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

Income Taxes

FASB Accounting Standards Codification ("ASC") 740, *Income Taxes*, clarifies the accounting for uncertainty of income tax positions. This guidance defines the threshold for recognizing tax return positions in the financial statements as "more likely than not" that the position is sustainable, based on its technical merits. The guidance also provides direction on the measurement, classification and disclosure of tax return positions in the consolidated financial statements. Uncertain income tax positions did not have a significant impact on NYU Langone Hospitals' consolidated financial statements during the years ended August 31, 2021 and 2020.

Reclassifications

Certain amounts in the 2020 consolidated financial statements have been reclassified to conform to the current year's presentation. These reclassifications have no impact on the net assets or changes in net assets previously reported.

NYU Langone Hospitals

Notes to Consolidated Financial Statements

August 31, 2021 and 2020

2. Net Patient Service Revenue and Accounts Receivable

NYU Langone Hospitals has agreements with third-party payors that provide for payments to Langone Hospitals at amounts different from its established rates (i.e., gross charges). Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges, and per diem payments.

NYU Langone Hospitals grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor arrangements. NYU Langone Hospitals bills patients and third-party payers several days after the services are performed and/or the patient is discharged. Patient service revenue is recognized as performance obligations are satisfied over time based on actual charges incurred in relation to total expected charges. Generally, performance obligations over time relate to patients receiving inpatient acute care services or patients receiving services in NYU Langone Hospitals' outpatient and ambulatory care centers. NYU Langone Hospitals measures the performance obligation from admission into the hospital or the commencement of an outpatient or physician service to the point when it is no longer required to provide services to that patient, which is generally the time of discharge or the completion of the outpatient or physician visit.

As substantially all of its performance obligations relate to contracts with a duration of less than one year, NYU Langone Hospitals has elected to apply the optional exemption provided in FASB ASC 606-10-50-14(a) *Revenue from Contracts with Customers* which removes the requirement to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially satisfied at the end of the reporting period. The unsatisfied or partially unsatisfied performance obligations referred to above 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.

Billings related to services rendered are recorded as net patient service revenue in the period in which the service is performed and reflects the consideration to which NYU Langone Hospitals expects to be paid in exchange for providing patient care. NYU Langone Hospitals determines the transaction price based on gross charges for services provided, reduced by contractual adjustments provided to third-party payers based on contractual agreements, discounts provided to uninsured patients in accordance with NYU Langone Hospitals' policy, and implicit concessions provided to uninsured patients. For the years ended August 31, 2021, and 2020, NYU Langone Hospitals recorded \$50.9 million and \$57.6 million of implicit price concessions as a direct reduction to net patient service revenue.

NYU Langone Hospitals estimates its implicit price concessions using a quarterly standardized approach to review historical collections based on major payor classification as a practical expedient to account for patient contracts as collective groups rather than individually. Based on historical collection trends, the financial statement effects of using this practical expedient are not materially different from an individual contract approach. In addition, NYU Langone Hospitals assesses the current state of its billing functions in order to identify any known collection or reimbursement issues and assess the impact, if any, on estimates. NYU Langone Hospitals believes that the collectability of its receivables is directly linked to the quality of its billing processes, most notably those related to obtaining the correct information in order to bill effectively for the services it provides. Subsequent changes to the estimate of transaction price are recorded as adjustments to net patient service revenue in the period of the change.

NYU Langone Hospitals

Notes to Consolidated Financial Statements

August 31, 2021 and 2020

Certain net patient service revenues received are subject to retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined. The net amounts recorded, related to prior years and changes in estimates did not have a significant impact on the performance indicator for either of the years ended August 31, 2021 or 2020.

A summary of the payment arrangements with major third-party payors follows:

Medicare Reimbursement

Inpatient acute care services and outpatient services rendered to Medicare program beneficiaries are paid at prospectively determined rates. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. The current Medicare severity adjusted diagnosis related groups ("MS-DRGs") reflect changes in technology and current methods of care delivery. The MS-DRG system is intended to ensure that payments more accurately reflect the costs of services provided by hospitals based on the severity of a patient's illness. The MS-DRGs also require identification of conditions that are present upon admission. Inpatient rehabilitation cases are grouped into case-mix groups. Outpatients are assigned to ambulatory payment classification groups. The Centers for Medicare and Medicaid Services ("CMS") issues annual updates to payment rates and patient classification groups.

NonMedicare Reimbursement

The New York Health Care Reform Act of 1996, as updated, governs payments to hospitals in New York State. Under this system, hospitals and all nonMedicare payors, except Medicaid, workers' compensation and no-fault insurance programs, negotiate hospitals' payment rates. If negotiated rates are not established, payors are billed at hospitals' established charges. Medicaid, workers' compensation and no-fault payors pay hospital rates promulgated by the NYS DOH on a prospective basis. Adjustments to current and prior year's rates for these payors will continue to be made in the future.

There are also various other proposals at the federal and state level that could, among other things, reduce payment rates. The ultimate outcome of these proposals, regulatory changes, and other market conditions cannot presently be determined.

NYU Langone Hospitals has established estimates, based on information presently available, of amounts due to or from Medicare and nonMedicare payors for adjustments to current and prior year payment rates, based on industry-wide and hospital-specific data. The net amount due to third party payors is \$111.2 million and \$127.6 million at August 31, 2021 and 2020, respectively and is included in other assets and other liabilities on the consolidated balance sheets. Additionally, certain payors' payment rates for various years have been appealed by NYU Langone Hospitals. If the appeals are successful, additional income applicable to those years will be realized.

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

NYU Langone Hospitals
Notes to Consolidated Financial Statements
August 31, 2021 and 2020

NYU Langone Hospitals' Medicare cost reports have been audited by the Medicare fiscal intermediary through August 31, 2015; however, final settlements are pending for 2003 and 2004. Standalone Medicare cost reports were filed for NYU Langone Brooklyn and NYU Langone Long Island covering the pre-merger periods through December 31, 2015 and July 31, 2019, respectively. NYU Langone Brooklyn's standalone cost reports have been audited by the Medicare fiscal intermediary through December 31, 2015; however, final settlements are pending for the years 2008 to 2013. NYU Langone Long Island's standalone cost reports have been audited by the Medicare fiscal intermediary through August 31, 2018 and there are no final settlements pending.

Patient service revenue, net of contractual adjustments, discounts and implicit price concessions is as follows for the years ended August 31, 2021 and 2020:

<i>(in thousands)</i>	2021	2020
Gross charges	\$ 34,060,279	\$ 28,971,386
Contractual adjustments, discounts and implicit price concessions	<u>(27,891,840)</u>	<u>(23,392,534)</u>
Total net patient service revenue	<u>\$ 6,168,439</u>	<u>\$ 5,578,852</u>

The mix of net patient service revenue for the years ended August 31, 2021 and 2020 is as follows:

	2021	2020
Medicare	18 %	17 %
Medicaid	2	2
Medicare and Medicaid managed care	20	18
Blue Cross	26	26
Commercial insurance and managed care	<u>34</u>	<u>37</u>
	<u>100 %</u>	<u>100 %</u>

The mix of net patient accounts receivable at August 31, 2021 and 2020 is as follows:

	2021	2020
Medicare	9 %	10 %
Medicaid	1	2
Medicare and Medicaid managed care	19	18
Blue Cross	28	27
Commercial insurance and managed care	<u>43</u>	<u>43</u>
	<u>100 %</u>	<u>100 %</u>

NYU Langone Hospitals
Notes to Consolidated Financial Statements
August 31, 2021 and 2020

3. Investments and Assets Limited as to Use

The composition and fair value hierarchy of investments and assets limited as to use measured at fair value on a recurring basis at August 31, 2021 and 2020, is set forth in the following tables:

<i>(in thousands)</i>	August 31, 2021			
	Level 1	Level 2	Level 3	Total
Investments				
Cash and cash equivalents	\$ 16	\$ -	\$ -	\$ 16
Equity	785,041	-	-	785,041
Fixed income	489,163	-	-	489,163
Investments held in NYU pooled investments	-	-	57,391	57,391
Total investments	<u>\$ 1,274,220</u>	<u>\$ -</u>	<u>\$ 57,391</u>	<u>1,331,611</u>
Less: Short-term investments				<u>(1,273,620)</u>
Total long-term investments				<u>\$ 57,991</u>
Assets limited as to use				
Cash and cash equivalents	\$ 311,362	\$ 19	\$ -	\$ 311,381
Equity	25,708	4,168	2,630	32,506
Fixed income	223,767	833,618	-	1,057,385
Total assets limited as to use	<u>\$ 560,837</u>	<u>\$ 837,805</u>	<u>\$ 2,630</u>	<u>1,401,272</u>
Less: Current portion				<u>(11,841)</u>
Total long-term assets limited as to use				<u>\$ 1,389,431</u>

<i>(in thousands)</i>	August 31, 2020			
	Level 1	Level 2	Level 3	Total
Investments				
Cash and cash equivalents	\$ 17	\$ -	\$ -	\$ 17
Equity	450,585	-	-	450,585
Fixed income	293,142	-	-	293,142
Investments held in NYU pooled investments	-	-	126,934	126,934
Total investments	<u>\$ 743,744</u>	<u>\$ -</u>	<u>\$ 126,934</u>	<u>870,678</u>
Less: Short-term investments				<u>(743,208)</u>
Total long-term investments				<u>\$ 127,470</u>
Assets limited as to use				
Cash and cash equivalents	\$ 180,893	\$ 10	\$ -	\$ 180,903
Equity	37,508	3,165	1,265	41,938
Fixed income	418,593	705,364	-	1,123,957
Sub-total assets limited as to use	<u>\$ 636,994</u>	<u>\$ 708,539</u>	<u>\$ 1,265</u>	<u>1,346,798</u>
Stable value fund held at contract value				<u>3,512</u>
Total assets limited as to use				<u>1,350,310</u>
Less: Current portion				<u>(13,614)</u>
Total long-term assets limited as to use				<u>\$ 1,336,696</u>

NYU Langone Hospitals
Notes to Consolidated Financial Statements
August 31, 2021 and 2020

The following table provides a roll forward of the fair value of Level 3 investments for the years ended August 31, 2021 and 2020:

<i>(in thousands)</i>	2021	2020
Fair value at beginning of year	\$ 128,199	\$ 106,210
Purchases	14,882	60,328
Transfers in	1,265	-
Realized and unrealized gains	10,368	8,961
Sales	(94,693)	(47,300)
Fair value at end of year	<u>\$ 60,021</u>	<u>\$ 128,199</u>

Investment return consisted of the following for the years ended August 31, 2021 and 2020:

<i>(in thousands)</i>	2021	2020
Dividends and interest	\$ 30,468	\$ 30,039
Realized and unrealized gains, net	183,621	71,970
Investment expenses	(138)	(241)
Total investment return, net	<u>\$ 213,951</u>	<u>\$ 101,768</u>
Endowment distribution and return on short-term investments	\$ 37,501	\$ 82,392
Investment return, net	166,417	17,805
Investment return on net assets with donor restriction	11,295	2,682
Appropriation of endowment distribution on net assets with donor restriction	(1,262)	(1,111)
Total investment return, net	<u>\$ 213,951</u>	<u>\$ 101,768</u>

NYU Langone Hospitals' assets limited as to use are limited for the following purposes:

<i>(in thousands)</i>	2021	2020
Assets held under long-term debt agreements (Note 7)		
Construction funds	\$ 442,798	\$ 487,354
Debt service funds	6,486	6,233
Debt service reserve funds	-	4,448
	<u>449,284</u>	<u>498,035</u>
Assets limited as to use for other purposes:		
Deferred benefits	33,044	50,553
Professional liability claims (Note 8)	914,128	788,821
Other restrictions	4,816	12,901
Total assets limited as to use	<u>1,401,272</u>	<u>1,350,310</u>
Less: Current portion	<u>(11,841)</u>	<u>(13,614)</u>
Long-term portion	<u>\$ 1,389,431</u>	<u>\$ 1,336,696</u>

NYU Langone Hospitals
Notes to Consolidated Financial Statements
August 31, 2021 and 2020

4. Liquidity and Availability of Resources

Financial assets and resources available to meet the cash needs for general expenditures within one year of the date of the consolidated balance sheets were as follows:

<i>(in thousands)</i>	2021	2020
Financial assets		
Cash and cash equivalents	\$ 1,802,962	\$ 1,776,582
Short-term investments	1,273,620	743,208
Patient accounts receivable, net	896,425	685,099
Contributions receivable	61,886	14,465
Insurance receivables - billed	105,457	114,290
Due from related organizations, net	-	134
Other current assets	133,260	35,689
Subsequent year endowment distribution	1,990	4,966
	<u>4,275,600</u>	<u>3,374,433</u>
Liquidity resources		
Funds functioning as endowment available for operations	4,887	84,701
Lines of credit (available)	600,000	900,000
	<u>\$ 4,880,487</u>	<u>\$ 4,359,134</u>

As part of NYU Langone Hospitals' liquidity management, it is policy to classify financial assets based on their availability for use rather than on the timing of their intended use. In April 2020, in response to the coronavirus pandemic (Note 16), NYU Langone Hospitals entered into three short-term lines of credit, each totaling \$100 million. The lines of credit were never drawn upon and NYU Langone Hospitals allowed the lines of credit to expire in April 2021 (Note 7). As of August 31, 2021, NYU Langone Hospitals has not drawn on any lines of credit and the total available capacity of \$600 million is included in the table above within liquidity resources.

5. Contributions Receivable

NYU Langone Hospitals has received numerous unconditional promises to give and estimates the year of receipt to the extent possible. The anticipated payments of the receivables are as follows:

<i>(in thousands)</i>	2021	2020
Amounts to be collected in		
Less than one year	\$ 61,886	\$ 14,465
One to five years	126,041	20,778
More than five years	27,184	121
	<u>215,111</u>	<u>35,364</u>
Discount	(3,130)	(253)
Allowance for uncollectible amounts	(16,517)	(6,916)
Contributions receivable, net	<u>\$ 195,464</u>	<u>\$ 28,195</u>

NYU Langone Hospitals
Notes to Consolidated Financial Statements
August 31, 2021 and 2020

Contributions receivable activity for the years ended August 31, 2021 and 2020 was as follows:

<i>(in thousands)</i>	2021	2020
Contributions receivable at beginning of year, gross	\$ 35,364	\$ 53,858
New pledges received (undiscounted)	220,587	1,275
Write-offs	(328)	(229)
Pledge payments received	<u>(40,512)</u>	<u>(19,540)</u>
Contributions receivable at end of year, gross	215,111	35,364
Deduct discount and allowance for uncollectables	<u>(19,647)</u>	<u>(7,169)</u>
Contributions receivable at end of year, net	<u>\$ 195,464</u>	<u>\$ 28,195</u>

Conditional promises to give, bequests, and intentions to give not included in these financial statements, were \$49.0 million and \$31.8 million at August 31, 2021 and 2020, respectively.

Expenses related to fundraising activities were \$2.9 million and \$8.9 million for the years ended August 31, 2021 and 2020, respectively.

6. Property, Plant and Equipment

A summary of property, plant and equipment, including finance lease right-of-use assets, is as follows at August 31, 2021 and 2020:

<i>(in thousands)</i>	2021	2020
Land and improvements	\$ 213,424	\$ 213,516
Buildings and improvements	4,623,623	4,454,212
Finance lease right-of-use assets	378,594	394,307
Fixed and movable equipment	<u>1,575,063</u>	<u>1,390,779</u>
	6,790,704	6,452,814
Less: Accumulated depreciation	<u>(2,424,656)</u>	<u>(1,999,539)</u>
	4,366,048	4,453,275
Capital projects in progress	<u>404,669</u>	<u>263,131</u>
Property, plant and equipment, net	<u>\$ 4,770,717</u>	<u>\$ 4,716,406</u>

Depreciation expense for the years ended August 31, 2021 and 2020 was \$425.2 million and \$401.4 million, respectively.

Substantially all property, plant and equipment have been pledged as collateral under various debt agreements (excluding working capital lines of credit).

7. Long-Term Debt and Finance Lease Obligations

NYU Langone Hospitals' Obligated Group issues taxable bonds directly or tax-exempt bonds through the Dormitory Authority of the State of New York ("DASNY"). Two issuances of tax-exempt bonds were issued through the Nassau County Local Economic Assistance Corporation ("NCLEAC"). NYU Langone Hospitals' legally Obligated Group for these bond issuances excludes

NYU Langone Hospitals
Notes to Consolidated Financial Statements
August 31, 2021 and 2020

CCC550, WUHSC and any other NYU Langone Hospitals or NYU Health System subsidiary entities.

A summary of long-term debt is as follows at August 31, 2021 and 2020:

<i>(in thousands)</i>	2021	2020
Series 2014 ^(a)	63,375	66,460
Series 2014 S2 ^(b)	83,560	97,405
Series 2016A ^(c)	121,730	126,570
Series 2020A ^(d)	466,305	466,305
Long Island NCLEAC Series 2012 ^(e)	3,260	6,365
Long Island NCLEAC Series 2014 ^(f)	29,818	31,368
Taxable Series 2012A ^(g)	250,000	250,000
Taxable Series 2013A ^(h)	350,000	350,000
Taxable Series 2014A ⁽ⁱ⁾	300,000	300,000
Taxable Series 2017A ^(j)	600,000	600,000
Taxable Series 2020B ^(e)	551,025	551,025
Mortgages payable ^(k)	11,562	16,008
Commercial loan ^(l)	15,157	15,998
Finance leases and equipment loans ^(m)	309,268	325,704
	<u>3,155,060</u>	<u>3,203,208</u>
Add: Unamortized bond premium	91,789	95,983
Less: Unamortized bond discount	(7,415)	(7,195)
Less: Deferred financing fees	(10,614)	(11,385)
Less: Current portion	<u>(53,776)</u>	<u>(51,906)</u>
Long-term debt and finance lease obligations, less current portion	<u>\$ 3,175,044</u>	<u>\$ 3,228,705</u>

Interest expense on long-term debt totaled \$128.8 million and \$122.7 million for the years ended August 31, 2021 and 2020, respectively. This excludes \$5.6 million and \$3.4 million of capitalized interest for the years ended August 31, 2021 and 2020, respectively, which is included in property, plant and equipment, net.

- a. In 2014, NYU Langone Hospitals issued, through DASNY, the Series 2014 bonds totaling \$77.7 million. The Series 2014 bonds are payable at varying dates starting from July 2032 through July 2036 at rates varying from 2.0% to 5.0%.
- b. In 2015, NYU Langone Hospitals issued, through DASNY, the Series 2014 S2 bonds totaling \$117.3 million. The Series 2014 S2 bonds are payable at varying dates starting from July 2034 through July 2035 at rates varying from 3.75% to 4.95%.
- c. In 2016, NYU Langone Hospitals issued, through DASNY, the Series 2016A revenue bonds totaling \$157.3 million. The Series 2016A bonds are payable at varying dates starting from July 2017 through July 2040 at fixed rates varying from 2.75% to 5.00%.

NYU Langone Hospitals

Notes to Consolidated Financial Statements

August 31, 2021 and 2020

- d. In February 2020, NYU Langone Hospitals issued, through DASNY, the Series 2020A bonds totaling \$466.3 million. The Series 2020A bonds mature serially from July 2048 through July 2053 at interest rates ranging from 3.00% to 4.00%. The Series 2020A bonds are payable at various dates through their maturity. The proceeds are being used to pay the costs of various construction and renovation projects.
- e. In February 2020, NYU Langone Hospitals issued its Series 2020B taxable bonds totaling \$551.0 million. The Series 2020B bonds require annual interest payments through July 2055 at a fixed rate of 3.38%. Principal on this bond is payable in full in 2055. A portion of the proceeds of the Series 2020B bonds were used to advance refund a portion of the NCLEAC Series 2012 bonds. The Series 2012 bonds are payable at varying dates starting from July 2013 through July 2042 at interest rates ranging from 3.00% to 5.00%.
- f. In 2014, NYU Langone Hospitals issued its Series 2014 bonds totaling \$39.8 million through NCLEAC. The Series 2014 bonds are payable at varying dates starting from July 2017 through July 2036 at a fixed rate of 3.0%.
- g. In 2012, NYU Langone Hospitals issued Series 2012A taxable bonds totaling \$250.0 million. The Series 2012A bonds require annual interest payments through July 2042 at a fixed rate of 4.4%. Principal on this bond is payable in full in 2042.
- h. In 2013, NYU Langone Hospitals issued Series 2013A taxable bonds totaling \$350.0 million. The Series 2013A bonds require annual interest payments through July 2043 at a fixed rate of 5.75%. Principal on this bond is payable in full in 2043.
- i. In 2014, NYU Langone Hospitals issued Series 2014A taxable bonds totaling \$300.0 million. The Series 2014 bonds require annual interest payments through July 2044 at a fixed rate of 4.78%. Principle on this bond is payable in full in 2044.
- j. In 2017, NYU Langone Hospitals issued Series 2017A taxable bonds totaling \$600.0 million. The Series 2017A bonds are payable at varying dates starting from August 2027 through August 2047 at fixed rates varying from 4.17% to 4.37%.
- k. In 2013, NYU Langone Hospitals refinanced a mortgage and commercial loan totaling \$40.0 million. The mortgage loan matures in December 2023 and bears a fixed interest rate of 3.56%. In 2016, NYU Langone Hospitals financed the acquisition of an office building through a mortgage loan totaling \$1.5 million. The mortgage loan matures on May 1, 2026 and bears a fixed interest rate of 2.89%.
- l. In 2014, NYU Langone Hospitals entered into a commercial loan agreement with a financial institution for capital construction purposes totaling \$20.3 million. The loan matures in August 2024 and bears a fixed interest rate of 4.3%.
- m. NYU Langone Hospitals has several finance leases and loan agreements under which it can purchase various capital equipment. The agreements have interest rates and imputed interest rates varying from 0.5% through 13.9%. In January 2020, NYU Langone Hospitals commenced a 35 year finance lease of a building located in Garden City, New York, at an imputed interest rate of 3.8%.

In conjunction with its debt agreements, NYU Langone Hospitals has pledged as collateral various types of assets, which include an interest in NYU Langone Hospitals' property, plant and

NYU Langone Hospitals
Notes to Consolidated Financial Statements
August 31, 2021 and 2020

equipment, gross receipts and limitations on the use of certain assets, including the transfer of assets to entities outside NYU Langone Hospitals. Under the terms of the various agreements listed above, NYU Langone Hospitals is required to maintain certain financial ratios. Compliance with these financial covenants is measured on an annual fiscal year basis only. NYU Langone Hospitals' most restrictive covenants are meeting minimum requirements for a debt service coverage ratio, days cash on hand and a cushion ratio. As of August 31, 2021 and 2020, NYU Langone Hospitals was in compliance with all financial ratio covenants.

Principal payments on long-term debt and finance leases in future fiscal years are as follows:

<i>(in thousands)</i>	Debt and Other	Finance Lease Obligations	Total
2022	\$ 32,768	\$ 28,489	\$ 61,257
2023	27,300	50,176	77,476
2024	25,338	24,208	49,546
2025	24,567	19,140	43,707
2026	20,004	18,399	38,403
Thereafter	<u>2,715,815</u>	<u>374,060</u>	<u>3,089,875</u>
Total principal payments	2,845,792	514,472	3,360,264
Unamortized premiums and discounts, net	84,374	-	84,374
Unamortized deferred financing costs	(10,614)	-	(10,614)
Less: Imputed interest	-	<u>(205,204)</u>	<u>(205,204)</u>
Total long-term debt and finance lease obligations	<u>\$ 2,919,552</u>	<u>\$ 309,268</u>	<u>\$ 3,228,820</u>

At August 31, 2021, NYU Langone Hospitals has three unsecured lines of credit with available capacity totaling \$600.0 million which expire between August 2023 and May 2024. The interest is accrued for all three lines of credit based on the London Interbank Offered Rate (LIBOR) rates plus an applicable spread. As of August 31, 2021 and 2020, NYU Langone Hospitals has not drawn on any lines of credit.

8. Professional Liabilities

NYU Langone Hospitals' professional liabilities are reported on a discounted basis and include estimates for known reported losses and loss expenses plus a provision for losses incurred but not reported. Losses are actuarially determined and are based on the loss experience of the insured. In management's opinion, recorded reserves for both self-insured and commercially insured exposures are adequate to cover the ultimate net cost of losses incurred to date; however, the provision is based on estimates and may ultimately be settled for a significantly greater or lesser amount.

Professional liabilities recorded on the consolidated balance sheets as of August 31 are as follows:

<i>(in thousands)</i>	2021	2020
CCC550 professional liabilities ^(a)	\$ 723,869	\$ 630,843
Commercially insured liabilities ^(b)	70,541	74,733
Self-insured liabilities ^(c)	<u>53,500</u>	<u>65,165</u>
Total professional liabilities	<u>\$ 847,910</u>	<u>\$ 770,741</u>

NYU Langone Hospitals

Notes to Consolidated Financial Statements

August 31, 2021 and 2020

- a. NYU Langone Hospitals has been self-insured for professional liabilities since 2005 through its wholly owned, segregated cell captive company, CCC550, which provides coverage on an occurrence basis. NYU Langone Brooklyn and NYU Langone Long Island have been self-insured through CCC550 since 2015 and 2017, respectively.

CCC550 also provides insurance coverage to certain voluntary attending physicians (“VAPs”) servicing NYUGSoM and NYU Langone Hospitals as well as other nonemployed physicians. The cost of this insurance coverage is the responsibility of such physicians. For the years ended August 31, 2021 and 2020, CCC550 recorded revenue for insurance premiums earned of \$106.7 million and \$107.1 million, respectively, related to these policies.

At August 31, 2021 and 2020, CCC550 has designated funds of \$858.7 million and \$733.0 million, respectively, included in assets limited as to use on the consolidated balance sheets to fund related obligations (Note 3).

- b. Commercially insured liabilities relate to policies purchased by NYU Langone Brooklyn and NYU Langone Long Island (for certain of its physicians) covering periods prior to October 1, 2015 and July 1, 2017, respectively. NYU Langone Hospitals recorded a corresponding insurance recovery receivable for claims covered by these policies on the consolidated balance sheet.
- c. NYU Langone Long Island is self-insured for professional liabilities for all claims occurring before July 1, 2017 and has designated funds in a revocable trust for satisfaction of claims and expenses. At August 31, 2021 and 2020, NYU Langone Hospitals has designated funds of \$55.5 million and \$55.8 million respectively included in assets limited as to use on the consolidated balance sheets (Note 3).

9. Pension and Postretirement Benefit Plans

Substantially all of NYU Langone Hospitals employees are covered by retirement plans. These plans include various defined contribution plans, defined benefit plans and multi-employer plans for both pension and postretirement benefits.

Defined Contribution Pension Plans

NYU Langone Hospitals contributes to its defined contribution plans based on rates required by union or other contractual arrangements. Expenses related to NYU Langone Hospitals’ defined contribution plans are \$57.7 million and \$59.0 million for the years ended August 31, 2021 and 2020, respectively, and are reflected in employee benefits expense on the consolidated statements of operations.

Defined Benefit Pension Plans

Prior to December 31, 2019, NYU Langone Hospitals maintained three defined benefit pension plans: the NYU Langone Hospitals Retirement Plan (“Langone Plan”), the NYU Langone Hospital-Brooklyn UFT Retirement Plan (“Brooklyn Plan”) and the Retirement Plan for Employees of Winthrop-University Hospital (“Long Island Plan”). On December 31, 2019, the Long Island Plan and the non-union participants of the Brooklyn Plan merged into the Langone Plan. In addition, on December 31, 2019, the NYUGSoM Defined Benefit Retirement Plan merged into the Langone Plan (Note 12). All plans are frozen and no longer available to new participants except for union nurses in the Brooklyn Plan. Participants of the plans continue to accrue benefits.

NYU Langone Hospitals
Notes to Consolidated Financial Statements
August 31, 2021 and 2020

Contributions to the defined benefit plans are intended to provide not only for benefits attributed to service to date, but also for those expected to be earned in the future. Contributions to the defined benefit plans are made in amounts sufficient to meet the minimum funding requirements set forth in the Employee Retirement Income Security Act of 1974 plus such additional amounts as NYU Langone Hospitals (the plans' sponsor) may deem appropriate, from time to time. Pension benefits under all plans except the Long Island Plan are based on participants' final average compensation levels and years of service. Benefits for participants previously under the Long Island Plan are based on participants' career average compensation and years of service.

Defined Benefit Postretirement Plans

NYU Langone Hospitals' health and welfare plans provide certain healthcare and life insurance benefits for eligible retired employees through multi-employer plans or its NYU Langone Hospitals-sponsored defined benefit plan. The costs related to the plans are accrued during the period the employees provide service to NYU Langone Hospitals.

The following tables provide information with respect to NYU Langone Hospitals' defined benefit pension and postretirement benefit plans for the years ended August 31:

Plans' Funded Status

	Defined Benefit Pension Plans		Defined Benefit Postretirement Plan	
	2021	2020	2021	2020
Change in projected benefit obligation				
Projected benefit obligation, beginning of year	\$ 2,374,897	\$ 2,022,893	\$ 110,834	\$ 103,422
Plan merger related to NYUGSoM	-	262,751	-	-
Service cost	41,172	42,583	2,340	2,608
Interest cost	54,675	61,821	2,518	2,888
Actuarial loss	68,346	56,826	2,344	4,411
Benefits paid	(83,349)	(71,977)	(3,668)	(4,282)
Participant contributions	-	-	2,712	1,596
Retiree drug subsidy receipts	-	-	207	191
Plan amendment	-	-	(23,663)	-
Projected benefit obligation, end of year	2,455,741	2,374,897	93,624	110,834
Change in fair value of plan assets				
Fair value of plan assets, beginning of year	1,655,412	1,286,945	-	-
Plan merger related to NYUGSoM	-	210,646	-	-
Actual return on plan assets	321,012	138,401	-	-
Employer contributions	47,021	91,397	749	2,495
Benefits paid	(83,349)	(71,977)	(3,461)	(4,091)
Participant contributions	-	-	2,712	1,596
Fair value of plan assets, end of year	1,940,096	1,655,412	-	-
Accrued pension liabilities	\$ 515,645	\$ 719,485	\$ 93,624	\$ 110,834
Benefit obligation range of assumptions as of August 31				
Discount rate	2.87% - 2.99%	2.81% - 3.06%	2.86%	2.89%
Rate of increase in compensation levels	3.00% - 5.00%	3.00%	N/A - pension only	N/A - pension only

The accumulated benefit obligation for the pension plans was \$2.3 billion and \$2.2 billion at August 31, 2021 and 2020, respectively.

NYU Langone Hospitals
Notes to Consolidated Financial Statements
August 31, 2021 and 2020

Net Periodic Benefit Cost

<i>(in thousands)</i>	Defined Benefit Pension Plans		Defined benefit Postretirement Plan	
	2021	2020	2021	2020
Components of net periodic benefit cost				
Operating expense - Service cost	\$ 41,172	\$ 42,583	\$ 2,340	\$ 2,608
Nonoperating expense				
Interest cost	54,675	61,821	2,518	2,888
Expected return on plan assets	(116,655)	(108,796)	-	-
Amortization of prior service cost	-	-	(74)	(74)
Amortization of actuarial loss	32,950	35,652	2,047	1,862
Total nonoperating expense	(29,030)	(11,323)	4,491	4,676
Net periodic benefit cost	\$ 12,142	\$ 31,260	\$ 6,831	\$ 7,284
Other changes recognized in net assets without donor restriction				
Actuarial net (gain)/loss arising during period	\$ (136,011)	\$ 27,223	\$ 2,344	\$ 4,407
Amortization of prior service (credit) cost	-	-	(23,575)	74
Amortization of actuarial loss	(32,950)	(35,652)	(2,047)	(1,862)
Changes in pension and postretirement obligations	\$ (168,961)	\$ (8,429)	\$ (23,278)	\$ 2,619
Net periodic benefit cost range of assumptions				
Discount rate	2.32% - 3.27%	2.74% - 3.21%	2.89%	3.13%
Rate of increase in compensation levels	3.00%	3.00% - 3.50%	N/A - pension only	N/A - pension only
Expected long-term rate of return on plan assets	7.00%	7.00% - 7.75%	N/A - unfunded	N/A - unfunded
Ultimate retiree health-care cost trend	N/A - OPEB only	N/A - OPEB only	4.50%	4.50%
Year ultimate trend rate is achieved	N/A - OPEB only	N/A - OPEB only	2024 & 2031	2024 & 2031

Actuarial gains were the result of asset returns in excess of planned return as well as changes in discount rates and plan experience for the year ended August 31, 2021. Actuarial losses were the result of changes in discount rates and plan experience for the year ended August 31, 2020.

Amounts not yet reflected in net periodic benefit cost and included in net assets without donor restriction for the defined benefit pension plans and postretirement plan totaled \$406.5 million and \$676.6 million for the years ended August 31, 2021 and 2020, respectively.

Plan Assets

NYU Langone Hospitals' valuation methods and assumptions for determining the fair value of the pension assets are consistent with those described in Note 1. The following tables set forth by level, within the fair value hierarchy, the Plans' investments at fair value as of August 31, 2021 and 2020:

<i>(in thousands)</i>	2021			Total
	Active Markets (Level 1)	Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	
Cash equivalents	\$ 107,172	\$ -	\$ -	\$ 107,172
Fixed income	356,627	326,417	-	683,044
Equity	557,142	83,705	-	640,847
International equity fund	251,540	256,153	-	507,693
Total	\$ 1,272,481	\$ 666,275	\$ -	1,938,756
Alternative investments measured at NAV as a practical expedient				1,340
				\$ 1,940,096

NYU Langone Hospitals
Notes to Consolidated Financial Statements
August 31, 2021 and 2020

	2020			Total
	Active Markets (Level 1)	Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	
Cash equivalents	\$ 413,549	\$ -	\$ -	\$ 413,549
Fixed income	336,301	159,249	-	495,550
Equity	478,154	-	-	478,154
International equity fund	264,472	-	-	264,472
Total	<u>\$ 1,492,476</u>	<u>\$ 159,249</u>	<u>\$ -</u>	1,651,725
Alternative investments measured at NAV as a practical expedient				3,687
				<u>\$ 1,655,412</u>

The plans' investment objectives seek a positive long-term total rate of return after inflation to meet NYU Langone Hospitals' current and future plan obligations. Asset allocations for the plans combine tested theory and informed market judgments to balance investment risks with the need for high returns. NYU Langone Hospitals' target asset allocations at the funded level are 60% in equity securities and 40% in fixed income securities. At August 31, 2020, the defined benefit pension plan assets were being rebalanced in accordance with the revised investment policy and as such do not align to NYU Langone Hospitals' target allocations.

The expected long-term rate of return assumption is determined by adding expected inflation to expected long-term real returns of various asset classes, weighting the asset class returns by the plans' investment in each class, and taking into account expected volatility and correlation between the returns of various asset classes. NYU Langone Hospitals' management believes 7.0% is a reasonable long-term rate of return on plan assets for 2021 and will continue to evaluate the actuarial assumptions and adjust the assumptions as necessary.

Contributions

Annual contributions to the defined benefit pension plans are determined based upon calculations prepared by the plans' actuaries. There are no expected contributions for fiscal year 2022.

Benefit Payments

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid:

<i>(in thousands)</i>	Defined Benefit Pension Plans	Defined Benefit Postretirement Plan
Year Ending August 31		
2022	\$ 87,298	\$ 3,930
2023	92,255	3,995
2024	97,067	4,054
2025	101,666	4,139
2026	106,594	4,283
2027-2031	595,800	23,798

Multi-employer Plans

NYU Langone Hospitals participates in multi-employer pension and postretirement plans. NYU Langone Hospitals makes cash contributions to these plans under the terms of collective-

NYU Langone Hospitals
Notes to Consolidated Financial Statements
August 31, 2021 and 2020

bargaining agreements that cover its union employees based on a fixed rate and hours worked per week by the covered employees. The risks of participating in these multi-employer plans are different from single-employer plans in the following aspects: (1) assets contributed to the multi-employer plan by one employer may be used to provide benefits to employees of other participating employers, (2) if a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers and (3) if NYU Langone Hospitals chooses to stop participating in some of its multi-employer plans, it may be required to pay those plans an amount based on the underfunded status of the plan, referred to as a withdrawal liability. NYU Langone Hospitals does not have minimum funding requirements for its multi-employer retirement plans.

NYU Langone Hospitals' expenses for the multi-employer retirement plans noted in the table below are as follows:

<i>(in thousands)</i>	2021	2020
1199 SEIU Health Care Employees Health & Welfare Fund ^(a)	\$ 110,569	\$ 107,920
1199 SEIU Health Care Employees Pension Fund	50,717	49,699
United Federation of Teachers Welfare Fund ^(b)	18,381	19,627
Local 810 Health & Welfare Fund ^(a)	4,812	4,672
Local 810 United Wire, Metal & Machine Pension Fund	2,076	2,192
	<u>\$ 186,555</u>	<u>\$ 184,110</u>

- a. These benefit funds provide medical benefits (health, dental, prescription, vision) for active employees and retirees. Eligibility for benefit coverage level and type is dependent upon their status as an active employee or retiree.
- b. The benefit fund provides health and welfare and related benefits for the registered nurses on whose behalf contributions are made.

The Pension Protection Act zone status indicates the plan's funded status of either at least 80% funded (green) or less than 80% funded (yellow or red). A zone status of red requires the plan sponsor to implement a Funding Improvement Plan (FIP) or Rehabilitation Plan (RP). The following table includes information for related pension funds for the plan years ended December 31, 2020 and December 31, 2019:

Pension Plan Name	EIN/Pension Plan Number	Pension Protection Act Zone Status		FIP/RP Status Pending/ Implemented	Surcharge Imposed	Expiration Date of Collective-Bargaining Agreement
		2020	2019			
1199 Pension Fund	13-3604862/001	Green	Green	N/A	No	September 2024
Local 810 United Wire Pension Fund	13-6596940/001	Red	Red	Yes	Yes	June 2024

NYU Langone Hospitals' contributions represent greater than 5% of total plan contributions of both plans, based on the most recent Form 5500s available.

NYU Langone Hospitals
Notes to Consolidated Financial Statements
August 31, 2021 and 2020

10. Leases

The following schedules summarize information related to operating and finance leases as of and for the years ended August 31, 2021 and 2020 as follows:

<i>(in thousands)</i>	2021	2020
Lease Cost		
Finance lease cost		
Amortization of right-of-use assets	\$ 32,348	\$ 30,615
Interest on finance lease obligations	10,866	7,755
Operating lease cost	60,073	64,560
Short-term and variable lease costs	29,923	32,147
Total lease cost	<u>\$ 133,210</u>	<u>\$ 135,077</u>
Other Information		
Cash paid for amounts included in the measurement of lease obligations		
Operating cash flows for operating leases	\$ 58,529	\$ 52,093
Operating cash flows for finance leases	8,618	3,931
Financing cash flows for finance leases	40,936	37,757
Right-of-use assets obtained		
In exchange for new operating lease obligations	\$ 24,728	\$ 20,184
In exchange for new finance lease obligations	8,176	234,645
Weighted-average remaining lease term		
Operating leases	39.7 years	39.6 years
Operating leases excluding ground lease through 2087	8.8 years	9.4 years
Finance leases	22.6 years	21.1 years
Weighted-average discount rate		
Operating leases	3.16%	3.17%
Finance leases	3.70%	3.71%

Future minimum lease payments under operating leases at August 31, 2021 is as follows:

<i>(in thousands)</i>		
2022	\$	52,878
2023		46,217
2024		44,215
2025		41,631
2026		36,193
Thereafter		<u>1,004,637</u>
Total minimum lease payments		1,225,771
Less: Imputed interest		<u>(639,353)</u>
Total operating lease obligation	\$	<u>586,418</u>

NYU Langone Hospitals
Notes to Consolidated Financial Statements
August 31, 2021 and 2020

11. Functional Expenses

The consolidated statement of operations reports certain expense categories that are attributable to both health care related services and general and administrative functions. Therefore, the natural expenses require allocation on a reasonable basis across functional expense categories. Salaries and wages are allocated based on a percent-to-total of health care related services salaries and general and administrative salaries. Expenses that can be identified with specific health care related services are charged directly. Other expenses including depreciation, amortization and interest, are allocated by various statistical bases.

Expenses by functional and natural classification are as follows for the years ended August 31, 2021 and 2020:

(in thousands)

	2021		
	Health Care Related Services	General and Administrative	Total
Salaries and wages	\$ 1,608,402	\$ 442,951	\$ 2,051,353
Employee benefits	544,523	111,529	656,052
Supplies and other	2,487,328	741,055	3,228,383
Depreciation and amortization	414,303	7,080	421,383
Interest	124,326	4,485	128,811
Total operating expenses	<u>5,178,882</u>	<u>1,307,100</u>	<u>6,485,982</u>
Mission based payment to NYUGSoM	50,000	-	50,000
Other components of net periodic benefit cost	<u>(21,726)</u>	<u>(2,813)</u>	<u>(24,539)</u>
Total	<u>\$ 5,207,156</u>	<u>\$ 1,304,287</u>	<u>\$ 6,511,443</u>
	2020		
	Health Care Related Services	General and Administrative	Total
Salaries and wages	\$ 1,606,007	\$ 344,760	\$ 1,950,767
Employee benefits	474,529	97,192	571,721
Supplies and other	2,426,269	850,733	3,277,002
Depreciation and amortization	401,435	26,253	427,688
Interest	120,349	2,323	122,672
Total operating expenses	<u>5,028,589</u>	<u>1,321,261</u>	<u>6,349,850</u>
Mission based payment to NYUGSoM	50,000	-	50,000
Other components of net periodic benefit cost	<u>(5,850)</u>	<u>(797)</u>	<u>(6,647)</u>
Total	<u>\$ 5,072,739</u>	<u>\$ 1,320,464</u>	<u>\$ 6,393,203</u>

NYU Langone Hospitals
Notes to Consolidated Financial Statements
August 31, 2021 and 2020

12. Related Organizations

NYU Langone Hospitals shares various services with NYU, the NYU Schools of Medicine and the NYU Health System. Amounts due from related organizations are recorded within other current assets and other assets on the consolidated balance sheet. The due from (to) related organizations balances at August 31, 2021 and 2020 consists of the following:

<i>(in thousands)</i>	2021	2020
Due from NYU Health System and other affiliates	\$ 40,257	\$ 1,693
Due from NYU Schools of Medicine	<u>30,748</u>	<u>15,553</u>
Due from related organizations, current	\$ 71,005	\$ 17,246
Due from NYU Schools of Medicine	<u>\$ 20,269</u>	<u>\$ 55,510</u>
Due from related organizations, long-term	\$ 20,269	\$ 55,510
Due to NYU	\$ (19,347)	\$ (19,828)
Due to NYU Health System and other affiliates	(15,562)	(19,869)
Due to NYU Schools of Medicine	<u>(38,947)</u>	<u>(80,610)</u>
Due to related organizations	\$ (73,856)	\$ (120,307)
Total due from (to) related organizations	<u>\$ 17,418</u>	<u>\$ (47,551)</u>

As discussed in Note 9, on December 31, 2019, the NYUGSoM defined benefit pension plan was merged into the NYU Langone Hospitals defined benefit plan. In accordance with the participating employer and indemnity agreement, NYUGSoM funds contributions to NYU Langone Hospitals for NYUGSoM participants merged into the NYU Langone Hospitals plan and is charged the allocable share of pension costs and changes in pension obligations reported in other changes in net assets without donor restriction. At August 31, 2021 and 2020, the receivable from NYUGSoM for the pension liability assumed is \$20.3 million and \$55.5 million, respectively.

During the years ended August 31, 2021 and 2020, NYU Langone Hospitals' supplies and other expenses on the consolidated statements of operations include \$1,032.8 million and \$1,120.6 million, respectively, of expenses for shared services allocated from NYUGSoM and other programmatic support provided to NYUGSoM. NYU Langone Hospitals also recognized \$74.4 million and \$59.6 million in operating revenues for shared services received from NYUGSoM for the years ended August 31, 2021 and 2020, respectively.

In addition, NYU Langone Hospitals transferred \$50.0 million in both 2021 and 2020, to NYUGSoM to support certain joint strategic programs that are expected to promote the common missions of NYU Langone Hospitals and NYUGSoM, respectively. This amount is recorded in other items in the consolidated statements of operations.

NYU Langone Hospitals
Notes to Consolidated Financial Statements
August 31, 2021 and 2020

NYU Langone Hospitals recorded equity transfers during the years ended August 31, 2021 and 2020 as follows:

<i>(in thousands)</i>	2021	2020
Equity transfer to NYUGSoM - capital	\$ -	\$ (85,700)
Equity transfer (to) from NYUGSoM - pension obligation	(35,387)	19,430
Equity transfer from Health System and other affiliates	-	2,702
	<u>\$ (35,387)</u>	<u>\$ (63,568)</u>

During the year ended August 31, 2020, NYU Langone Hospitals transferred funds to NYUGSoM to support various capital projects.

During the years ended August 31, 2021 and 2020, funds were transferred between NYUGSoM and NYU Langone Hospitals for NYUGSoM's allocable share of the change in pension obligations for the NYUGSoM participants merged into the Langone Hospitals defined benefit plan.

13. Commitments and Contingencies

Litigation

NYU Langone Hospitals is a defendant in various legal actions arising out of the normal course of its operations, the final outcome of which cannot presently be determined. In addition, NYU Langone Hospitals is involved, from time to time, in government investigations to enforce regulatory requirements. Management is of the opinion that the ultimate liability, if any, with respect to all of these matters will not have a material adverse effect on NYU Langone Hospitals' consolidated balance sheet.

In 2014, NYU Langone Health initiated lawsuits against its then commercial insurer, Factory Mutual Insurance Company, and in 2015 against its construction contractor, Turner Construction, for damages to property and business interruption arising out of Superstorm Sandy in 2012. The lawsuit against Factory Mutual Insurance Company ended following decision by the United States Court of Appeals, Second Circuit, dismissing NYU Langone Health's claims. The lawsuit against Turner Construction continues, with discovery complete, and on track for trial. The ultimate outcome of this lawsuit cannot be determined at this time and therefore, no revenue has been recorded for the years ended August 31, 2021 and 2020.

Other

NYU Langone Hospitals provides emergency department ("ED") services at the site of the former Long Island College Hospital ED pursuant to an agreement with the State University of New York ("SUNY") and a real estate development company (the "Company"). Pursuant to the agreement with SUNY and the Company, following demolition and remediation of adjacent premises, SUNY deeded the cleared site to NYU Langone Hospitals at no cost on March 13, 2020, and NYU Langone Hospitals is constructing on the site a four-story medical services building including a freestanding ED and other medical services. As of August 31, 2021, total committed construction costs through the planned completion date in fiscal year 2023 are \$127.7 million.

In addition, NYU Langone Hospitals has future committed construction costs of \$170.7 million as of August 31, 2021 for various projects across the enterprise.

NYU Langone Hospitals
Notes to Consolidated Financial Statements
August 31, 2021 and 2020

NYU Langone Hospitals is self-insured for workers' compensation benefits. In connection with being self-insured, NYU Langone Hospitals has stand-by letters of credit aggregating approximately \$58.3 million and \$46.1 million at August 31, 2021 and 2020, respectively.

Prior to January 1, 2020, NYU Langone Long Island had workers' compensation insurance coverage (written on an occurrence basis) through a third party insurer for which it recorded an estimated liability and corresponding insurance recovery of \$17.9 million and \$21.8 million as of August 31, 2021 and 2020, respectively, which are included in other liabilities and other assets on the consolidated balance sheet. As of January 1, 2020, NYU Langone Long Island is self-insured for worker's compensation benefits.

14. Net Assets with Donor Restrictions

Net assets with donor restrictions are available for the following purposes at August 31, 2021 and 2020:

<i>(in thousands)</i>	2021	2020
Contributions and earnings for operating purposes	\$ 306,482	\$ 93,037
Contributions for building and equipment	32,077	32,343
Donor-restricted endowment funds	36,100	22,038
Total	<u>\$ 374,659</u>	<u>\$ 147,418</u>

15. Endowments

NYU Langone Hospitals' portion of the University's endowment consists of approximately 70 individual funds established for a variety of purposes. The endowment includes both donor restricted endowment funds and funds designated by management to function as endowments. The net assets without donor restriction portion of the endowment includes certain funds which have been invested by management to function as a fund of permanent duration (quasi-endowment). As required by GAAP, net assets associated with endowment funds, including funds designated by management to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The fair value of NYU Langone Hospitals' endowments consisted of the following at August 31, 2021 and 2020:

<i>(in thousands)</i>	2021	2020
Net assets without donor restrictions	\$ 4,887	\$ 84,701
Net assets with donor restrictions	53,104	42,769
Total long-term investments	<u>\$ 57,991</u>	<u>\$ 127,470</u>

The NYU Board has interpreted the State of New York's enacted version of the New York Prudent Management of Institutional Funds Act ("NYPMIFA") as requiring NYU (and therefore, NYU Langone Hospitals), absent of explicit donor stipulations to the contrary, to act in good faith and with care that an ordinarily prudent person in a like position would exercise under similar circumstances in making determinations to appropriate or accumulate endowment funds. This

NYU Langone Hospitals

Notes to Consolidated Financial Statements

August 31, 2021 and 2020

includes taking into account both its obligation to preserve the value of the endowment and its obligation to use the endowment to achieve the purpose for which it was donated.

16. COVID-19

On March 7, 2020, in response to the COVID-19 pandemic, the Governor of New York declared a state of emergency, and the Mayor of New York City made a similar emergency declaration on March 13, 2020. Measures were taken by the government to address the pandemic including a moratorium on elective procedures from March 16th through June 8th, 2020 in New York City and March 16th through May 19th, 2020 on Long Island. These measures, along with supplemental costs incurred, began to negatively impact the financial performance of NYU Langone Hospitals in fiscal year 2020. Since the April 2020 peak of the pandemic in the New York metropolitan area, NYU Langone Hospitals' volume from COVID-19 patients gradually declined and as of August 31, 2021, NYU Langone Hospitals' patient service revenue has returned to pre-COVID-19 levels.

Coronavirus Aid, Relief and Economic Security Act

On March 27, 2020, the Coronavirus Aid, Relief and Economic Security Act ("CARES Act") was enacted. The CARES Act provides financial relief under several programs including a funding advance of Medicare payments, deferral of the employer portion of payroll taxes, and establishment of the Public Health and Social Services Emergency Fund (the "Provider Relief Fund").

NYU Langone Hospitals received \$441.3 million in advanced payments from CMS (\$432.8 million in April 2020 and \$8.5 million in September 2020), for which repayment began in April 2021. As of August 31, 2021 and 2020, NYU Langone Hospitals has a remaining Medicare advance of \$317.1 million and \$432.8 million, respectively, which is reported in other current liabilities on the consolidated balance sheets.

As of August 31, 2021 and 2020, NYU Langone Hospitals has deferred the deposits and payments of \$87.2 million and \$50.6 million, respectively, of the employer's share of the Social Security taxes, for which the current portion is reported in accrued salaries and related liabilities and the long-term portion is reported in other liabilities on the consolidated balance sheet. These deferred payments are due to be paid in two equal installments on December 31, 2021 and December 31, 2022.

The Provider Relief Fund appropriated funding to eligible healthcare providers for expenses attributable to COVID-19 and lost revenues. For the year ended August 31, 2020, NYU Langone Hospitals received payments totaling \$461.0 million which was recognized as other revenue in the consolidated statement of operations.

NYU Langone Hospitals

Notes to Consolidated Financial Statements

August 31, 2021 and 2020

FEMA

For the year ended August 31, 2021, NYU Langone Hospitals received payments totaling \$151.5 million as expedited payments from the New York State Division of Homeland Security and Emergency Services related to NYU Langone Health's submission of reimbursement claims to FEMA. NYU Langone Hospitals recognizes revenue as expenses are incurred and determined to be eligible for FEMA reimbursement. For the year ended August 31, 2021, NYU Langone Hospitals has recognized \$189.3 million as other revenue in the consolidated statement of operations for reimbursement of eligible operating expenses and \$4.0 million in nonoperating activities in the consolidated statement of operations related to FEMA reimbursement of capital expenditures. As of August 31, 2021, NYU Langone Hospitals has a balance due from FEMA of \$48.3 million in other current assets on the consolidated balance sheet.

17. Subsequent Events

NYU Langone Hospitals performed an evaluation of subsequent events through December 13, 2021, which is the date the consolidated financial statements were issued.

Supplemental Schedules

NYU Langone Hospitals Consolidating Balance Sheet August 31, 2021

(in thousands)

	NYU Langone Hospitals		CCC550	Other Subsidiaries	Eliminations	Total
Assets						
Current assets						
Cash and cash equivalents	\$ 1,800,147	\$ -	\$ -	\$ 2,815	\$ -	\$ 1,802,962
Short-term Investments	1,273,620	-	-	-	-	1,273,620
Assets limited as to use	11,841	-	-	-	-	11,841
Patient accounts receivable, net	896,425	-	-	-	-	896,425
Contribution receivable	61,886	-	-	-	-	61,886
Insurance receivables - billed	-	212,098	-	-	(106,641)	105,457
Other current assets	399,299	4,437	-	70	-	403,806
Total current assets	4,443,218	216,535	-	2,885	(106,641)	4,555,997
Long-term Investments						
Assets limited as to use, less current portion	57,991	-	-	-	-	57,991
Contributions receivable, less current portion	530,781	858,650	-	-	-	1,389,431
Professional liabilities insurance recoveries receivable	133,578	-	-	-	-	133,578
Operating lease right-of-use assets	70,541	-	-	-	-	70,541
Other assets	542,158	-	-	-	-	542,158
Property, plant and equipment, net	294,813	-	-	-	(214,782)	80,031
Property, plant and equipment, net	4,770,717	-	-	-	-	4,770,717
Total assets	\$ 10,843,797	\$ 1,075,185	\$ -	\$ 2,885	\$ (321,423)	\$ 11,600,444
Liabilities and net assets						
Current liabilities						
Current portion of long-term debt and finance lease obligations	\$ 53,776	\$ -	\$ -	\$ -	\$ -	\$ 53,776
Current portion of operating lease obligations	34,485	-	-	-	-	34,485
Accounts payable and accrued expenses	420,077	520	-	-	-	420,597
Accrued salaries and related liabilities	381,068	-	-	-	-	381,068
Deferred revenue	21,516	138,900	-	-	(46,728)	113,688
Due to related organizations	73,856	-	-	-	-	73,856
Other current liabilities	370,179	-	-	-	(31,802)	338,377
Total current liabilities	1,354,957	139,420	-	-	(78,530)	1,415,847
Long-term debt and finance lease obligations, less current portion						
Long-term debt and finance lease obligations, less current portion	3,175,044	-	-	-	-	3,175,044
Long-term operating lease obligations, less current portion						
Long-term operating lease obligations, less current portion	551,933	-	-	-	-	551,933
Professional liabilities						
Professional liabilities	124,042	723,868	-	-	-	847,910
Accrued pension liabilities						
Accrued pension liabilities	515,645	-	-	-	-	515,645
Accrued postretirement liabilities						
Accrued postretirement liabilities	93,624	-	-	-	-	93,624
Other liabilities						
Other liabilities	487,339	-	-	-	(28,111)	459,228
Total liabilities	6,302,584	863,288	-	-	(106,641)	7,059,231
Net assets						
Net assets without donor restrictions	4,166,554	211,897	2,885	-	(214,782)	4,166,554
Net assets with donor restrictions	374,659	-	-	-	-	374,659
Total net assets	4,541,213	211,897	2,885	-	(214,782)	4,541,213
Total liabilities and net assets	\$ 10,843,797	\$ 1,075,185	\$ -	\$ 2,885	\$ (321,423)	\$ 11,600,444

The accompanying note is an integral part of these supplemental schedules.

NYU Langone Hospitals Consolidating Balance Sheet August 31, 2020

(in thousands)

	NYU Langone Hospitals	CCC550	Other Subsidiaries	Eliminations	Total
Assets					
Current assets					
Cash and cash equivalents	\$ 1,773,378	\$ -	\$ 3,204	\$ -	\$ 1,776,582
Short-term Investments	743,208	-	-	-	743,208
Assets limited as to use	13,614	-	-	-	13,614
Patient accounts receivable, net	685,099	-	-	-	685,099
Contribution receivable	14,465	-	-	-	14,465
Insurance receivables - billed	-	221,267	-	(106,977)	114,290
Other current assets	287,666	5,266	20,818	(26,264)	287,486
Total current assets	3,517,430	226,533	24,022	(133,241)	3,634,744
Long-term Investments	127,470	-	-	-	127,470
Assets limited as to use, less current portion	603,721	732,975	-	-	1,336,696
Contributions receivable, less current portion	13,730	-	-	-	13,730
Professional liabilities insurance recoveries receivable	74,733	-	-	-	74,733
Operating lease right-of-use assets	566,062	-	-	-	566,062
Other assets	301,845	-	2,369	(184,767)	119,447
Property, plant and equipment, net	4,697,212	-	19,194	-	4,716,406
Total assets	\$ 9,902,203	\$ 959,508	\$ 45,585	\$ (318,008)	\$ 10,589,288
Liabilities and net assets					
Current liabilities					
Current portion of long-term debt and finance lease obligations	\$ 51,906	\$ -	\$ -	\$ -	\$ 51,906
Current portion of operating lease obligations	38,778	-	-	-	38,778
Accounts payable and accrued expenses	355,248	3,322	90	-	358,660
Accrued salaries and related liabilities	203,537	-	-	-	203,537
Deferred revenue	44,348	145,634	-	(48,149)	141,833
Due to related organizations	141,007	-	4,988	(25,688)	120,307
Other current liabilities	523,986	-	-	(30,798)	493,188
Total current liabilities	1,358,810	148,956	5,078	(104,635)	1,408,209
Long-term debt and finance lease obligations, less current portion	3,228,705	-	-	-	3,228,705
Long-term operating lease obligations, less current portion	564,717	-	-	-	564,717
Professional liabilities	139,898	630,843	-	-	770,741
Accrued pension liabilities	719,485	-	-	-	719,485
Accrued postretirement liabilities	110,834	-	-	-	110,834
Other liabilities	408,403	-	2,847	(28,606)	382,644
Total liabilities	6,530,852	779,799	7,925	(133,241)	7,185,335
Net assets					
Net assets without donor restrictions	3,223,933	179,709	37,660	(184,767)	3,256,535
Net assets with donor restrictions	147,418	-	-	-	147,418
Total net assets	3,371,351	179,709	37,660	(184,767)	3,403,953
Total liabilities and net assets	\$ 9,902,203	\$ 959,508	\$ 45,585	\$ (318,008)	\$ 10,589,288

The accompanying note is an integral part of these supplemental schedules.

NYU Langone Hospitals

Consolidating Statement of Operations

Year Ended August 31, 2021

(in thousands)

	NYU Langone Hospitals	CCC550	Other Subsidiaries	Eliminations	Total
Operating revenues and other support					
Net patient service revenue	\$ 6,168,439	\$ -	\$ -	\$ -	\$ 6,168,439
Grants and sponsored programs	23,346	-	-	-	23,346
Insurance premiums earned	-	166,347	-	(59,639)	106,708
Contributions	8,661	-	-	-	8,661
Endowment distribution and return on short-term investments	31,262	6,239	-	-	37,501
Other revenue	750,543	-	671	(32,518)	718,696
Net assets released from restrictions for operating purposes	17,281	-	-	-	17,281
Total operating revenues and other support	<u>6,999,532</u>	<u>172,586</u>	<u>671</u>	<u>(92,157)</u>	<u>7,080,632</u>
Operating expenses					
Salaries and wages	2,051,353	-	-	-	2,051,353
Employee benefits	656,052	-	-	-	656,052
Supplies and other	3,147,869	140,398	85	(59,969)	3,228,383
Depreciation and amortization	421,323	-	60	-	421,383
Interest	128,811	-	-	-	128,811
Total operating expenses	<u>6,405,408</u>	<u>140,398</u>	<u>145</u>	<u>(59,969)</u>	<u>6,485,982</u>
Gain from operations	594,124	32,188	526	(32,188)	594,650
Other items					
Other component of pension and postretirement costs	24,539	-	-	-	24,539
Investment return, net	165,503	-	(1,259)	2,173	166,417
Mission based payment to NYUGSoM	(50,000)	-	-	-	(50,000)
Other	12,977	-	-	-	12,977
Excess (deficiency) of revenue over expenses	747,143	32,188	(733)	(30,015)	748,583
Other changes in net assets without donor restrictions					
Changes in pension and postretirement obligations	192,239	-	-	-	192,239
Contributions for capital asset acquisitions	754	-	-	-	754
Equity transfers to related organizations, net	(1,345)	-	(34,042)	-	(35,387)
Net assets released from restrictions for capital purposes	3,841	-	-	-	3,841
Other	(11)	-	-	-	(11)
Net increase (decrease) in net assets without donor restrictions	<u>\$ 942,621</u>	<u>\$ 32,188</u>	<u>\$ (34,775)</u>	<u>\$ (30,015)</u>	<u>\$ 910,019</u>

The accompanying note is an integral part of these supplemental schedules.

NYU Langone Hospitals

Consolidating Statement of Operations

Year Ended August 31, 2020

(in thousands)

	NYU Langone Hospitals	CCC550	Other Subsidiaries	Eliminations	Total
Operating revenues and other support					
Net patient service revenue	\$ 5,578,852	\$ -	\$ -	\$ -	\$ 5,578,852
Grants and sponsored programs	37,241	-	-	-	37,241
Insurance premiums earned	-	166,778	-	(59,629)	107,149
Contributions	44,643	-	-	-	44,643
Endowment distribution and return on short-term investments	38,956	43,436	-	-	82,392
Other revenue	909,577	-	11,410	(70,282)	850,705
Net assets released from restrictions for operating purposes	21,325	-	-	-	21,325
Total operating revenues and other support	6,630,594	210,214	11,410	(129,911)	6,722,307
Operating expenses					
Salaries and wages	1,950,161	-	606	-	1,950,767
Employee benefits	571,602	-	119	-	571,721
Supplies and other	3,192,321	151,151	4,377	(70,847)	3,277,002
Depreciation and amortization	425,469	-	2,219	-	427,688
Interest	122,074	-	598	-	122,672
Total operating expenses	6,261,627	151,151	7,919	(70,847)	6,349,850
Gain from operations	368,967	59,063	3,491	(59,064)	372,457
Other items					
Other component of pension and postretirement costs	6,647	-	-	-	6,647
Investment return, net	17,955	-	-	(150)	17,805
Mission based payment to NYUGSoM	(50,000)	-	-	-	(50,000)
Other	4,108	-	-	-	4,108
Excess of revenue over expenses	347,677	59,063	3,491	(59,214)	351,017
Other changes in net assets without donor restrictions					
Changes in pension and postretirement obligations	5,810	-	-	-	5,810
Contributions for capital asset acquisitions	3,954	-	-	-	3,954
Equity transfers to related organizations, net	(37,973)	-	(25,595)	-	(63,568)
Net assets released from restrictions for capital purposes	6,312	-	-	-	6,312
Other	(2,884)	-	-	-	(2,884)
Net increase (decrease) in net assets without donor restrictions	\$ 322,896	\$ 59,063	\$ (22,104)	\$ (59,214)	\$ 300,641

The accompanying note is an integral part of these supplemental schedules.

NYU Langone Hospitals

Note to Consolidating Supplemental Information

August 31, 2021 and 2020

1 Basis of Presentation – Consolidating Supplemental Information

The consolidating supplemental schedules (“consolidating schedules”) presented on pages 37-40 were derived from and relate directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating schedules are presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, results of operations, changes in net assets and cash flows of the individual companies within NYU Langone Hospitals and is not a required part of the consolidated financial statements. The individual companies within NYU Langone Hospitals as presented within the consolidating schedules are disclosed within Note 1 to the consolidated financial statements.

The consolidating financial statements were prepared on an accrual basis of accounting, consistent with the consolidated financial statements (Note 1). All transactions between and amounts due to (from) NYU Langone Hospitals, CCC550 and the other subsidiaries have been eliminated within the consolidating supplemental schedules.