

CONSOLIDATED FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

Northwell Health, Inc.
Years Ended December 31, 2021 and 2020
With Report of Independent Auditors

Ernst & Young LLP



Northwell Health, Inc.

Consolidated Financial Statements
and Supplementary Information

Years Ended December 31, 2021 and 2020

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Report of Independent Auditors

The Board of Trustees
Northwell Health, Inc.

Opinion

We have audited the consolidated financial statements of Northwell Health, Inc. and its member corporations and other affiliated entities (collectively, Northwell), which comprise the consolidated statements of financial position as of December 31, 2021 and 2020, and the related consolidated statements of operations, changes in net assets and cash flows for the years then ended, and the related notes (collectively referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of Northwell at December 31, 2021 and 2020, and the results of its operations, changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Northwell and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Northwell’s ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Northwell's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Northwell's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying consolidating and combining statements of financial position as of December 31, 2021 and consolidating and combining statements of operations for the year then ended are presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Ernst & Young LLP

April 28, 2022

Northwell Health, Inc.

Consolidated Statements of Financial Position (In Thousands)

	December 31	
	2021	2020
Assets		
Current assets:		
Cash and cash equivalents	\$ 578,168	\$ 830,955
Short-term investments	4,376,827	3,619,297
Accounts receivable for services to patients, net	1,568,340	1,276,235
Accounts receivable for physician activities, net	309,853	271,784
Current portion of pledges receivable	54,323	51,076
Current portion of insurance claims receivable	43,435	45,232
Other current assets	448,807	498,422
Total current assets	7,379,753	6,593,001
Long-term investments	3,833,609	3,970,226
Pledges receivable, net of current portion	127,099	100,339
Property, plant and equipment, net	6,246,810	5,858,662
Right-of-use assets – operating leases	1,000,823	942,817
Insurance claims receivable, net of current portion	116,149	136,067
Other assets	743,368	466,603
Total assets	\$ 19,447,611	\$ 18,067,715
Liabilities and net assets		
Current liabilities:		
Short-term borrowings	\$ 409,310	\$ 95,000
Accounts payable and accrued expenses	1,170,463	1,082,632
Accrued salaries and related benefits	1,403,304	1,327,075
Current portion of operating lease obligations	133,350	132,289
Current portion of finance lease obligations	6,415	7,995
Current portion of long-term debt	64,413	58,924
Current portion of insurance claims liability	43,435	45,232
Current portion of malpractice and other insurance liabilities	192,792	187,777
Current portion of Medicare advances	632,168	374,408
Current portion of estimated payables to third-party payers	330,229	306,581
Total current liabilities	4,385,879	3,617,913
Accrued retirement benefits, net of current portion	648,799	755,697
Operating lease obligations, net of current portion	891,756	845,642
Finance lease obligations, net of current portion	244,551	250,069
Long-term debt, net of current portion	3,579,927	3,650,825
Insurance claims liability, net of current portion	116,149	136,067
Malpractice and other insurance liabilities, net of current portion	1,817,495	1,601,430
Medicare advances, net of current portion	3,622	655,821
Other long-term liabilities	967,134	908,630
Total liabilities	12,655,312	12,422,094
Commitments and contingencies		
Net assets:		
Without donor restrictions	5,871,294	4,861,852
With donor restrictions	921,005	783,769
Total net assets	6,792,299	5,645,621
Total liabilities and net assets	\$ 19,447,611	\$ 18,067,715

See accompanying notes.

Northwell Health, Inc.

Consolidated Statements of Operations (In Thousands)

	Year Ended December 31	
	2021	2020
Operating revenue:		
Net patient service revenue	\$ 10,523,685	\$ 9,081,218
Physician practice revenue	2,636,603	2,055,320
Total patient revenue	13,160,288	11,136,538
CARES Act Provider Relief Fund revenue	48,575	1,209,679
Other operating revenue	1,282,058	1,020,400
Net assets released from restrictions used for operations	53,820	63,846
	14,544,741	13,430,463
Operating expenses:		
Salaries	7,421,436	7,021,865
Employee benefits	1,630,753	1,592,007
Supplies and expenses	4,571,121	4,167,383
Depreciation and amortization	588,022	540,960
Interest	156,053	160,948
	14,367,385	13,483,163
Excess (deficiency) of operating revenue over operating expenses, excluding Health Insurance Companies	177,356	(52,700)
Health Insurance Companies excess of operating revenue over operating expenses	295	26,285
Total excess (deficiency) of operating revenue over operating expenses	177,651	(26,415)
Non-operating gains and losses:		
Investment income	460,495	186,311
Change in net unrealized gains and losses and change in value of equity method investments	16,387	526,009
Change in fair value of interest rate swap agreements designated as derivative instruments	700	(283)
Non-operating net periodic benefit credit	33,152	895
Other non-operating gains and losses	162,741	123,364
Total non-operating gains and losses	673,475	836,296
Excess of revenue and gains and losses over expenses	851,126	809,881
Net assets released from restrictions for capital asset acquisitions	25,757	44,881
Change in fair value of interest rate swap agreements designated as cash flow hedges	1,647	(751)
Pension and other postretirement liability adjustments	165,515	(52,261)
Other changes in net assets	(34,603)	(3,572)
Increase in net assets without donor restrictions	\$ 1,009,442	\$ 798,178

See accompanying notes.

Northwell Health, Inc.

Consolidated Statements of Changes in Net Assets (In Thousands)

Years Ended December 31, 2021 and 2020

	Net Assets		
	Without Donor Restrictions	With Donor Restrictions	Total
Net assets, January 1, 2020	\$ 4,063,674	\$ 691,722	\$ 4,755,396
Contributions and grants	—	161,440	161,440
Investment income	—	12,519	12,519
Change in net unrealized gains and losses and change in value of equity method investments	—	28,419	28,419
Excess of revenue and gains and losses over expenses	809,881	—	809,881
Net assets released from restrictions for:			
Capital asset acquisitions	44,881	(44,881)	—
Operations	—	(63,846)	(63,846)
Non-operating activities	—	(10,959)	(10,959)
Change in fair value of interest rate swap agreements designated as cash flow hedges	(751)	—	(751)
Pension and other postretirement liability adjustments	(52,261)	—	(52,261)
Other changes in net assets	(3,572)	9,355	5,783
Increase in net assets	798,178	92,047	890,225
Net assets, December 31, 2020	<u>\$ 4,861,852</u>	<u>\$ 783,769</u>	<u>\$ 5,645,621</u>

	Net Assets		
	Without Donor Restrictions	With Donor Restrictions	Total
Net assets, January 1, 2021	\$ 4,861,852	\$ 783,769	\$ 5,645,621
Contributions and grants	—	183,473	183,473
Investment income	—	29,900	29,900
Change in net unrealized gains and losses and change in value of equity method investments	—	10,835	10,835
Excess of revenue and gains and losses over expenses	851,126	—	851,126
Net assets released from restrictions for:			
Capital asset acquisitions	25,757	(25,757)	—
Operations	—	(53,820)	(53,820)
Non-operating activities	—	(10,859)	(10,859)
Change in fair value of interest rate swap agreements designated as cash flow hedges	1,647	—	1,647
Pension and other postretirement liability adjustments	165,515	—	165,515
Other changes in net assets	(34,603)	3,464	(31,139)
Increase in net assets	1,009,442	137,236	1,146,678
Net assets, December 31, 2021	<u>\$ 5,871,294</u>	<u>\$ 921,005</u>	<u>\$ 6,792,299</u>

See accompanying notes.

Northwell Health, Inc.

Consolidated Statements of Cash Flows (In Thousands)

	Year Ended December 31	
	2021	2020
Operating activities		
Increase in net assets	\$ 1,146,678	\$ 890,225
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Permanent endowment donor contributions	(22,259)	(13,914)
Depreciation and amortization	588,022	540,960
Amortization of bond premiums, discounts and financing costs	(5,483)	(5,959)
Net realized gains and losses, change in net unrealized gains and losses and change in value of equity method investments	(446,052)	(690,437)
Change in fair value of interest rate swap agreements	(2,347)	1,034
Gain on sale of joint venture	(197,792)	—
Changes in operating assets and liabilities:		
Accounts receivable for services to patients, net	(292,105)	9,307
Accounts receivable for physician activities, net	(38,069)	(15,891)
Pledges receivable	(23,173)	(10,108)
Medicare advances	(394,439)	1,030,229
Current portion of estimated payables to third-party payers	23,648	(31,670)
Accrued retirement benefits, net of current portion	(106,898)	108,959
Malpractice and other insurance liabilities	221,080	268,060
Net change in all other operating assets and liabilities	75,342	579,832
Net cash provided by operating activities	526,153	2,660,627
Investing activities		
Capital expenditures	(1,005,892)	(841,839)
Net cash from sales of (invested in) short-term and long-term investments	29,173	(1,445,219)
Payments for acquisitions and clinical joint venture investments, net	(51,424)	(39,501)
Net cash used in investing activities	(1,028,143)	(2,326,559)
Financing activities		
Principal payments on long-term debt and finance lease obligations	(71,509)	(64,269)
Payments on refunded long-term debt	(53,730)	—
Payments on short-term borrowings	(65,427)	(465,000)
Proceeds from short-term borrowings	379,737	465,000
Proceeds from long-term debt	53,730	—
Payments for financing costs	(283)	—
Proceeds from permanent endowment donor contributions	15,425	19,894
Net cash provided by (used in) financing activities	257,943	(44,375)
Net (decrease) increase in cash and cash equivalents (unrestricted and restricted)	(244,047)	289,693
Cash and cash equivalents (unrestricted and restricted), beginning of year	1,268,946	979,253
Cash and cash equivalents (unrestricted and restricted), end of year	\$ 1,024,899	\$ 1,268,946
Supplemental disclosure of cash flow information		
Cash paid during the year for interest (exclusive of amounts capitalized)	\$ 160,979	\$ 165,907

See accompanying notes.

Northwell Health, Inc.

Notes to Consolidated Financial Statements (In Thousands)

December 31, 2021

1. Organization and Principles of Consolidation

Northwell Health, Inc. and its member corporations and other affiliated entities (collectively, Northwell) is an integrated health care delivery system in the New York metropolitan area. Most entities within Northwell are exempt from Federal income taxes on related income under the provisions of Section 501(a) of the Internal Revenue Code (the Code) as organizations described in Section 501(c)(3), while certain entities are not exempt from such income taxes. The exempt organizations also are exempt from New York State and local income taxes.

The accompanying consolidated financial statements include the accounts of the following principal operating organizations. All interorganization accounts and activities have been eliminated in consolidation.

Hospitals

- North Shore University Hospital (NSUH), including Syosset Hospital
- Long Island Jewish Medical Center (LIJMC), including Long Island Jewish Hospital, Long Island Jewish Forest Hills, Long Island Jewish Valley Stream, Steven and Alexandra Cohen Children's Medical Center of New York, Zucker Hillside Hospital and Orzac Center for Rehabilitation
- Staten Island University Hospital, including the North and Prince's Bay campuses (Staten Island)
- Lenox Hill Hospital (Lenox)
- South Shore University Hospital (SSUH, formerly Southside Hospital)
- Glen Cove Hospital (Glen Cove)
- Huntington Hospital Association (Huntington)
- Plainview Hospital (Plainview)
- The Long Island Home (South Oaks Hospital)
- Phelps Memorial Hospital Association (Phelps, collectively with its subsidiaries)
- Northern Westchester Hospital Association (Northern Westchester, collectively with its subsidiaries)
- Peconic Bay Medical Center (Peconic, collectively with its subsidiaries)
- John T. Mather Memorial Hospital (Mather, collectively with its subsidiary)

Northwell Health, Inc.

Notes to Consolidated Financial Statements (continued) (In Thousands)

1. Organization and Principles of Consolidation (continued)

Other Entities

- Northwell Health, Inc. and Northwell Healthcare, Inc. (HCI) – parent holding companies
- Northwell Health Stern Family Center for Rehabilitation (Stern) – skilled nursing facility and rehabilitation center
- Northwell Health Laboratories – laboratory services
- North Shore Health System Enterprises, Inc., North Shore Health Enterprises, Inc. and True North Health Services Company, LLC – holding companies for certain related entities
- RegionCare, Inc. – infusion therapy and licensed home health agency services
- North Shore Community Services, Inc. – real estate holdings and related services
- North Shore University Hospital Housing, Inc., North Shore University Hospital at Glen Cove Housing, Inc. and Hillside Hospital Houses, Inc. – housing and auxiliary facilities for staff members, students and employees
- Visiting Nurse Association of Hudson Valley, Inc. and subsidiaries – home care and hospice services
- True North Health Pharmacy, Inc. – retail pharmacy
- Staten Island Performing Provider System, LLC – population health organization
- North Shore-LIJ and Yale New Haven Medical Air Transport, LLC – medical air transport company 90% owned by Northwell
- Long Island Center for Digestive Health, LLC – outpatient endoscopy center 51% owned by Northwell
- The Feinstein Institutes for Medical Research – medical research
- Northwell Health Foundation – fundraising
- Hospice Care Network – hospice services
- Regional Insurance Company Ltd. (Regional Insurance) – captive insurance company providing excess professional liability insurance
- Montauk Risk Retention Group, Inc. – captive insurance company providing professional liability insurance
- Northwell Family Health Center at Huntington (formerly Dolan Family Health Center) – community health center
- Endoscopy Center of Long Island, LLC – outpatient endoscopy center 70% owned by Northwell
- Endo Group, LLC – outpatient ambulatory surgery center 54% owned by Northwell
- DHCH, LLC (Digestive Health Center of Huntington) – outpatient endoscopy center 51% owned by Northwell
- South Shore Surgery Center, LLC – outpatient ambulatory surgery center 67% owned by Northwell
- Suffolk Surgery Center, LLC – outpatient ambulatory surgery center 68% owned by Northwell
- Melville SC, LLC – outpatient ambulatory surgery center 50.1% owned by Northwell
- Lynbrook SC, LLC – outpatient ambulatory surgery center 100% owned by Northwell
- Affiliated professional corporations

Northwell Health, Inc.

Notes to Consolidated Financial Statements (continued) (In Thousands)

1. Organization and Principles of Consolidation (continued)

Certain members of Northwell (the Obligated Group) are jointly and severally liable for obligations under bond indentures (see Note 8). The Obligated Group consists of HCI, NSUH, LIJMC, Staten Island, Lenox, SSUH, Huntington, Glen Cove, Plainview and Stern.

Northwell maintains a controlling ownership in various entities, whose results of operations are included in the accompanying consolidated financial statements. Northwell's non-controlling interest in these entities at December 31, 2021 and 2020 is immaterial, both individually and in the aggregate, to Northwell's net assets and excess of revenue and gains and losses over expenses, as reported in the accompanying consolidated financial statements.

At December 31, 2020, Northwell had an 8% ownership interest in a joint venture which was accounted for using the equity method of accounting. At December 31, 2020, \$154,265 was reported within long-term investments in the accompanying consolidated statement of financial position for this investment. In March 2021, Northwell sold its interest in the joint venture, resulting in a net gain of \$197,792, which is included in other non-operating gains and losses in the accompanying consolidated statement of operations for the year ended December 31, 2021.

COVID-19 Impact

The global outbreak of Coronavirus Disease 2019 (COVID-19) has caused numerous and varied medical, economic and social impacts. These impacts have included widespread business and school closures and event cancellations, high unemployment and other economic and societal effects resulting from the national response to the COVID-19 crisis. There have been adverse effects on Northwell's operations and financial condition, beginning in March 2020 and continuing into 2021 as a result of the pandemic, including increased labor and non-labor expenses related to clinical care, reductions in patient volume and incremental costs in response to the crisis. The recovery of patient volume started in late May 2020 after the first COVID-19 surge in Northwell's service area. Subsequent COVID-19 surges have impacted the recovery and continue to affect Northwell's operations. Different from the first COVID-19 surge, these other surges did not result in New York State executive orders prohibiting elective or non-emergent medical services. Patient volume continues to recover; however, certain services are currently at levels lower than pre-COVID-19. The financial impact will ultimately be dependent on the duration of the pandemic, the severity of COVID-19 resurgences, the pace of economic activity and continued recovery in providing non-COVID-19 related services to patients, and the ultimate amount of federal and other relief funding received.

Northwell Health, Inc.

Notes to Consolidated Financial Statements (continued) (In Thousands)

1. Organization and Principles of Consolidation (continued)

Individual Northwell entities received grants from the Coronavirus Aid, Relief and Economic Security (CARES) Act Provider Relief Fund based on various criteria and, under current guidelines issued by the US Department of Health and Human Services (HHS), these funds can be used to cover certain COVID-19 related costs and revenue losses. Additionally, on December 27, 2020, the Consolidated Appropriations Act, 2021 (CAA) was signed into law. The CAA appropriated additional funding for COVID-19 response and relief through the Provider Relief Fund and provided several changes to the administration of the Provider Relief Fund. The consolidated statements of operations for the years ended December 31, 2021 and 2020 reflect \$48,575 and \$1,209,679 of Provider Relief Fund grant revenue, respectively. In November 2021 and March 2022, management submitted the required reports to HHS on the use of the Provider Relief Fund for the first and second reporting periods covering funds received through June 2020 and December 2020, respectively.

In addition to the amounts from the Provider Relief Fund to offset the financial impact of COVID-19, there were certain temporary Medicare payment rate enhancements provided in 2020 and 2021. Medicare advances were also made available in 2020 under the CARES Act to provide liquidity to health care providers (separate and apart from the CARES Act Provider Relief Fund grants described in the paragraph above). Northwell received approximately \$1,030,000 in Medicare advances, which have started to be repaid without interest beginning in April 2021, and repayment will continue through February 2023. Amounts expected to be repaid in the next twelve months are reflected within current liabilities in the consolidated statements of financial position at December 31, 2021 and 2020. In addition, Northwell participated in the FICA tax deferral program under the CARES Act for the employer portion of social security taxes and, as of December 31, 2021 and 2020, has deferred approximately \$115,000 and \$229,000, respectively. The employer FICA amounts deferred under this program are payable without interest with half having been paid in December 2021 and the remaining balance due by December 2022. Amounts expected to be repaid in the next twelve months are recorded in accrued salaries and related benefits in the accompanying consolidated statements of financial position at December 31, 2021 and 2020, while the remaining long-term portion at December 31, 2020 was reflected in other long-term liabilities.

Management has designated funds in assets limited as to use for the Medicare advances and FICA deferral amounts and excluded such amounts from Northwell's total unrestricted cash, cash equivalents and investments as of December 31, 2021 and 2020.

Northwell Health, Inc.

Notes to Consolidated Financial Statements (continued) (In Thousands)

1. Organization and Principles of Consolidation (continued)

Management is pursuing opportunities for additional federal funding, including funding from the Federal Emergency Management Agency (FEMA) and any other funding that is or will become available. Included in other operating revenue in the consolidated statements of operations for the years ended December 31, 2021 and 2020 is approximately \$12,600 and \$28,500 of FEMA grant revenue.

Management continues to closely monitor the operational and financial impact of COVID-19. However, the ultimate net impact of the pandemic on Northwell's financial condition remains uncertain.

Health Insurance Companies

In July 2017, North Shore-LIJ Health Plan Inc. (Health Plan) filed a termination plan which was approved by the New York State Department of Health (NYSDOH) in September 2017. Health Plan ceased new enrollment in its Medicaid Managed Long-Term Care Plan and, by January 2018, had transitioned its existing members to other plans.

In August 2017, Northwell announced that it would wind down CareConnect Insurance Company, Inc. (CareConnect) and withdraw from New York State's insurance markets. The New York State Department of Financial Services approved CareConnect's plan which allowed CareConnect to stop writing and renewing annual large and small group policies effective December 1, 2017 and individual policies effective January 1, 2018.

As a result of Northwell's decision to exit the health insurance business, the net operating results of CareConnect and Health Plan (collectively, the Health Insurance Companies) from the wind down of operations are separately reported within the accompanying consolidated statements of operations for the years ended December 31, 2021 and 2020. For the year ended December 31, 2020, the Health Insurance Companies' excess of operating revenue over operating expenses includes \$25,303 for CareConnect resulting from the Supreme Court of the United States' rulings on class action lawsuits related to the Affordable Care Act's risk corridor program.

Northwell Health, Inc.

Notes to Consolidated Financial Statements (continued) (In Thousands)

2. Summary of Significant Accounting Policies

Consolidated Statements of Operations

The accompanying consolidated statements of operations include the excess of revenue and gains and losses over expenses as the performance indicator. For purposes of display, transactions deemed by management to be ongoing, major or central to the provision of health care services are reported as operating revenue and operating expenses; peripheral or incidental transactions and unusual, nonrecurring items are reported as non-operating gains and losses.

Net assets released from restrictions for capital asset acquisitions, the change in fair value of interest rate swap agreements designated as cash flow hedges, pension and other postretirement liability adjustments and other changes in net assets are excluded from Northwell's performance indicator.

Recent Accounting Pronouncements

In August 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2018-15, *Intangibles – Goodwill and Other – Internal-Use Software (Subtopic 350-40): Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract*, 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 the standard. ASU 2018-15 requires an entity (customer) in a hosting arrangement that is a service contract to follow the guidance in Subtopic 350-40 to determine which implementation costs to capitalize as an asset related to the service contract and which costs to expense. ASU 2018-15 also requires the entity (customer) to expense the capitalized implementation costs of a hosting arrangement that is a service contract over the term of the hosting arrangement, among other provisions. Northwell adopted ASU 2018-15 effective January 1, 2021 on a prospective basis. The adoption of ASU 2018-15 did not have a material impact on the consolidated financial statements.

Northwell Health, Inc.

Notes to Consolidated Financial Statements (continued) (In Thousands)

2. Summary of Significant Accounting Policies (continued)

In August 2018, the FASB amended certain guidance related to the disclosure requirements for defined benefit pension plans and other post-retirement plans in ASU 2018-14, *Compensation – Retirement Benefits – Defined Benefit Plans – General (Subtopic 715-20) – Disclosure Framework – Changes to the Disclosure Requirements for Defined Benefit Plans* (ASU 2018-14). The guidance in ASU 2018-14 requires all sponsors of defined benefit plans to provide certain new disclosures: the weighted-average interest crediting rate for cash balance plans and other plans with promised interest crediting rates and an explanation of the reasons for significant gains and losses related to changes in the benefit obligation for the period. Among other changes, ASU 2018-14 eliminates the requirement for all sponsors of defined benefit plans to disclose the amounts in accumulated other comprehensive income (net assets without donor restrictions) expected to be recognized as components of net periodic benefit cost over the next fiscal year. ASU 2018-14 is effective for fiscal years ending after December 15, 2021. The adoption of ASU 2018-14 in 2021 did not have a material impact on Northwell's consolidated financial statements.

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. The main objective of ASU 2016-13 and related ASU updates is to provide financial statement users with more decision-useful information about the expected credit losses on financial instruments and other commitments to extend credit held by a reporting entity at each reporting date. The amendments affect loans, debt securities, trade receivables, net investments in leases, off-balance sheet credit exposures, reinsurance receivables, and any other financial assets not excluded from the scope that have the contractual right to receive cash. The amendments in this ASU are effective for Northwell for fiscal years beginning after December 15, 2022. Northwell has not completed the process of evaluating the impact of ASU 2016-13 on its consolidated financial statements.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, including accounts receivable for services to patients, and liabilities, including accounts payable and accrued expenses, estimated payables to third-party payers, accrued retirement benefits and malpractice and other insurance liabilities, and disclosures of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

Northwell Health, Inc.

Notes to Consolidated Financial Statements (continued) (In Thousands)

2. Summary of Significant Accounting Policies (continued)

Cash and Cash Equivalents

Northwell classifies all highly liquid financial instruments purchased with a maturity of three months or less as cash equivalents. Northwell maintains cash on deposit with major banks and invests in money market securities with financial institutions which exceed federally-insured limits. Management believes the credit risk related to these deposits is minimal. Northwell does not hold any money market funds with significant liquidity restrictions that would be required to be excluded from cash equivalents.

Cash and cash equivalents (unrestricted and restricted), as reported in the accompanying consolidated statements of cash flows, are reported within the following categories in the accompanying consolidated statements of financial position as of December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 578,168	\$ 830,955
Short and long-term investments	446,731	437,991
	<u>\$ 1,024,899</u>	<u>\$ 1,268,946</u>

Pledges Receivable

Pledges (promises to give), less an allowance for uncollectible amounts, are recorded as receivables in the year made at net present value and are recorded as additions to net assets with donor restrictions. Pledges receivable that are due more than one year from the consolidated statement of financial position date are discounted to reflect the present value of future cash flows.

Investments

Short-term and long-term investments include cash and cash equivalents, marketable securities and other investments. Marketable securities are classified as trading securities. Investments in debt securities, equity securities and mutual funds with readily determinable fair values are reported at fair value, based on quoted market prices. Investment transactions are recorded on the trade date.

Northwell Health, Inc.

Notes to Consolidated Financial Statements (continued) (In Thousands)

2. Summary of Significant Accounting Policies (continued)

Northwell has also invested in alternative investments, including funds of hedge funds, hedge funds, private equity funds, private real estate funds and private credit funds. These other investments are not readily marketable and are reported under the equity method of accounting. The equity method reflects Northwell's share of the net asset value of the respective funds.

Individual investment holdings of the funds of hedge funds, hedge funds, private equity funds, private real estate funds and private credit funds may include investments in both nonmarketable and market-traded securities. Valuations of these investments, and therefore Northwell's holdings, may be determined by the investment managers or general partners. Values may be based on estimates that require varying degrees of judgment. Recorded estimates may change by a material amount in the near term. The investments may indirectly expose Northwell to securities lending, short sales of securities and trading in futures and forwards contracts, options and other derivative products. However, Northwell's risk is limited to its amounts invested. At December 31, 2021, Northwell has future commitments of \$237,183 and \$81,351 to invest in private equity, private real estate and private credit funds for pension and restricted assets, respectively.

Northwell is also invested in commingled fixed income and equity funds. The underlying investment holdings of the commingled funds are predominantly marketable securities. These investments are reported either at fair value based on quoted market prices, if their fair values are readily determinable, or under the equity method of accounting, which approximates fair value. The equity method reflects Northwell's share of the net asset value of these investments.

The financial statements of the alternative investments and commingled fixed income and equity funds noted above are audited annually by independent auditors, although the timing for reporting the results of such audits for certain investments does not coincide with Northwell's annual financial statement reporting.

Other investments also include non-controlling interests in non-clinical joint ventures held by Northwell for investment purposes. Such investments are accounted for under the equity method or at cost less any impairment, adjusted for observable price changes for an identical or similar investment of the same issuer (Adjusted Cost).

Northwell Health, Inc.

Notes to Consolidated Financial Statements (continued) (In Thousands)

2. Summary of Significant Accounting Policies (continued)

Included in short-term and long-term investments are assets limited as to use, which include funds held pursuant to debt financing arrangements, management designated funds (including malpractice and other self-insurance assets and funds set aside to repay Medicare advances), deferred employee compensation plan assets and donor restricted assets. Amounts required to meet current liabilities are reported as short-term investments. Northwell has future commitments of approximately \$390,000 at December 31, 2021 to purchase additional investments included in assets limited as to use in addition to the private equity, private real estate and private credit commitment amounts noted above.

Investment income (including realized gains and losses on investments, interest and dividends) and the change in net unrealized gains and losses and change in value of equity method investments are included in the performance indicator, unless the income or loss is restricted by donor or law. Interest and dividend income earned on Northwell's management designated malpractice and other self-insurance assets and management designated taxable debt sinking funds is recorded in other operating revenue.

Inventory of Supplies

Inventory, included in other current assets, is stated at the lower of cost or net realizable value.

Insurance Claims Receivable and Liability

For medical malpractice and similar contingent liabilities, Northwell determines such claims liabilities without consideration of insurance recoveries. Accordingly, Northwell recognizes insurance receivables at the same time that it recognizes the liabilities, measured on the same basis as the liabilities, subject to the need for a valuation allowance for uncollectible amounts in the accompanying consolidated statements of financial position. Such amounts represent the actuarially determined value of medical malpractice and other claims that are anticipated to be covered by insurance. These amounts were undiscounted at December 31, 2021 and discounted using a risk-free rate of 0.5% at December 31, 2020.

Northwell Health, Inc.

Notes to Consolidated Financial Statements (continued) (In Thousands)

2. Summary of Significant Accounting Policies (continued)

Property, Plant and Equipment

Property, plant and equipment is stated at cost or, in the case of gifts, at fair value at the date of the gift, less accumulated depreciation and amortization. Property, plant and equipment from acquired entities that existed at their respective acquisition dates was recorded at fair value based upon an independent valuation. Depreciation and amortization of land improvements, buildings, fixed equipment and major movable equipment is computed by the straight-line method based upon the estimated useful lives of the assets, ranging from three to forty years.

Buildings and equipment under finance lease obligations and leasehold improvements are amortized using the straight-line method over the lesser of the estimated useful life of the asset or the lease term. Such amortization is included in depreciation and amortization in the accompanying consolidated financial statements.

During the period of construction of capital assets, interest costs are capitalized as a component of the cost of assets. When assets are disposed of, the carrying amounts of the assets and the related accumulated depreciation are removed from the accounts, and any resulting gain or loss on disposal is included in the performance indicator. When assets become fully depreciated, the carrying amounts of such assets and the related accumulated depreciation are removed from the accounts (see Note 6).

Long-Lived Assets

Gifts of long-lived assets are reported at fair value established at the date of contribution as changes in net assets without donor restrictions, excluded from the performance indicator, unless explicit donor stipulations specify how the donated asset must be used.

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If long-lived assets are deemed to be impaired, the impairment to be recognized is measured as the amount by which the carrying amount of the assets exceeds the fair value. Assets to be disposed of are reported at the lower of the carrying amount or the fair value, less costs to sell.

Northwell Health, Inc.

Notes to Consolidated Financial Statements (continued) (In Thousands)

2. Summary of Significant Accounting Policies (continued)

Other Assets

Other assets included in the accompanying consolidated statements of financial position primarily consist of goodwill and other intangible assets, investments in clinical joint ventures and a note receivable (see Note 14).

In connection with various acquisitions, Northwell has recognized goodwill and certain indefinite-lived intangible assets totaling approximately \$312,000 and \$264,000 at December 31, 2021 and 2020, respectively. These assets are subject to impairment testing on an annual basis. For the year ended December 31, 2021, \$10,347 of goodwill and intangible assets were written off, as a result of impairment testing (none in 2020).

Deferred Financing Costs

Deferred financing costs, included in long-term debt and finance lease obligations, represent costs incurred to obtain financing for various Northwell projects and initiatives. Amortization of these costs is provided over the term of the applicable indebtedness.

Interest Rate Swap Agreements

Interest rate swap agreements are reported at fair value. Fair value is estimated using discounted cash flow analyses based on current and projected interest rates with consideration of the risk of non-performance. Changes in fair value of interest rate swap agreements designated as derivative instruments are recognized in Northwell's performance indicator. Changes in fair value of interest rate swap agreements designated as cash flow hedges are excluded from the performance indicator.

Other Long-Term Liabilities

Other long-term liabilities included in the accompanying consolidated statements of financial position primarily consist of the long-term portion of estimated payables to third-party payers, the long-term portion of expected payment obligations, deferred revenue and the fair value of the interest rate swap agreements.

Northwell Health, Inc.

Notes to Consolidated Financial Statements (continued) (In Thousands)

2. Summary of Significant Accounting Policies (continued)

Classification of Net Assets

Northwell separately accounts for and reports net assets without donor restrictions and net assets with donor restrictions. Net assets without donor restrictions include resources that the governing board may use for any designated purpose and resources whose use is limited by an agreement between Northwell and an outside party other than the donor or grantor. Net assets with donor restrictions are those whose use by Northwell has been limited by donors to a specific time period or purpose. When donor restrictions expire, that is, when a time restriction ends or a purpose restriction is accomplished, these net assets are reclassified to net assets without donor restrictions and reported as net assets released from restrictions.

Certain net assets with donor restrictions have been restricted by donors to be maintained in perpetuity. Income from these net assets is available to support certain teaching, research and training programs.

Northwell also recognizes governmental grants where commensurate value is not exchanged as contributions when conditions and restrictions are satisfied and reports such amounts within other operating revenue or as net assets released from restrictions for capital asset acquisitions in the consolidated statements of operations.

Donor Gifts

Gifts of cash and other assets, including unconditional promises to give cash and other assets (pledges), are reported at fair value when the gift is received (or promise is made). Northwell receives conditional pledges, which are not reflected in the accompanying consolidated financial statements. The conditional pledges primarily relate to the establishment of certain programs. As the conditions of the pledges are met, the pledges are recognized. At December 31, 2021 and 2020, \$71,709 and \$66,910, respectively, of conditional pledges have not been recognized in the consolidated statements of financial position.

Northwell Health, Inc.

Notes to Consolidated Financial Statements (continued)
(In Thousands)

2. Summary of Significant Accounting Policies (continued)

Contributions and pledges raised through fundraising efforts for the years ended December 31, 2021 and 2020 are summarized as follows:

	2021	2020
Without donor restrictions	\$ 2,492	\$ 3,343
With donor restrictions	135,919	114,783
	\$ 138,411	\$ 118,126

Functional Expenses

Northwell provides health care services to residents primarily within its geographic areas and performs medical research. Expenses related to providing these services pertain to the following functional and natural categories for the years ended December 31, 2021 and 2020:

	2021			
	Health Care Services	Medical Research	General and Administrative	Total
Salaries	\$ 6,437,718	\$ 82,523	\$ 901,195	\$ 7,421,436
Employee benefits	1,405,434	23,137	202,182	1,630,753
Supplies and expenses	4,136,409	50,400	384,312	4,571,121
Depreciation and amortization	341,120	6,219	240,683	588,022
Interest	138,271	—	17,782	156,053
	\$ 12,458,952	\$ 162,279	\$ 1,746,154	\$ 14,367,385

	2020			
	Health Care Services	Medical Research	General and Administrative	Total
Salaries	\$ 6,123,887	\$ 80,828	\$ 817,150	\$ 7,021,865
Employee benefits	1,381,210	21,512	189,285	1,592,007
Supplies and expenses	3,642,250	50,498	474,635	4,167,383
Depreciation and amortization	327,031	6,316	207,613	540,960
Interest	141,679	—	19,269	160,948
	\$ 11,616,057	\$ 159,154	\$ 1,707,952	\$ 13,483,163

Northwell Health, Inc.

Notes to Consolidated Financial Statements (continued) (In Thousands)

2. Summary of Significant Accounting Policies (continued)

The accompanying consolidated financial statements report expense categories that are attributable to more than one health care service or support function. Costs not directly attributable to a function are allocated on a functional basis using internal records and estimates.

Tax Status

Certain entities included in Northwell's consolidated financial statements are taxable entities under Federal or state laws. U.S. generally accepted accounting principles require that the asset and liability method of accounting for income taxes be utilized by these organizations and for unrelated business activities of the tax-exempt entities included in Northwell's consolidated financial statements. Under the asset and liability method, deferred income taxes are recognized for the tax consequences of temporary differences by applying enacted statutory tax rates applicable to future years to differences between the financial statement carrying amounts and the tax basis of existing assets and liabilities.

At December 31, 2021, Northwell has a deferred tax asset of approximately \$145,000, which has been fully offset by a related valuation allowance. At December 31, 2020, Northwell had a deferred tax asset of approximately \$175,000, which was partially offset by a related valuation allowance of approximately \$141,000. The deferred tax asset and related valuation allowance are recorded within other current assets in the accompanying consolidated statement of financial position. A valuation allowance is provided when it is more likely than not that some portion or all of the deferred tax asset will not be realized. Significant components of the deferred tax asset relate to net operating loss (NOL) carryforwards. Certain entities have NOL carryforwards aggregating approximately \$490,000 at December 31, 2021. NOL carryforwards generated prior to 2018 will expire in varying amounts through 2037 and are available to offset future taxable income of the respective entity. NOLs generated after 2017 can be carried forward indefinitely, but with limitations.

Northwell Health, Inc.

Notes to Consolidated Financial Statements (continued) (In Thousands)

3. Accounts Receivable and Patient Revenue

Net patient service revenue and physician practice revenue (collectively, Patient Revenue) are reported at the amount that reflects the consideration to which Northwell expects to be entitled in exchange for providing patient care. These amounts are due from patients and third-party payers (including health insurers and government programs) and include various elements of variable consideration in determining a transaction price.

Northwell uses a portfolio approach to account for categories of patient contracts as a collective group, rather than recognizing revenue on an individual contract basis. The portfolios consist of major payer classes for Patient Revenue. Based on historical collection trends and other analyses, Northwell believes that revenue recognized by utilizing the portfolio approach approximates the revenue that would have been recognized if an individual contract approach was used.

Northwell's initial estimate of the transaction price for services provided to patients subject to revenue recognition is determined by reducing the total standard charges related to the patient services provided by various elements of variable consideration, including contractual adjustments, discounts, implicit price concessions and other reductions to Northwell's standard charges. Northwell determines the transaction price associated with services provided to patients who have third-party payer coverage on the basis of contractual rates, governmental rates or established charges for the services rendered. The estimates for contractual allowances and discounts are based on contractual agreements, Northwell's discount policies and historical experience. For uninsured patients who are ineligible for any government assistance program, Northwell provides services without charge or at amounts less than its established rates for patients who meet the criteria of its charity care policy. Because Northwell does not pursue collection of amounts determined to qualify as charity care, such services are not reported as Patient Revenue. For uninsured and under-insured patients who do not qualify for charity care, Northwell determines the transaction price associated with services on the basis of charges reduced by implicit price concessions. Implicit price concessions included in the estimate of the transaction price are based on Northwell's historical collection experience for applicable patient portfolios.

Generally, Northwell bills patients and third-party payers several days after the services are performed and/or the patient is discharged. Patient Revenue is recognized as performance obligations are satisfied. Performance obligations are determined based on the nature of the services provided by Northwell. Patient Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total charges. Northwell believes that this method provides a reasonable depiction of the transfer of services over the term of the performance obligation based on the services needed to satisfy the obligation. Generally,

Northwell Health, Inc.

Notes to Consolidated Financial Statements (continued) (In Thousands)

3. Accounts Receivable and Patient Revenue (continued)

performance obligations satisfied over time relate to patients receiving inpatient acute care services or patients receiving services in Northwell's outpatient and ambulatory care centers. Northwell 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 at the time of discharge or the completion of the outpatient or physician visit.

Substantially all of Northwell's performance obligations relate to contracts with a duration of less than one year; the unsatisfied or partially unsatisfied performance obligations referred to below are primarily related to inpatient acute care services at the end of the reporting period for patients who remain admitted at that time (in-house patients). As such, accounts receivable related to in-house patients are considered contract assets as the performance obligation is not completed until the patients are discharged which, for the majority of the in-house patients, occurs within days or weeks after the end of the reporting period and at which point Northwell has the right to bill.

At December 31, 2021 and 2020, accounts receivable for services to patients, net is comprised of the following components:

	<u>2021</u>	<u>2020</u>
Receivables for services to patients	\$ 1,460,588	\$ 1,194,549
Contract assets (for in-house patients)	<u>107,752</u>	<u>81,686</u>
	<u>\$ 1,568,340</u>	<u>\$ 1,276,235</u>

Subsequent changes to the estimate of the transaction price (determined on a portfolio basis when applicable) are generally recorded as adjustments to Patient Revenue in the period of the change. For the years ended December 31, 2021 and 2020, changes in Northwell's estimates of implicit price concessions, discounts, contractual adjustments or other reductions to expected payments for performance obligations satisfied in prior years were not significant. Portfolio collection estimates are updated periodically based on collection trends. Subsequent changes that are determined to be the result of an adverse change in the patient's ability to pay (determined on a portfolio basis when applicable) are recorded as bad debt expense in supplies and expenses in the accompanying consolidated statements of operations. Bad debt expense and the related allowance for uncollectible accounts for the years ended and as of December 31, 2021 and 2020 were not significant.

Northwell Health, Inc.

Notes to Consolidated Financial Statements (continued)
(In Thousands)

3. Accounts Receivable and Patient Revenue (continued)

Northwell has determined that the nature, amount, timing and uncertainty of revenue and cash flows are primarily affected by its mix of payers and services.

Patient Revenue for the years ended December 31, 2021 and 2020, by primary payer, is approximately as follows:

	2021	2020
Medicare and Medicare managed care	\$ 4,204,000	\$ 3,580,000
Medicaid and Medicaid managed care	1,826,000	1,556,000
Self-pay	68,000	68,000
Other third-party payers	7,062,000	5,933,000
	<u>\$ 13,160,000</u>	<u>\$ 11,137,000</u>

Deductibles, copayments and coinsurance under third-party payment programs which are the patient's responsibility are included within the appropriate primary payer category above.

Patient Revenue for the years ended December 31, 2021 and 2020, disaggregated by lines of service, is as follows:

	2021	2020
Net patient service revenue:		
Hospitals	\$ 10,284,049	\$ 8,837,462
Joint venture ambulatory surgery centers	76,603	65,345
Stern (skilled nursing facility and rehabilitation center)	48,547	47,649
Hospice Care Network	48,681	50,497
RegionCare, Inc.	47,223	52,888
Other	18,582	27,377
Net patient service revenue	<u>10,523,685</u>	<u>9,081,218</u>
Physician practice revenue	2,636,603	2,055,320
Total patient revenue	<u>\$ 13,160,288</u>	<u>\$ 11,136,538</u>

Northwell Health, Inc.

Notes to Consolidated Financial Statements (continued) (In Thousands)

3. Accounts Receivable and Patient Revenue (continued)

Third-Party Payment Programs

Northwell has agreements with third-party payers that provide for payment for services rendered at amounts different from its established charges. A summary of the payment arrangements with major third-party payers follows:

Non-Medicare

In New York State, hospitals and all non-Medicare payers (including Medicare and Medicaid managed care plans), except Medicaid, workers' compensation and no-fault insurance programs, negotiate payment rates. If negotiated rates are not established, payers are billed at hospitals' established charges. Medicaid, workers' compensation and no-fault payers pay hospital rates promulgated by the NYSDOH. Payments to hospitals for Medicaid, workers' compensation and no-fault inpatient services are based on a statewide prospective payment system, with retroactive and/or prospective adjustments for certain rate components paid concurrently with the settlement of the final rate. Outpatient services also are paid based on a statewide prospective system. Medicaid rate methodologies are subject to approval at the Federal level by the Centers for Medicare and Medicaid Services (CMS), which may routinely request information about such methodologies prior to approval. Revenue related to specific rate components that have not been approved by CMS is not recognized until Northwell is reasonably assured that such amounts are realizable. Adjustments to the current and prior years' payment rates for those payers will continue to be made in future years.

Medicare

Hospitals are paid for most Medicare inpatient and outpatient services under national prospective payment systems and other methodologies of the Medicare program for certain other services. Federal regulations provide for certain adjustments to current and prior years' payment rates, based on industry-wide and Northwell-specific data.

Northwell Health, Inc.

Notes to Consolidated Financial Statements (continued) (In Thousands)

3. Accounts Receivable and Patient Revenue (continued)

Northwell has established estimates, based on information presently available, of amounts due to or from Medicare and non-Medicare payers for adjustments to current and prior years' payment rates, based on industry-wide and Northwell-specific data. The current Medicaid, Medicare and other third-party payer programs are based upon extremely complex laws and regulations that are subject to interpretation. Noncompliance with such laws and regulations could result in fines, penalties and exclusion from such programs. Northwell is not aware of any allegations of noncompliance that could have a material adverse effect on the accompanying consolidated financial statements and believes that it is in compliance with all applicable laws and regulations. Medicare cost reports, which are filed individually by the applicable Northwell entities and serve as the basis for final settlement with the Medicare program, have been audited by the Medicare fiscal intermediary and settled through years ranging from 2000 to 2019. Other years remain open for audit and settlement, as do certain issues related to the New York State Medicaid program for prior years. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount when open years are settled and additional information is obtained.

Settlements with third-party payers for cost report filings and retroactive adjustments due to ongoing and future audits, reviews or investigations are considered variable consideration and are included in the determination of Patient Revenue. These settlements are estimated based on the terms of the payment agreement with the payer, correspondence from the payer and Northwell's historical settlement activity (for example, cost report final settlements or repayments related to recovery audits), including an assessment to ensure that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the retroactive adjustment is subsequently resolved. Such estimates are determined through either a probability-weighted estimate or an estimate of the most likely amount, depending on the circumstances related to a given estimated settlement item. Estimated settlements are adjusted in future periods as adjustments become known (that is, new information becomes available), or as years are settled or are no longer subject to such audits, reviews and investigations. Changes in estimates relating to prior year settlements were not significant for the years ended December 31, 2021 and 2020.

Northwell Health, Inc.

Notes to Consolidated Financial Statements (continued) (In Thousands)

3. Accounts Receivable and Patient Revenue (continued)

There are various proposals at the Federal and State levels that could, among other things, significantly reduce payment rates or modify payment methods. The ultimate outcome of these proposals and other market changes, including the potential effects of revisions to health care regulations that may be enacted by the Federal and State governments, cannot presently be determined. Future changes in the Medicare and Medicaid programs and any reduction of funding could have an adverse impact on Northwell. Additionally, certain payers' payment rates for various years have been appealed by certain members of Northwell. If the appeals are successful, additional income applicable to those years could be realized.

Northwell grants credit without collateral to its patients, most of whom are insured under various third-party agreements. The significant concentrations of accounts receivable for services to patients, net at December 31, 2021 and 2020 were as follows:

	December 31	
	2021	2020
Medicare and Medicare managed care	32%	31%
Medicaid and Medicaid managed care	19	19
Self-pay (including balances after insurance)	4	4
Other third-party payers	45	46
	100%	100%

Charity Care

Together, charity care, implicit price concessions and bad debt expense represent uncompensated care. The estimated cost of total uncompensated care was approximately \$362,000 and \$352,000 for the years ended December 31, 2021 and 2020, respectively. The estimated cost of charity care provided was approximately \$260,000 and \$253,000 for the years ended December 31, 2021 and 2020, respectively. The estimated cost of uncompensated care and charity care is based on the ratio of cost to charges, as determined using Northwell-specific data.

The NYSDOH Hospital Indigent Care Pool (the Pool) was established to provide funds to hospitals for the provision of uncompensated care and is funded, in part, by a 1% assessment on hospital net inpatient service revenue. For the years ended December 31, 2021 and 2020, Northwell received \$83,477 and \$77,282, respectively. Northwell made payments into the Pool of \$64,679 and \$60,846 for the years ended December 31, 2021 and 2020, respectively, for the 1% assessment.

Northwell Health, Inc.

Notes to Consolidated Financial Statements (continued)
(In Thousands)

4. Cash, Investments and Liquidity

Northwell's cash, cash equivalents and investments are reported in the consolidated statements of financial position as presented below at December 31, 2021 and 2020:

	2021	2020
Cash and cash equivalents	\$ 578,168	\$ 830,955
Short-term investments	4,376,827	3,619,297
Long-term investments	3,833,609	3,970,226
Total cash, cash equivalents and investments	8,788,604	8,420,478
Less assets limited as to use:		
Management designated malpractice and other self-insurance assets	1,280,356	1,022,791
Management designated assets to repay Medicare advances	635,790	1,030,229
Other management designated assets*	1,921,169	1,927,682
Donor restricted assets	410,094	359,650
Deferred employee compensation plan assets	380,941	304,188
Assets under bond indentures and other	83,216	98,067
Total assets limited as to use	4,711,566	4,742,607
Total unrestricted cash, cash equivalents and investments	<u>\$ 4,077,038</u>	<u>\$ 3,677,871</u>

*Other management designated assets include sinking funds established to repay Northwell's taxable debt, amounts designated to fund future capital expenditures and investments, and amounts deferred under the CARES Act FICA employer tax deferral program.

The total unrestricted cash, cash equivalents and investments is used in Northwell's days cash on hand calculation, a required financial ratio for certain debt compliance covenants (see Note 8).

Short-term investments include \$968,983 and \$859,140 of assets limited as to use at December 31, 2021 and 2020, respectively. Long-term investments include \$3,742,583 and \$3,883,467 of assets limited as to use at December 31, 2021 and 2020, respectively.

Northwell Health, Inc.

Notes to Consolidated Financial Statements (continued)
(In Thousands)

4. Cash, Investments and Liquidity (continued)

Cash and cash equivalents, short-term investments and long term-investments, stated on the applicable measurement basis as described in Note 2, consist of the following at December 31, 2021:

	Total	Unrestricted Cash and Investments	Assets Limited as to Use
Cash and cash equivalents (including amounts in the investment portfolio)	\$ 1,024,899	\$ 822,724	\$ 202,175
U.S. Government obligations	554,834	413,528	141,306
Corporate and other bonds	855,503	638,488	217,015
Fixed income mutual funds	726,628	553,736	172,892
Commingled fixed income funds	914,609	—	914,609
Equity securities	1,642,491	1,050,429	592,062
Equity mutual funds	1,191,878	588,168	603,710
Commingled equity funds	415,480	—	415,480
Target-age mutual funds	131,387	—	131,387
Funds of hedge funds	978,053	—	978,053
Hedge funds	519	—	519
Private equity funds	43,463	—	43,463
Private real estate funds	10,005	—	10,005
Private credit funds	24,906	—	24,906
Non-clinical joint venture investments	47,168	—	47,168
Accrued interest and other	226,781	9,965	216,816
	<u>\$ 8,788,604</u>	<u>\$ 4,077,038</u>	<u>\$ 4,711,566</u>

Northwell Health, Inc.

Notes to Consolidated Financial Statements (continued)
(In Thousands)

4. Cash, Investments and Liquidity (continued)

Cash and cash equivalents, short-term investments and long term-investments, stated on the applicable measurement basis as described in Note 2, consist of the following at December 31, 2020:

	Total	Unrestricted Cash and Investments	Assets Limited as to Use
Cash and cash equivalents (including amounts in the investment portfolio)	\$ 1,268,946	\$ 1,015,178	\$ 253,768
U.S. Government obligations	509,496	335,619	173,877
Corporate and other bonds	760,113	506,263	253,850
Fixed income mutual funds	704,141	468,910	235,231
Commingled fixed income funds	901,918	—	901,918
Equity securities	1,481,716	854,724	626,992
Equity mutual funds	1,072,221	489,735	582,486
Commingled equity funds	390,269	—	390,269
Target-age mutual funds	99,042	—	99,042
Funds of hedge funds	839,500	—	839,500
Hedge funds	487	—	487
Private equity funds	20,801	—	20,801
Private real estate funds	5,888	—	5,888
Private credit funds	16,301	—	16,301
Non-clinical joint venture investments	198,972	—	198,972
Accrued interest and other	150,667	7,442	143,225
	<u>\$ 8,420,478</u>	<u>\$ 3,677,871</u>	<u>\$ 4,742,607</u>

Northwell Health, Inc.

Notes to Consolidated Financial Statements (continued)
(In Thousands)

4. Cash, Investments and Liquidity (continued)

Investment income and the change in net unrealized gains and losses and change in value of equity method investments are comprised of the following for the years ended December 31, 2021 and 2020:

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Investment income:			
Interest and dividend income, net of fees	\$ 89,472	\$ 3,261	\$ 92,733
Net realized gains and losses	392,191	26,639	418,830
Less interest and dividend income included in other operating revenue	(21,168)	—	(21,168)
	<u>\$ 460,495</u>	<u>\$ 29,900</u>	<u>\$ 490,395</u>
Change in net unrealized gains and losses and change in value of equity method investments:			
Change in net unrealized gains and losses	\$ (17,678)	\$ 1,828	\$ (15,850)
Equity method investment gains	34,065	9,007	43,072
	<u>\$ 16,387</u>	<u>\$ 10,835</u>	<u>\$ 27,222</u>
	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Investment income:			
Interest and dividend income, net of fees	\$ 74,906	\$ 3,274	\$ 78,180
Net realized gains and losses	126,764	9,245	136,009
Less interest and dividend income included in other operating revenue	(15,359)	—	(15,359)
	<u>\$ 186,311</u>	<u>\$ 12,519</u>	<u>\$ 198,830</u>
Change in net unrealized gains and losses and change in value of equity method investments:			
Change in net unrealized gains and losses	\$ 436,176	\$ 24,823	\$ 460,999
Equity method investment gains	89,833	3,596	93,429
	<u>\$ 526,009</u>	<u>\$ 28,419</u>	<u>\$ 554,428</u>

Northwell Health, Inc.

Notes to Consolidated Financial Statements (continued) (In Thousands)

4. Cash, Investments and Liquidity (continued)

Liquidity

Financial assets available for general expenditure within one year of the consolidated statement of financial position date consist of the following at December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 578,168	\$ 830,955
Short-term investments	3,407,844	2,760,157
Accounts receivable for services to patients, net	1,568,340	1,276,235
Accounts receivable for physician activities, net	309,853	271,784
	<u>\$ 5,864,205</u>	<u>\$ 5,139,131</u>

In addition to the assets above, Northwell also has assets limited as to use of \$968,983 and \$859,140 included within short-term investments on the accompanying consolidated statements of financial position at December 31, 2021 and 2020, respectively, which are designated to be used within the next year for specified purposes. Also, included within long-term investments on the accompanying consolidated statements of financial position at December 31, 2021 and 2020 are certain management designated assets limited as to use not currently available for general expenditure within the next year, but which could be made available if necessary. Refer to Note 2 for further discussion of assets limited as to use.

As part of Northwell's liquidity management plan, cash in excess of daily requirements is invested in marketable securities and other investments.

Additionally, Northwell has entered into various unsecured revolving credit facilities with commercial banks, as discussed in more detail in Note 8. As of December 31, 2021 and 2020, \$224,848 and \$511,460, respectively, remain available on such arrangements.

Northwell Health, Inc.

Notes to Consolidated Financial Statements (continued) (In Thousands)

5. Pledges Receivable

Pledges receivable at December 31, 2021 and 2020 consist of the following:

	2021	2020
Amounts expected to be collected in:		
Less than one year	\$ 76,094	\$ 70,264
One to five years	120,711	103,418
More than five years	34,269	25,743
	231,074	199,425
Less:		
Discount to present value future cash flows (discount rates ranging from 0.4% to 4.4%)	13,676	12,296
Allowance for uncollectible amounts	35,976	35,714
Current portion of pledges receivable	54,323	51,076
Pledges receivable, net of current portion	\$ 127,099	\$ 100,339

6. Property, Plant and Equipment

Property, plant and equipment and accumulated depreciation and amortization at December 31, 2021 and 2020 are summarized as follows:

	2021	2020
Land	\$ 782,085	\$ 777,245
Land improvements	28,905	27,453
Buildings and fixed equipment	4,921,786	4,744,321
Movable equipment	2,653,937	2,418,564
Leasehold improvements	35,024	35,754
	8,421,737	8,003,337
Less accumulated depreciation and amortization	3,124,024	2,791,601
	5,297,713	5,211,736
Construction and other projects-in-progress	949,097	646,926
	\$ 6,246,810	\$ 5,858,662

Northwell wrote off approximately \$245,000 and \$316,000 of fully depreciated assets in 2021 and 2020, respectively.

Northwell Health, Inc.

Notes to Consolidated Financial Statements (continued) (In Thousands)

6. Property, Plant and Equipment (continued)

Net interest capitalized for the years ended December 31, 2021 and 2020 was approximately \$16,000 and \$13,000, respectively.

At December 31, 2021, Northwell is committed to pay approximately \$400,000 for future work on certain construction projects in progress.

7. Leases

Northwell leases certain medical offices, administrative offices and equipment under finance and operating leases. 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 and certain criteria, such as the term of the lease relative to the useful life of the asset and the total lease payments to be made as compared to the fair value of the asset, among other criteria.

As of December 31, 2021 and 2020, assets acquired under finance leases of \$210,933 and \$217,662, respectively, and accumulated amortization associated with finance leases of \$32,387 and \$28,429, respectively, are recorded in property, plant and equipment, net in the consolidated statements of financial position.

Northwell's right-of-use assets pertaining to operating leases represent the right to use the agreement's underlying assets for the lease term, and the corresponding lease liabilities represent the obligation to make lease payments arising from the lease. Such right-of-use assets and lease liabilities are recognized at the lease's commencement date at the present value of lease payments over the lease term for leases with initial terms greater than one year. The present value of lease payments is calculated by utilizing the discount rate implicit in the lease, when readily determinable. For leases for which this rate is not readily determinable, Northwell uses its incremental borrowing rate for financing over a comparable period as the discount rate. A right-of-use asset and lease liability are not recognized for leases with an initial term of 12 months or less. Northwell recognizes lease expense for operating leases over the lease term within supplies and expenses on the consolidated statements of operations. The deferred rent liability resulting from recording operating lease expense using the straight-line method is reported as a reduction to the right-of-use assets – operating leases line of the accompanying consolidated statements of financial position.

Northwell Health, Inc.

Notes to Consolidated Financial Statements (continued) (In Thousands)

7. Leases (continued)

Northwell's operating and finance leases have remaining lease terms, ranging from less than one year to sixty-three years, some of which may include options to extend. Lease payments related to periods subject to renewal options are excluded from the amounts used to determine the right-of-use assets and lease liabilities, unless Northwell is reasonably certain to exercise the option to extend the lease. Northwell's leases may also include variable lease payments. Variable lease payments are excluded from the amounts used to determine the right-of-use leased assets and liabilities, unless the variable lease payments depend on an index or rate or are in substance fixed payments.

Northwell does not separate lease components from non-lease components in contracts in the accounting for its lease payments. As such, Northwell accounts for the applicable non-lease components (e.g., fixed common area maintenance costs) together with the related lease components when determining the right-of-use assets and lease liabilities.

The components of lease cost included in the accompanying consolidated statements of operations for the years ended December 31, 2021 and 2020 are as follows:

	2021	2020
Finance lease cost:		
Amortization of assets acquired under finance leases	\$ 10,687	\$ 7,794
Interest on finance lease obligations	16,413	15,880
Operating lease cost:		
Lease cost – leases with terms greater than one year	183,946	173,727
Short-term lease cost	5,980	5,423
Variable lease cost	35,318	30,210
Total lease cost	<u>\$ 252,344</u>	<u>\$ 233,034</u>

Northwell Health, Inc.

Notes to Consolidated Financial Statements (continued)
(In Thousands)

7. Leases (continued)

Other information related to leases and supplemental cash flows as of and for the years ended December 31, 2021 and 2020 are as follows:

	2021	2020
Operating cash flows for interest on finance leases	\$ 16,413	\$ 15,880
Operating cash flows for operating leases*	177,246	166,727
Financing cash flows for finance leases	7,197	7,192
Assets acquired under new finance lease obligations	—	30,075
Right-of-use leased assets obtained in exchange for new or amended operating lease obligations	255,605	112,116
Weighted-average remaining lease term:		
Finance leases	25 years	26 years
Operating leases	10 years	11 years
Weighted-average discount rate:		
Finance leases	7.6%	7.6%
Operating leases	3.5%	4.0%

* Cash flows relating to operating lease costs for leases with terms greater than one year. Excludes variable lease costs.

Northwell Health, Inc.

Notes to Consolidated Financial Statements (continued) (In Thousands)

7. Leases (continued)

The following table reconciles the undiscounted future lease payments to the lease obligations recorded on the accompanying consolidated statement of financial position at December 31, 2021:

	Operating	Finance
2022	\$ 167,135	\$ 22,456
2023	153,298	22,147
2024	141,964	21,705
2025	126,425	21,373
2026	109,228	20,262
Thereafter	562,007	432,320
Total minimum future payments	1,260,057	540,263
Less interest	234,951	287,453
Less net unamortized issuance costs	—	1,844
Total liabilities	1,025,106	250,966
Less current portion	133,350	6,415
Long-term liabilities	<u>\$ 891,756</u>	<u>\$ 244,551</u>

8. Debt

Long-Term Debt

Long-term debt at December 31, 2021 and 2020 consists of the following:

	2021	2020
Bonds payable at varying dates through November 2049, at fixed and variable interest rates ranging from 1.80% to 6.15%	\$ 3,158,717	\$ 3,188,776
Other long-term debt payable at varying dates through September 2045 at variable and fixed interest rates ranging from 1.60% to 4.46%	473,073	501,726
Total long-term debt	3,631,790	3,690,502
Less current portion of bonds payable	31,222	30,149
Less current portion of other long-term debt	33,191	28,775
Less net unamortized debt issuance costs	22,876	24,587
Add net unamortized bond premium	35,426	43,834
	<u>\$ 3,579,927</u>	<u>\$ 3,650,825</u>

Northwell Health, Inc.

Notes to Consolidated Financial Statements (continued)
(In Thousands)

8. Debt (continued)

Annual aggregate principal payments applicable to long-term debt for years subsequent to December 31, 2021 are as follows:

	Bonds Payable	Other Long-Term Debt	Total
Year ended December 31:			
2022	\$ 31,222	\$ 33,191	\$ 64,413
2023	30,105	31,596	61,701
2024 ^(a)	26,603	30,348	56,951
2025	26,061	30,448	56,509
2026 ^(b)	27,328	31,156	58,484
Thereafter	3,017,398	316,334	3,333,732
	<u>\$ 3,158,717</u>	<u>\$ 473,073</u>	<u>\$ 3,631,790</u>

^(a) \$53,725 of Series 2019B-2 bonds subject to mandatory tender for purchase on May 1, 2024 are excluded from the 2024 principal payments noted above. Northwell has an option to refinance these bonds at that date.

^(b) \$53,725 of Series 2019B-3 bonds subject to mandatory tender for purchase on May 1, 2026 are excluded from the 2026 principal payments noted above. Northwell has an option to refinance these bonds at that date.

Most of Northwell's debt arrangements include security agreements of various types. The agreements include, among other provisions, the pledging as collateral certain assets and revenues, and limitations on the use of assets, including restrictions on the transfer of assets to entities outside Northwell. At December 31, 2021 and 2020, the majority of Northwell's assets were pledged as collateral under the terms of various debt agreements. In addition, certain debt agreements contain covenants related to the maintenance of financial ratios, including debt service coverage ratios and days cash on hand, and the maintenance of certain debt service and other reserve funds included in assets limited as to use. At December 31, 2021 and 2020, Northwell was in compliance with the financial covenants.

Northwell Health, Inc.

Notes to Consolidated Financial Statements (continued) (In Thousands)

8. Debt (continued)

Bonds Payable

Bonds payable by Northwell consist of the following at December 31, 2021:

	Interest Structure	Final Maturity	Outstanding Principal
Obligated Group			
Series 2019A (taxable)	Fixed	2049	\$ 447,675
Series 2019A	Fixed	2033	23,715
Series 2019B ^(a)	Fixed	2048 ^(g)	161,180
Series 2017A (taxable)	Fixed	2047	956,919
Series 2016A (taxable)	Fixed	2046	500,000
Series 2015A	Fixed	2043	450,815
Series 2013A (taxable)	Fixed	2043	250,000
Series 2012A	Fixed	2023	3,245
Series 2012B (taxable)	Fixed	2042	135,000
Series 2009B	Fixed	2039	50,000
Series 2009C	Fixed	2039	37,500
Series 2009D	Fixed	2039	37,500
Other			
Phelps Series 2013 ^(b)	Fixed	2038	9,520
Phelps Series 2005 A and B ^(b)	Fixed	2030	13,500
Northern Westchester Series 2014 A and B ^(c)	Fixed	2039	27,383
Northern Westchester Series 2009 ^(c)	Variable	2032	7,935
Northern Westchester Series 2004 ^(c)	Variable ^(f)	2024	3,465
Peconic Series 2006 A and B ^(d)	Variable ^(f)	2031	13,670
Peconic Series 2007 D ^(d)	Variable ^(f)	2032	7,755
Mather Series 2013 ^(e)	Variable ^(f)	2043	19,705
Mather Series 2012 ^(e)	Variable ^(f)	2022	2,235
			<u>\$ 3,158,717</u>

^(a) In 2021, Northwell refunded \$53,730 of its Series 2019B-1 bonds. As a result, Northwell is party to a direct purchase agreement with a commercial bank expiring in 2028 for its Series 2019B-1 bonds.

^(b) Phelps is party to direct purchase agreements with a commercial bank expiring in 2025 and 2030 for its Series 2013 and Series 2005 A and B bonds, respectively.

^(c) Northern Westchester is party to direct purchase agreements with two commercial banks expiring in 2024 for its Series 2014 Series bonds. Northern Westchester's Series 2009 and 2004 bonds are backed by commercial bank direct pay letters of credit expiring in 2026 and 2024, respectively.

^(d) At December 31, 2021, Peconic was party to an agented direct purchase agreement with three commercial bank parties expiring in 2022 for its three outstanding bond issues. The debt and terminated swap were refinanced on March 1, 2022, with a bank term loan expiring in 2032.

^(e) Mather is party to direct purchase agreements with a commercial bank expiring in 2023 and 2022 for its Series 2013 and 2012 bonds, respectively.

^(f) Variable rate debt is swapped to a fixed rate via interest rate swap agreements.

^(g) \$53,725, \$53,725 and \$53,730 subject to mandatory tender for purchase on May 1, 2024, May 1, 2026 and November 1, 2028, respectively.

Northwell Health, Inc.

Notes to Consolidated Financial Statements (continued) (In Thousands)

8. Debt (continued)

The Series 2019A, 2017A, 2016A, 2013A and 2012B taxable bonds were issued by HCI as a joint and several obligation of the Obligated Group. The bonds of Phelps, Northern Westchester, Peconic and Mather are tax-exempt and are not obligations of the Obligated Group. All other bonds are tax-exempt and were issued through the Dormitory Authority of the State of New York (DASNY) on behalf of the Obligated Group.

In 2022, the Obligated Group intends to issue tax-exempt revenue bonds through DASNY. The proceeds of the bonds will be used primarily to fund capital expenditures of the Obligated Group and refund the Series 2009B, Series 2009C and Series 2009D bonds. The plan of financing and refunding has been approved by DASNY.

Other Long-Term Debt

Other long-term debt consists of the following at December 31, 2021:

	Interest Structure	Final Maturity	Outstanding Principal
Obligated Group			
2014 Private Placement Notes Payable	Fixed	2030	\$ 225,020
Other			
LIJMC's Center for Advanced Medicine			
Mortgage	Fixed	2045	189,030
Real Estate Financing	Fixed	2045	25,140
Staten Island Term Loan	Fixed	2023	6,000
Lenox Mortgage	Variable	2029	14,708
Phelps Mortgage	Fixed	2031	2,502
Northern Westchester Term Loan	Variable	2022	1,000
Other Loans	Fixed	2026	9,673
			<u>\$ 473,073</u>

Northwell Health, Inc.

Notes to Consolidated Financial Statements (continued) (In Thousands)

8. Debt (continued)

Short-Term Borrowings

Certain members of Northwell have entered into several unsecured revolving credit facilities with commercial banks with commitment availability through dates currently ranging from September 30, 2022 to November 1, 2024. Borrowings under these credit facilities are short-term and are primarily used to provide interim financing for capital projects, with repayment to be provided from bond proceeds and/or the receipt of fundraising proceeds from capital campaigns. Additionally, amounts can be used to provide backup financing for the support of the certificate of need process as required by the NYSDOH and short-term working capital to support the monthly operating cash conversion cycle. Total credit available under such arrangements was \$634,158 and \$606,460 at December 31, 2021 and 2020, respectively. Balances outstanding from these borrowings were \$409,310 and \$95,000 at December 31, 2021 and 2020, respectively. During 2021, approximately \$246,000 was drawn on short-term borrowings to fund the purchase of a mortgage note receivable on certain property for which Northwell has an option to purchase (see Note 14).

9. Fair Values of Financial Instruments

For assets and liabilities required to be measured at fair value, Northwell measures fair value based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements are applied based on the unit of account from Northwell's perspective. The unit of account determines what is being measured by reference to the level at which the asset or liability is aggregated (or disaggregated) for purposes of applying other accounting pronouncements.

Northwell follows a valuation hierarchy that prioritizes observable and unobservable inputs used to measure fair value into three broad levels, which are described below:

- Level 1:* Quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical assets or liabilities.
- Level 2:* Observable inputs that are based on inputs not quoted in active markets, but corroborated by market data.
- Level 3:* Unobservable inputs are used when little or no market data is available.

Northwell Health, Inc.

Notes to Consolidated Financial Statements (continued)
(In Thousands)

9. Fair Values of Financial Instruments (continued)

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

A financial instrument's categorization within the three levels of the valuation hierarchy is not indicative of the investment risk associated with the underlying assets.

Financial assets and liabilities carried at fair value as of December 31, 2021 are classified in the following table in one of the three categories described previously:

	2021			
	Level 1	Level 2	Level 3	Total
Assets				
Cash and cash equivalents (including amounts in the investment portfolio)	\$ 1,024,899	\$ —	\$ —	\$ 1,024,899
Fixed income obligations:				
U.S. Government obligations	180,646	374,188	—	554,834
Corporate and other bonds	—	855,503	—	855,503
Fixed income mutual funds	726,628	—	—	726,628
Commingled fixed income funds*	—	285,769	—	285,769
Equity securities:				
Value	782,783	—	—	782,783
Small cap	258,701	—	—	258,701
Global	386,779	—	—	386,779
Growth	214,228	—	—	214,228
Equity mutual funds	1,191,878	—	—	1,191,878
Commingled equity funds*	—	323,014	—	323,014
Target-age mutual funds	131,387	—	—	131,387
Accrued interest and other	18,438	—	—	18,438
Liabilities				
Interest rate swap agreements	—	(4,817)	—	(4,817)
	<u>\$ 4,916,367</u>	<u>\$ 1,833,657</u>	<u>\$ —</u>	<u>\$ 6,750,024</u>

Northwell Health, Inc.

Notes to Consolidated Financial Statements (continued)
(In Thousands)

9. Fair Values of Financial Instruments (continued)

Financial assets and liabilities carried at fair value as of December 31, 2020 are classified in the following table in one of the three categories described previously:

	2020			
	Level 1	Level 2	Level 3	Total
Assets				
Cash and cash equivalents (including amounts in the investment portfolio)	\$ 1,268,946	\$ —	\$ —	\$ 1,268,946
Fixed income obligations:				
U.S. Government obligations	181,818	327,678	—	509,496
Corporate and other bonds	—	760,113	—	760,113
Fixed income mutual funds	704,141	—	—	704,141
Commingled fixed income funds*	—	406,937	—	406,937
Equity securities:				
Value	674,612	—	—	674,612
Small cap	235,490	—	—	235,490
Global	374,896	—	—	374,896
Growth	196,718	—	—	196,718
Equity mutual funds	1,072,221	—	—	1,072,221
Commingled equity funds*	—	305,049	—	305,049
Target-age mutual funds	99,042	—	—	99,042
Accrued interest and other	22,232	—	—	22,232
Liabilities				
Interest rate swap agreements	—	(7,164)	—	(7,164)
	\$ 4,830,116	\$ 1,792,613	\$ —	\$ 6,622,729

* Certain of Northwell's commingled fixed income and commingled equity fund investments are valued based on inputs not quoted in active markets, but corroborated by market data, while other commingled fixed income and commingled equity fund investments are recorded on the equity method of accounting and excluded from the fair value tables above.

Northwell Health, Inc.

Notes to Consolidated Financial Statements (continued) (In Thousands)

9. Fair Values of Financial Instruments (continued)

Fair value for Level 1 is based upon quoted market prices. Fair value for Level 2 is based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the investment.

The amounts reported in the previous tables exclude certain amounts reported as investments, including investments under the equity method or at Adjusted Cost in the amounts of \$2,033,763 and \$1,790,585 at December 31, 2021 and 2020, respectively (see Notes 2 and 4), and assets invested in Northwell's pension plans (see Note 10).

10. Pension Plans and Other Postretirement Benefits

Pension Plans

Northwell maintains several pension plans for its employees. The following are descriptions of such plans and the respective pension expense for the years ended December 31, 2021 and 2020.

Certain members of Northwell provide pension and similar benefits to its employees through defined contribution plans. Contributions to the defined contribution plans are based on percentages of annual salaries. It is the policy of these members to fund accrued costs under these plans on a current basis. Pension expense for 2021 and 2020 related to the defined contribution plans amounted to \$220,166 and \$226,032, respectively.

Certain members of Northwell contribute to various multiemployer defined benefit pension plans under the terms of collective-bargaining agreements that cover union-represented employees. The risks of participating in these multiemployer plans are different from single-employer plans in the following aspects:

- a. Assets contributed to the multiemployer plan by one employer may be used to provide benefits to employees of other participating employers.
- b. If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers.
- c. If Northwell stops participating in any of its multiemployer 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.

Northwell Health, Inc.

Notes to Consolidated Financial Statements (continued) (In Thousands)

10. Pension Plans and Other Postretirement Benefits (continued)

Northwell's significant participation in certain multiemployer plans for the annual period ended December 31, 2021 is outlined in the following table. The following information for the 1199SEIU Health Care Employees Pension Fund (the 1199 Plan) and the New York State Nurses Association Pension Plan (the NYSNA Plan) is included within the table:

- The "EIN/Pension Plan Number" column provides the plans' Employee Identification Number (EIN) and the three-digit plan number.
- The most recent "Pension Protection Act Zone Status" available in 2021 and 2020 is for a plan's year-end at December 31, 2020 and 2019, respectively, and is based on information that Northwell received from the plans and is certified by the plans' actuaries. Among other factors, plans in the red zone are generally less than 65% funded, plans in the yellow zone are less than 80% funded and plans in the green zone are at least 80% funded.
- The "FIP/RP Status Pending/Implemented" column indicates plans for which a financial improvement plan (FIP) or a rehabilitation plan (RP) is either pending or has been implemented.
- The last column lists the expiration dates of the collective bargaining agreements to which the plans are subject.

Pension Fund	EIN/Pension Plan Number	Pension Protection Act Zone Status		FIP/RP Status Pending/Implemented	Contributions of Northwell		Surcharge Imposed	Expiration Date of Collective-Bargaining Agreements
		2021	2020		2021	2020		
1199 Plan ^(a)	13-3604862/001	Green as of 1/1/21	Green as of 1/1/20	N/A	\$ 104,574	\$ 101,594	No	1/15/2022 to 11/30/2024
NYSNA Plan ^(a)	13-6604799/001	Green as of 1/1/21	Green as of 1/1/20	N/A	\$ 16,092	\$ 16,037	No	10/12/21 to 3/31/2024

^(a)Northwell was listed in the 1199 and NYSNA plans' Forms 5500 as providing more than 5% of the total contributions during each of the plans' 2020 and 2019 plan years. Forms 5500 are not yet available for the plan year ended in 2021.

In addition to the plans noted in the table above, Northwell also participates in several other multiemployer plans. Contributions for these other plans totaled \$994 and \$1,079 for the years ended December 31, 2021 and 2020, respectively.

Northwell Health, Inc.

Notes to Consolidated Financial Statements (continued) (In Thousands)

10. Pension Plans and Other Postretirement Benefits (continued)

Northwell maintains various deferred compensation plans pursuant to Section 457(b) of the Code (the 457(b) Plans). Eligible employees may defer compensation under a salary reduction agreement, subject to certain dollar limitations. Non-elective employer contributions may also be made for some of the 457(b) Plans. Payments upon retirement or termination of employment are based on amounts credited to the individual accounts. The assets and corresponding liability for the 457(b) Plans and other deferred compensation plans, included in long-term investments and accrued retirement benefits in the accompanying consolidated statements of financial position, totaled \$380,941 and \$304,188 at December 31, 2021 and 2020, respectively.

Defined Benefit Pension Plans

Certain employees are covered by noncontributory defined benefit pension plans (the Plans), with the Cash Balance Plan being the primary plan. Northwell recognizes the funded status (i.e., the difference between the fair value of plan assets and the projected benefit obligations) of the Plans in its consolidated statements of financial position.

Northwell Health, Inc.

Notes to Consolidated Financial Statements (continued)
(In Thousands)

10. Pension Plans and Other Postretirement Benefits (continued)

The following tables provide a reconciliation of the changes in the Plans' aggregated projected benefit obligation and fair value of plan assets for the years ended December 31, 2021 and 2020 and the funded status and accumulated benefit obligation of the Plans as of December 31, 2021 and 2020:

	2021	2020
Reconciliation of the projected benefit obligation		
Obligation at January 1	\$ 3,113,546	\$ 2,937,788
Service cost	115,268	105,108
Interest cost	86,450	102,882
Plan amendments	44,605	870
Actuarial (gain) loss	(51,368)	237,761
Benefit payments	(124,410)	(92,466)
Settlements	(912)	(178,397)
Obligation at December 31	<u>\$ 3,183,179</u>	<u>\$ 3,113,546</u>
Reconciliation of fair value of plan assets		
Fair value of plan assets at January 1	\$ 2,707,553	\$ 2,573,088
Actual return on plan assets	297,803	298,176
Employer contributions	106,359	107,152
Benefit payments	(124,410)	(92,466)
Settlements	(912)	(178,397)
Fair value of plan assets at December 31	<u>\$ 2,986,393</u>	<u>\$ 2,707,553</u>
Funded status		
Funded status at December 31	<u>\$ (196,786)</u>	<u>\$ (405,993)</u>
Accumulated benefit obligation at December 31	<u>\$ 2,983,505</u>	<u>\$ 2,899,323</u>

Northwell Health, Inc.

Notes to Consolidated Financial Statements (continued)
(In Thousands)

10. Pension Plans and Other Postretirement Benefits (continued)

The current portion of accrued retirement benefits related to the Plans, included in accrued salaries and related benefits in the accompanying consolidated statements of financial position, is \$852 and \$853 at December 31, 2021 and 2020, respectively. At December 31, 2021 and 2020, certain plans were funded with plan assets at a level exceeding their respective projected benefit obligation. As a result, their funded status of \$16,449 and \$5,793 are included in other assets in the accompanying consolidated statements of financial position as of December 31, 2021 and 2020, respectively.

The actuarial gain in 2021 and actuarial loss in 2020 is primarily due to changes in the discount rate used in the measurement of the Plans' benefit obligation. The settlements recorded in 2020 were primarily due to the purchase of annuities for in-payment participants that had a monthly benefit payment of \$0.5 or less.

Included in net assets without donor restrictions at December 31, 2021 and 2020 are the following amounts related to the Plans that have not yet been recognized in net periodic benefit cost:

	<u>2021</u>	<u>2020</u>
Unrecognized actuarial loss	\$ (504,625)	\$ (727,404)
Unrecognized prior service cost	(49,314)	(12,151)
	<u>\$ (553,939)</u>	<u>\$ (739,555)</u>

Northwell Health, Inc.

Notes to Consolidated Financial Statements (continued)
(In Thousands)

10. Pension Plans and Other Postretirement Benefits (continued)

The following table provides the components of the net periodic benefit cost for the Plans for the years ended December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Service cost (included in employee benefits)	\$ 115,268	\$ 105,108
Interest cost on projected benefit obligation	86,450	102,882
Expected return on plan assets	(173,661)	(161,350)
Amortization of actuarial loss	47,179	42,173
Amortization of prior service cost	7,442	9,739
Settlement loss	90	5,701
Total included in non-operating net periodic benefit credit	<u>(32,500)</u>	<u>(855)</u>
Net periodic benefit cost	<u>\$ 82,768</u>	<u>\$ 104,253</u>

Prior service costs are amortized over the average remaining service period of active participants. Actuarial gains and losses in excess of 10% of the greater of the projected benefit obligations and the market-related value of assets are amortized over the average remaining service period of active participants.

The assumptions used in the measurement of the Cash Balance Plan's benefit obligations at December 31, 2021 and 2020 are shown in the following table:

	<u>2021</u>	<u>2020</u>
Discount rate	3.04%	2.75%
Rate of compensation increase	4.00%	4.00%
Interest crediting rate	1.98%	1.54%

Northwell Health, Inc.

Notes to Consolidated Financial Statements (continued)
(In Thousands)

10. Pension Plans and Other Postretirement Benefits (continued)

The assumptions used in the measurement of the Cash Balance Plan's net periodic benefit cost for the years ended December 31, 2021 and 2020 are shown in the following table:

	2021	2020
Discount rate	2.75%	3.50%
Expected long-term rate of return on plan assets	6.50%	6.50%
Rate of compensation increase	4.00%	4.00%
Interest crediting rate	1.54%	2.21%

The Cash Balance Plan comprises 88.2% and 86.5% of the Plans' total projected benefit obligation as of December 31, 2021 and 2020, respectively, and 78.4% and 83.8% of the net periodic benefit cost for the years ended December 31, 2021 and 2020, respectively.

Benefit payments for the Plans, which reflect expected future service, as appropriate, are expected to be paid as follows:

2022	\$ 143,215
2023	144,557
2024	152,065
2025	160,054
2026	167,089
2027 to 2031	887,457

Northwell expects to make contributions of approximately \$3,000 to the Plans in 2022.

Northwell Health, Inc.

Notes to Consolidated Financial Statements (continued)
(In Thousands)

10. Pension Plans and Other Postretirement Benefits (continued)

Defined Benefit Pension Plan Assets

The fair values of the Plans' assets at December 31, 2021, by asset category, are as follows:

Asset Category	Level 1	Level 2	Level 3	Total
Cash and short-term investments	\$ 32,423	\$ —	\$ —	\$ 32,423
Fixed income obligations:				
U.S. Government obligations	23,537	90,135	—	113,672
Corporate and other bonds	—	172,773	—	172,773
Fixed income mutual funds	155,863	—	—	155,863
Commingled fixed income funds	—	288,718	—	288,718
Equity securities:				
Value	132,031	—	—	132,031
Small cap	92,637	—	—	92,637
Global	365,440	—	—	365,440
Growth	71,664	—	—	71,664
Equity mutual funds	316,661	—	—	316,661
Commingled equity funds	—	111,485	—	111,485
Accrued interest and other	3,579	—	—	3,579
	<u>\$ 1,193,835</u>	<u>\$ 663,111</u>	<u>\$ —</u>	<u>1,856,946</u>
Assets measured at net asset value:				
Commingled fixed income funds				189,265
Commingled equity funds				72,744
Funds of hedge funds				430,789
Hedge funds				16
Private equity funds				264,711
Private credit funds				101,976
Private real estate funds				69,946
Total assets at fair value				<u>\$ 2,986,393</u>

Northwell Health, Inc.

Notes to Consolidated Financial Statements (continued)
(In Thousands)

10. Pension Plans and Other Postretirement Benefits (continued)

The fair values of the Plans' assets at December 31, 2020, by asset category, are as follows:

Asset Category	Level 1	Level 2	Level 3	Total
Cash and short-term investments	\$ 81,884	\$ —	\$ —	\$ 81,884
Fixed income obligations:				
U.S. Government obligations	17,894	75,909	—	93,803
Corporate and other bonds	—	131,598	—	131,598
Fixed income mutual funds	142,927	—	—	142,927
Commingled fixed income funds	—	297,708	—	297,708
Equity securities:				
Value	129,720	—	—	129,720
Small cap	78,477	—	—	78,477
Global	317,034	—	—	317,034
Growth	63,644	—	—	63,644
Equity mutual funds	313,746	—	—	313,746
Commingled equity funds	—	106,284	—	106,284
Accrued interest and other	7,011	—	—	7,011
	<u>\$ 1,152,337</u>	<u>\$ 611,499</u>	<u>\$ —</u>	<u>1,763,836</u>
Assets measured at net asset value:				
Commingled fixed income funds				174,690
Commingled equity funds				66,617
Funds of hedge funds				406,697
Hedge funds				16
Private equity funds				162,560
Private credit funds				75,608
Private real estate funds				57,529
Total assets at fair value				<u>\$ 2,707,553</u>

Northwell Health, Inc.

Notes to Consolidated Financial Statements (continued)
(In Thousands)

10. Pension Plans and Other Postretirement Benefits (continued)

Assets invested in the Plans are carried at fair value. Debt and equity securities and certain commingled funds with readily determinable values are carried at fair value, as determined based on independent published sources. Other commingled funds and alternative investments are stated at fair value, determined by using net asset value as a practical expedient, as permitted by generally accepted accounting principles, rather than using another valuation method to independently estimate fair value (see Note 2).

The following is a summary of assets in the Plans at December 31, 2021 (by asset category) with redemption restrictions:

	Asset Value	Redemption Period (Including Notice Period)
Commingled fixed income funds	\$ 477,983	1 day to 60 days
Commingled equity funds	184,229	2 days to 45 days
Funds of hedge funds	430,789	61 days to 29 months

Private equity, private credit and private real estate funds have long lifecycles with distributions not expected for several years. In the instance of certain redemptions, some investments noted above may require an extended waiting period to receive a remainder portion of the redemption.

Northwell Health, Inc.

Notes to Consolidated Financial Statements (continued) (In Thousands)

10. Pension Plans and Other Postretirement Benefits (continued)

Basis Used to Determine the Expected Long-Term Rate of Return on Assets

The overall expected long-term rate of return on assets assumption is based upon a long-term building-block approach adjusted for current market conditions. First, return expectations for each asset class are developed with economic and fundamental drivers such as inflation, dividends and real earnings growth for stocks and real yields, defaults and recoveries for bonds. These expectations assume that market levels at the beginning of the forecast period are in a state of equilibrium. With the understanding that markets are more often than not in some state of disequilibrium, the “next ten year” return forecasts are adjusted to reflect the starting point for inflation expectations, interest rate levels and market risk premiums relative to historically normal market levels. The fundamental building blocks used to develop the long-term equilibrium return expectations are based on a combination of consensus forecasts and long-term historical averages. The historical data is adjusted to reflect any fundamental changes that have occurred in the relative markets.

Once long-term equilibrium forecasts are developed, returns are adjusted for the next ten years to reflect the current environment as it relates to the key economic variables that influence returns across the capital markets. In doing so, the expected path for breakeven inflation, real interest rates and investment grade corporate bond spreads are modeled for the next ten years. In this framework, the investment grade corporate spreads are used as a proxy for the risk premium priced broadly into a number of asset classes within the capital markets.

While the precise expected return derived using the above approach will fluctuate somewhat from year to year, the Plans’ policy is to hold this long-term assumption constant as long as it remains within a reasonable tolerance from the derived rate.

Description of Investment Policies and Strategies

The Plans’ overall investment strategy is to achieve wide diversification of asset types, fund strategies and fund managers. Equity securities include investments in domestic, international, global and emerging markets equities. Fixed income securities include corporate bonds of companies from diversified industries, mortgage-backed securities, emerging markets debt and U.S. Treasuries. Other types of investments include investments in commingled funds and alternative investments that follow several different strategies.

Northwell Health, Inc.

Notes to Consolidated Financial Statements (continued)
(In Thousands)

10. Pension Plans and Other Postretirement Benefits (continued)

There are specific guidelines and diversification standards for each investment manager. Eligible investments are specifically outlined. Each manager must disclose its strategies and report that it abides by the Employee Retirement Income Security Act of 1974 rules, where applicable.

The Cash Balance Plan's asset allocation at December 31, 2021 and 2020, by asset category, is as follows:

	2021	2020	Target Allocation
Cash and short-term investments	1.3%	3.7%	1.0%
Fixed income obligations, including commingled fixed income funds	29.7	30.0	29.5
Equity securities, including commingled equity funds	38.0	37.5	24.5
Alternative investments	31.0	28.8	45.0
	100.0%	100.0%	100.0%

The target allocation percentages are set as long-term diversification objectives to be met over time, as the portfolio increases the allocation to alternative investments.

The Cash Balance Plan comprises 93.6% and 90.2% of the Plans' total fair value of plan assets as of December 31, 2021 and 2020, respectively.

Other Postretirement Benefits

Certain employees are covered by the Northwell Health Retiree Medical and Life Insurance Plan and other postretirement benefit plans other than pensions. As of December 31, 2021 and 2020, the total funded status of the plans was a liability of \$58,178 and \$43,191, respectively. The current portion of accrued retirement benefits related to the plans, included in accrued salaries and related benefits in the accompanying consolidated statements of financial position, is \$2,703 and \$2,615 at December 31, 2021 and 2020, respectively.

Northwell Health, Inc.

Notes to Consolidated Financial Statements (continued) (In Thousands)

10. Pension Plans and Other Postretirement Benefits (continued)

For the years ended December 31, 2021 and 2020, there was a net periodic benefit cost (credit) related to these plans of \$497 and \$1,210, respectively, of which (\$652) and (\$40), respectively, was recorded within non-operating net periodic benefit credit in the accompanying consolidated statements of operations.

11. Malpractice and Other Insurance Liabilities

Malpractice

Northwell provides for potential medical malpractice losses through a combination of a self-insurance program and purchased primary and excess insurance, on both a claims-made and occurrence basis, as follows:

Primary Insurance Program

From January 2003 through December 2016, Northwell purchased primary malpractice insurance on an occurrence basis, covering most hospitals and providers. The policies provided coverage with limits of \$1,000 per claim and a \$50,000 annual policy aggregate through 2009. Effective January 2010, the program retained \$750 of the primary coverage per indemnity claim, while aggregate limits increased to \$60,000. Effective January 2013, the retention level increased to \$900 per claim. Effective January 2017, Northwell decided to fully self-insure the primary layer covering most hospitals and providers up to \$1,000 per claim.

In December 2002, Northwell purchased a tail insurance policy to cover unreported occurrences from its prior claims-made primary insurance program.

The estimated undiscounted liability for the retained primary coverage and losses in excess of the insured primary aggregate at December 31, 2021 and 2020 was \$983,689 and \$883,576, respectively. At December 31, 2021, the liability was recorded at its undiscounted value. At December 31, 2020, the liability was recorded at the actuarially determined present value of \$868,540, based on a discount rate of 0.5%. At December 31, 2020, malpractice and other insurance liabilities were discounted based on the expected timing of the actuarially estimated future claim payments under the programs, using a risk-free rate.

Northwell Health, Inc.

Notes to Consolidated Financial Statements (continued) (In Thousands)

11. Malpractice and Other Insurance Liabilities (continued)

Excess Insurance Coverage

Regional Insurance covers certain excess malpractice losses above the primary per claim limit, on a claims-made basis. Additional commercial excess malpractice insurance is purchased on a claims-made basis for excess coverage layers above the Regional Insurance per claim limit.

Regional Insurance's estimated undiscounted reserves for losses and loss expenses outstanding at December 31, 2021 and 2020 were \$76,674 and \$85,813, respectively. At December 31, 2021, the liability was recorded at its undiscounted value. At December 31, 2020, the liability was recorded at the actuarially determined present value of \$85,193, based on a discount rate of 0.5%.

Effective January 1, 2015, the annual aggregate excess coverage provided by Regional Insurance was significantly reduced to \$6,500, and was subsequently increased to \$7,750 effective January 1, 2018, \$8,375 effective January 1, 2019 and \$9,000 effective January 1, 2020. The undiscounted liability for the estimated losses in excess of Regional Insurance's aggregate excess coverage at December 31, 2021 and 2020 totaled \$458,273 and \$384,204, respectively. At December 31, 2021, the liability was recorded at its undiscounted value. At December 31, 2020, the liability was recorded at the actuarially determined present value of \$377,122, based on a discount rate of 0.5%.

The estimated undiscounted incurred but not reported liability for claims in excess of primary insurance layers at December 31, 2021 and 2020 was \$134,361 and \$146,856, respectively. At December 31, 2021, the liability was recorded at its undiscounted value. At December 31, 2020, the liability was recorded at the actuarially determined present value of \$141,792, based on a discount rate of 0.5%.

Other Self-Insurance Coverage

For certain years, certain Northwell hospitals and physicians were covered for malpractice claims under various other insured and self-insured arrangements. For self-insured claims and incidents, Northwell has reserved \$30,884 and \$37,085 at December 31, 2021 and 2020, respectively. At December 31, 2021, the liability was recorded at its undiscounted value. At December 31, 2020, the liability was recorded at the actuarially determined present value, based on a discount rate of 0.5%.

Northwell Health, Inc.

Notes to Consolidated Financial Statements (continued) (In Thousands)

11. Malpractice and Other Insurance Liabilities (continued)

Malpractice claims have been asserted against Northwell by various claimants. These claims are in various stages of processing, and some may ultimately be brought to trial. There are known incidents that have occurred through December 31, 2021 that may result in the assertion of additional claims, and other claims may be asserted arising from services provided to patients in the past. It is the opinion of Northwell's management that adequate insurance, including self-insurance, and malpractice reserves are being maintained to cover potential malpractice losses.

Workers' Compensation

In June 2013, Northwell changed its workers' compensation insurance program from a guaranteed cost program to a high deductible program with a \$1,000 per claim retention level. At December 31, 2021 and 2020, the estimated undiscounted liability for retained losses under this program was \$281,095 and \$246,607, respectively. At December 31, 2021, the liability was recorded at its undiscounted value. At December 31, 2020, the liability was recorded at the actuarially determined present value of \$239,038, based on a discount rate of 0.5%.

Prior to joining Northwell's high deductible program, certain hospitals had various self-insured programs for workers' compensation claims. At December 31, 2021 and 2020, Northwell has reserved \$14,489 and \$16,011, respectively, for these self-insured losses. At December 31, 2021, the liability was recorded at its undiscounted value. At December 31, 2020, the liability was recorded at the actuarially determined present value, based on a discount rate of 0.5%.

Other Insurance

Some of Northwell's other insurance programs, including general liability, have a component of self-insurance or high deductibles. Liabilities for these other insurance programs were not significant at December 31, 2021 and 2020.

Northwell Health, Inc.

Notes to Consolidated Financial Statements (continued)
(In Thousands)

12. Other Operating Revenue

Other operating revenue consists of the following for the years ended December 31, 2021 and 2020:

	2021	2020
Laboratory services	\$ 571,551	\$ 371,391
Pharmacy sales	293,142	206,105
Grants and contracts	155,820	177,076
Clinical joint venture income	35,394	22,395
Rental income	33,697	34,670
Group purchasing revenue	30,618	46,432
Investment income (see Note 4)	21,168	15,359
Health plan risk pool distributions	16,613	39,686
Cafeteria and gift shop sales	15,627	14,325
Health plan care coordination revenue	12,654	11,674
Parking income	4,730	4,106
All other	91,044	77,181
	\$ 1,282,058	\$ 1,020,400

Northwell Health, Inc.

Notes to Consolidated Financial Statements (continued) (In Thousands)

13. Net Assets

Donor restricted net assets at December 31, 2021 and 2020 are available for the following purposes:

	<u>2021</u>	<u>2020</u>
Teaching, research, training and other	\$ 458,814	\$ 387,786
Capital projects and purchases of equipment	193,503	148,006
Permanent endowments	268,688	247,977
	<u>\$ 921,005</u>	<u>\$ 783,769</u>

Northwell's endowments consist of donor restricted funds, the income from which is available for a variety of purposes.

Northwell follows the requirements of the New York Prudent Management of Institutional Funds Act (NYPMIFA) as they relate to its permanent endowments. Northwell has interpreted NYPMIFA as requiring the preservation of the fair value of the original gift, as of the gift date, of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, Northwell classifies as net assets with donor restrictions to be maintained in perpetuity: (1) the original value of gifts donated to the permanent endowment, (2) the original value of subsequent gifts to the permanent endowment, and (3) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining income from the permanent endowments is classified as net assets with donor restrictions to be used for described purposes or over specified periods of time until those amounts are appropriated for expenditure. Northwell considers the following factors in making a determination to appropriate or accumulate donor restricted endowment funds: (1) the duration and preservation of the fund, (2) the purpose of the donor restricted endowment fund, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, and (6) the investment policies of Northwell.

Northwell's investment and spending policies for endowment assets seek to provide a predictable stream of funding to programs supported by its endowments, while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that Northwell must hold in perpetuity or for a donor-specified term. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that expects to generate an average annual return over time in excess of 5.0%. Actual returns in any given year may vary from this amount.

Northwell Health, Inc.

Notes to Consolidated Financial Statements (continued) (In Thousands)

13. Net Assets (continued)

To satisfy its long-term rate-of-return objectives, Northwell relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). Northwell targets a diversified asset allocation that consists of equities, fixed income and alternative investments.

Northwell has a policy of appropriating for distribution each year, amounts determined using historical returns on its endowment funds' corpus, not to exceed 7.0%. In establishing this policy, Northwell considered the long-term expected return on its endowments.

For the years ended December 31, 2021 and 2020, Northwell had the following activity related to its endowment assets, including amounts to be held in perpetuity and earnings which may be expended:

	<u>2021</u>	<u>2020</u>
Endowment balance, beginning of year	\$ 349,569	\$ 309,625
Investment return:		
Investment income	29,900	12,519
Net appreciation	10,835	28,419
Total investment return	40,735	40,938
Contributions and other*	20,711	9,793
Amounts appropriated for expenditure	(12,521)	(10,787)
Net change in endowment funds	48,925	39,944
Endowment balance, end of year	<u>\$ 398,494</u>	<u>\$ 349,569</u>

*Contributions include pledges receivable for permanently restricted purposes.

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires Northwell to retain as a fund of perpetual duration. There was no such deficiency as of December 31, 2021 and 2020.

Northwell Health, Inc.

Notes to Consolidated Financial Statements (continued) (In Thousands)

14. Commitments and Contingencies

Litigation and Claims

Northwell is involved in litigation and claims which are not considered unusual to its business. While the ultimate outcome of these lawsuits cannot be determined at this time, it is the opinion of management that the ultimate resolution of these claims will not have a material adverse effect on the accompanying consolidated financial statements.

Collective Bargaining Agreements

At December 31, 2021, approximately 28% of Northwell's employees are union employees who are covered under the terms of various collective bargaining agreements. Certain collective bargaining agreements which represent approximately 10% of union employees (3% of total employees) have expired, or will expire within the next year and are currently being renegotiated.

Letters of Credit and Surety Bonds

At December 31, 2021, \$11,543 in direct-pay letters of credit were maintained with a commercial bank to secure certain Northern Westchester bond issues.

At December 31, 2021, four commercial banks are providing a total of \$366,842 in commitments, solely to support letters of credit required for Northwell's high deductible workers' compensation and vehicle insurance programs. At December 31, 2021, \$170,473 in secured standby letters of credit were maintained with the banks, and \$196,369 of the commitments remain available for future letters of credit. At December 31, 2021, there was also a \$72,000 surety bond supporting these programs.

In addition, at December 31, 2021, \$16,589 in direct-pay letters of credit or surety bonds was maintained to support other workers' compensation insurance programs at certain Northwell hospitals.

Northwell Health, Inc.

Notes to Consolidated Financial Statements (continued) (In Thousands)

14. Commitments and Contingencies (continued)

Other Commitments and Contingencies

In 2008, Hofstra University (the University) and Northwell entered into a joint academic agreement to establish what is now known as the Donald and Barbara Zucker School of Medicine at Hofstra/Northwell (the Medical School), at the University, while remaining as separate corporations with separate governance. Under the agreement, Northwell will reimburse the University each academic year for a portion of the Medical School's annual costs, with amounts indexed to the Medical School tuition. Such reimbursement is contingent upon annual approval by the boards of Northwell and the University. Northwell shall not advance funds to the University that have not yet been spent in connection with the Medical School. Northwell also provides funding annually for Medical School scholarships and student loans, with amounts indexed to the Medical School tuition.

In April 2015, Northwell entered into a strategic affiliation with Cold Spring Harbor Laboratory (CSHL). Under the terms of this affiliation, Northwell and CSHL will continue as independent organizations governed by their respective boards of trustees. The goals of the affiliation include advancing cancer diagnostic and therapeutic research, developing a new clinical cancer research unit at Northwell to support early-phase clinical studies of new cancer therapies, and recruiting and training more clinician-scientists in oncology. Pursuant to the agreement, Northwell is committed to pay CSHL \$15,000 annually throughout the remaining term of the affiliation.

In August 2015, Northwell entered into a clinical affiliation and collaboration agreement with Maimonides Medical Center (Maimonides), a not-for-profit acute care hospital located in Brooklyn, New York. The purpose of the affiliation is to pursue collaborative activities, such as clinical integration initiatives and ambulatory services joint ventures, as well as service agreements that may generate operational efficiencies. Under the terms of the affiliation agreement, Northwell and Maimonides will remain independent organizations governed by their respective boards of trustees. Pursuant to the affiliation agreement, the parties have also entered into an unsecured loan agreement, whereby through August 2017, Northwell loaned a total of \$125,000 to Maimonides. Payments on the loan and accrued interest thereon would not commence until the termination of the affiliation agreement. However, if Northwell becomes the sole member and corporate parent of Maimonides, outstanding amounts borrowed under the loan agreement, including accrued interest, will be forgiven.

Northwell Health, Inc.

Notes to Consolidated Financial Statements (continued) (In Thousands)

14. Commitments and Contingencies (continued)

In August 2018, Northwell entered into an option agreement with a third party that acquired property on the Upper East Side of Manhattan. Under the agreement, Northwell is given the option to purchase the property at a defined price at certain future dates. The initial option agreement was for a three-year period with optional extension periods through August 2023. In November 2021, the option agreement was amended and extended the option period until February 2024. Using short-term borrowings (see Note 8), Northwell acquired the existing mortgage and recorded a note receivable of approximately \$246,000 for amounts due from the property owner. The note receivable is recorded in other assets in the accompanying consolidated statement of financial position.

In the normal course of business, Northwell enters into multi-year contracts with vendors, suppliers and service providers for goods or services to be provided to Northwell. Under the terms of such agreements, Northwell may be contingently liable for termination or other fees in the event of contract termination or default. Northwell does not believe that such contingent liabilities, should they become due, would have a material impact on its consolidated financial statements.

15. Subsequent Events

Management has evaluated the impact of subsequent events through April 28, 2022, representing the date at which the consolidated financial statements were issued.

Except for those disclosed in Notes 1 and 8, no events have occurred that require disclosure in or adjustment to the accompanying consolidated financial statements.

Supplementary Information

Northwell Health, Inc.

Consolidating Statement of Financial Position
(In Thousands)

December 31, 2021

	Northwell Health, Inc.		Northwell Health Obligated Group	Phelps Memorial Hospital Association and Subsidiaries	Northern Westchester Hospital Association and Subsidiaries	Peconic Bay Medical Center and Subsidiaries	John T. Mather Memorial Hospital and Subsidiary	The Long Island Home	Hospice Care Network	The Feinstein Institutes for Medical Research	Northwell Health Foundation	Northwell Health Laboratories	Captive Insurance Companies	Northwell Family Health Center at Huntington	Health Insurance Companies	Joint Venture Ambulatory Surgery Centers	Other Northwell Health Entities
	Total	Eliminations															
Assets																	
Current assets:																	
Cash and cash equivalents	\$ 578,168	\$ –	\$ 287,792	\$ 2,966	\$ 4,132	\$ 37,401	\$ 109,991	\$ 9,079	\$ 9,935	\$ –	\$ 30,990	\$ –	\$ 1,276	\$ 65	\$ 17,344	\$ 12,821	\$ 54,376
Short-term investments	4,376,827	–	3,633,664	187,744	242,354	18,733	40,931	148	70,249	–	68,945	–	22,204	964	90,439	–	452
Accounts receivable for services to patients, net	1,568,340	–	1,334,030	53,055	56,974	29,348	57,669	10,426	4,363	–	–	–	–	355	–	9,776	12,344
Accounts receivable for physician activities, net	309,853	–	221,896	1,553	–	3,200	2,876	–	–	–	–	–	–	–	–	–	80,328
Current portion of pledges receivable	54,323	–	–	–	–	–	–	–	–	–	53,932	–	–	–	–	–	391
Current portion of insurance claims receivable	43,435	–	35,185	311	607	249	6,345	343	35	90	6	264	–	–	–	–	–
Other current assets	448,807	–	311,750	6,308	8,585	7,795	12,083	2,527	215	14,506	364	37,184	63	198	281	1,674	45,274
Total current assets	7,379,753	–	5,824,317	251,937	312,652	96,726	229,895	22,523	84,797	14,596	154,237	37,448	23,543	1,582	108,064	24,271	193,165
Due from affiliates, net																	
Long-term investments	3,833,609	(416,698)	3,538,269	32,928	62,218	11,784	23,391	–	3,187	123,675	132,471	–	224,845	10,356	14,146	–	73,037
Pledges receivable, net of current portion	127,099	–	–	806	9,690	–	–	–	773	–	111,619	–	–	–	–	–	4,211
Property, plant and equipment, net	6,246,810	–	5,084,040	209,017	219,417	152,954	113,161	42,825	1,066	69,918	847	81,628	–	289	–	11,134	260,514
Right-of-use assets – operating leases	1,000,823	(18,033)	697,384	4,912	10,264	18,926	10,878	–	4,733	724	844	7,256	–	–	–	21,628	241,307
Insurance claims receivable, net of current portion	116,149	(112,361)	202,604	1,701	2,695	824	13,481	1,009	103	266	17	484	5,326	–	–	–	–
Other assets	743,368	(171,793)	568,477	5,100	8,978	29,593	11,396	20,167	215	–	1,105	14,000	226	–	–	97,770	158,134
Total assets	\$ 19,447,611	\$ (1,322,938)	\$ 16,258,010	\$ 513,784	\$ 625,914	\$ 310,807	\$ 402,202	\$ 86,524	\$ 94,874	\$ 209,179	\$ 461,902	\$ 332,955	\$ 253,940	\$ 12,227	\$ 123,060	\$ 154,803	\$ 930,368
Liabilities and net assets (deficit)																	
Current liabilities:																	
Short-term borrowings	\$ 409,310	\$ –	\$ 409,310	\$ –	\$ –	\$ –	\$ –	\$ –	\$ –	\$ –	\$ –	\$ –	\$ –	\$ –	\$ –	\$ –	\$ –
Accounts payable and accrued expenses	1,170,463	–	855,595	26,888	30,258	17,106	15,177	4,303	3,120	19,537	1,586	99,899	879	236	2,491	6,005	87,383
Accrued salaries and related benefits	1,403,304	–	1,211,562	16,307	14,303	21,483	31,536	5,886	2,017	8,969	1,874	12,387	–	506	–	1,070	75,404
Current portion of operating lease obligations	133,350	(627)	81,454	1,175	1,696	2,289	3,423	–	1,879	122	65	1,968	–	–	–	1,633	38,273
Current portion of finance lease obligations	6,415	–	3,922	–	–	202	2,241	–	–	–	–	–	–	–	–	46	4
Current portion of long-term debt	64,413	–	50,265	2,055	3,962	1,610	2,832	–	–	–	–	2,800	–	–	–	889	–
Current portion of insurance claims liability	43,435	–	35,185	311	607	249	6,345	343	35	90	6	264	–	–	–	–	–
Current portion of malpractice and other insurance liabilities	192,792	–	159,293	1,788	3,921	2,238	2,874	474	–	–	–	–	22,204	–	–	–	–
Current portion of Medicare advances	632,168	–	537,172	20,299	13,678	21,706	33,246	1,459	2,740	–	–	–	–	–	–	411	1,457
Current portion of estimated payable to third-party payers	330,229	–	261,619	1,629	2,356	3,539	13,973	4,270	–	–	–	41,844	–	39	960	–	–
Total current liabilities	4,385,879	(627)	3,605,377	70,452	70,781	70,422	111,647	16,735	9,791	28,718	3,531	159,162	23,083	781	3,451	10,054	202,521
Due to affiliates, net																	
Accrued retirement benefits, net of current portion	648,799	–	588,723	–	5,865	–	53,342	484	200	–	–	–	–	–	185	–	–
Operating lease obligations, net of current portion	891,756	(17,406)	628,629	3,779	8,717	16,738	7,505	–	3,477	607	852	5,288	–	–	–	20,507	213,063
Finance lease obligations, net of current portion	244,551	–	239,895	–	–	461	4,153	–	–	–	–	–	–	–	–	42	–
Long-term debt, net of current portion	3,579,927	–	3,475,733	23,466	35,821	19,815	19,174	–	–	–	–	2,800	–	–	–	3,118	–
Insurance claims liability, net of current portion	116,149	(112,361)	202,604	1,701	2,695	824	13,481	1,009	103	266	17	484	5,326	–	–	–	–
Malpractice and other insurance liabilities, net of current portion	1,817,495	30,372	1,614,893	25,841	32,157	23,287	22,534	4,771	–	–	–	–	63,640	–	–	–	–
Medicare advances, net of current portion	3,622	–	3,573	–	–	49	–	–	–	–	–	–	–	–	–	–	–
Other long-term liabilities	967,134	–	921,214	8,424	8,502	16,861	1,351	–	24	28	5,541	2,463	–	–	–	248	2,478
Total liabilities	12,655,312	(716,511)	11,280,641	133,663	178,789	176,393	237,746	135,155	14,162	43,435	9,941	170,197	124,551	16,767	3,636	52,880	793,867
Commitments and contingencies																	
Net assets (deficit):																	
Without donor restrictions	5,871,294	(185,805)	4,375,159	366,549	386,045	115,354	158,813	(48,631)	78,148	17,106	(190)	162,758	129,389	(13,624)	119,424	101,923	108,876
With donor restrictions	921,005	(420,622)	602,210	13,572	61,080	19,060	5,643	–	2,564	148,638	452,151	–	–	9,084	–	–	27,625
Total net assets (deficit)	6,792,299	(606,427)	4,977,369	380,121	447,125	134,414	164,456	(48,631)	80,712	165,744	451,961	162,758	129,389	(4,540)	119,424	101,923	136,501
Total liabilities and net assets (deficit)	\$ 19,447,611	\$ (1,322,938)	\$ 16,258,010	\$ 513,784	\$ 625,914	\$ 310,807	\$ 402,202	\$ 86,524	\$ 94,874	\$ 209,179	\$ 461,902	\$ 332,955	\$ 253,940	\$ 12,227	\$ 123,060	\$ 154,803	\$ 930,368

Northwell Health, Inc.

Combining Statement of Financial Position – Northwell Health Obligated Group
(In Thousands)

December 31, 2021

	Total Obligated Group	Eliminations	Northwell Healthcare, Inc.	North Shore University Hospital	Long Island Jewish Medical Center	Staten Island University Hospital	Lenox Hill Hospital	South Shore University Hospital	Huntington Hospital Association	Glen Cove Hospital	Plainview Hospital	Northwell Health Stern Family Center for Rehabilitation
Assets												
Current assets:												
Cash and cash equivalents	\$ 287,792	\$ –	\$ 60,335	\$ 3,817	\$ 988	\$ 101,213	\$ 117,334	\$ 163	\$ 3,015	\$ 333	\$ 296	\$ 298
Short-term investments	3,633,664	–	519,120	897,376	1,113,237	593,209	94,733	18,397	339,531	57,827	165	69
Accounts receivable for services to patients, net	1,334,030	–	–	323,653	417,672	189,314	185,599	98,137	58,128	25,690	27,939	7,898
Accounts receivable for physician activities, net	221,896	–	–	221,896	–	–	–	–	–	–	–	–
Current portion of insurance claims receivable	35,185	–	799	8,552	9,830	5,397	4,620	2,388	1,728	527	1,107	237
Other current assets	311,750	(3,000)	123,656	46,492	58,984	27,754	31,259	13,079	7,597	2,545	3,344	40
Total current assets	5,824,317	(3,000)	703,910	1,501,786	1,600,711	916,887	433,545	132,164	409,999	86,922	32,851	8,542
Due from affiliates, net	342,919	(98,631)	–	135,825	181,756	7,984	50,334	–	61,151	4,420	–	80
Long-term investments	3,538,269	–	2,117,412	424,699	590,310	196,131	104,023	29,578	42,917	13,880	3,119	16,200
Property, plant and equipment, net	5,084,040	–	1,076,202	663,583	1,281,205	368,738	1,011,503	413,746	157,853	45,919	56,037	9,254
Right-of-use assets – operating leases	697,384	–	326,191	146,841	73,714	14,630	93,354	19,526	11,234	1,535	10,359	–
Insurance claims receivable, net of current portion	202,604	–	1,465	49,933	63,854	36,866	17,078	12,316	12,251	3,830	4,576	435
Other assets	568,477	(5,115)	327,027	193,306	22,722	10,307	20,230	–	–	–	–	–
Total assets	\$ 16,258,010	\$ (106,746)	\$ 4,552,207	\$ 3,115,973	\$ 3,814,272	\$ 1,551,543	\$ 1,730,067	\$ 607,330	\$ 695,405	\$ 156,506	\$ 106,942	\$ 34,511
Liabilities and net assets (deficit)												
Current liabilities:												
Short-term borrowings	\$ 409,310	\$ –	\$ –	\$ 203,000	\$ 205,158	\$ 1,152	\$ –	\$ –	\$ –	\$ –	\$ –	\$ –
Accounts payable and accrued expenses	855,595	–	226,640	185,455	145,459	77,091	97,727	68,634	27,506	12,228	13,562	1,293
Accrued salaries and related benefits	1,211,562	–	625,939	151,120	191,910	55,292	78,540	45,072	35,911	8,436	16,380	2,962
Current portion of operating lease obligations	81,454	–	30,830	20,564	11,197	3,219	8,671	3,105	2,481	206	1,181	–
Current portion of finance lease obligations	3,922	–	2,023	178	1,079	122	265	162	93	–	–	–
Current portion of long-term debt	50,265	–	18,305	5,623	19,042	4,000	1,820	75	75	365	662	298
Current portion of insurance claims liability	35,185	–	799	8,552	9,830	5,397	4,620	2,388	1,728	527	1,107	237
Current portion of malpractice and other insurance liabilities	159,293	–	59,796	24,789	30,543	16,866	11,615	7,274	4,856	1,450	2,104	–
Current portion of Medicare advances	537,172	–	–	162,972	137,281	72,576	59,510	39,236	35,537	11,693	18,356	11
Current portion of estimated payable to third-party payers	261,619	–	–	68,795	161,939	–	18,235	8,888	–	321	1,039	2,402
Total current liabilities	3,605,377	–	964,332	831,048	913,438	235,715	281,003	174,834	108,187	35,226	54,391	7,203
Due to affiliates, net	–	(223,425)	31,107	–	–	–	–	179,272	–	–	13,046	–
Accrued retirement benefits, net of current portion	588,723	–	510,581	22,999	26,840	17	7,341	3,754	6,953	2,936	6,488	814
Operating lease obligations, net of current portion	628,629	–	296,601	131,344	64,407	8,408	91,026	17,228	8,756	1,329	9,530	–
Finance lease obligations, net of current portion	239,895	–	160,415	413	67,388	158	10,747	519	255	–	–	–
Long-term debt, net of current portion	3,475,733	–	2,147,562	122,310	783,716	93,589	107,778	125,898	85,199	5,397	3,610	674
Insurance claims liability, net of current portion	202,604	–	1,465	49,933	63,854	36,866	17,078	12,316	12,251	3,830	4,576	435
Malpractice and other insurance liabilities, net of current portion	1,614,893	–	251,371	335,527	415,290	227,292	169,227	101,865	67,068	19,047	28,206	–
Medicare advances, net of current portion	3,573	–	–	–	2,042	1,531	–	–	–	–	–	–
Other long-term liabilities	921,214	–	37,032	167,752	300,527	72,720	153,077	72,787	64,784	32,862	18,585	1,088
Total liabilities	11,280,641	(223,425)	4,400,466	1,661,326	2,637,502	676,296	837,277	688,473	353,453	100,627	138,432	10,214
Commitments and contingencies												
Net assets (deficit):												
Without donor restrictions	4,375,159	116,679	151,741	1,249,376	994,541	865,694	760,132	(108,604)	318,251	38,511	(34,501)	23,339
With donor restrictions	602,210	–	–	205,271	182,229	9,553	132,658	27,461	23,701	17,368	3,011	958
Total net assets (deficit)	4,977,369	116,679	151,741	1,454,647	1,176,770	875,247	892,790	(81,143)	341,952	55,879	(31,490)	24,297
Total liabilities and net assets (deficit)	\$ 16,258,010	\$ (106,746)	\$ 4,552,207	\$ 3,115,973	\$ 3,814,272	\$ 1,551,543	\$ 1,730,067	\$ 607,330	\$ 695,405	\$ 156,506	\$ 106,942	\$ 34,511

Northwell Health, Inc.

Consolidating Statement of Financial Position – Phelps Memorial Hospital (In Thousands)

December 31, 2021

	Phelps Memorial Hospital Association and Subsidiaries	Eliminations	Phelps Memorial Hospital Association	Phelps Professional Building Co.	Phelps Medical Associates
Assets					
Current assets:					
Cash and cash equivalents	\$ 2,966	\$ –	\$ 2,145	\$ 821	\$ –
Short-term investments	187,744	–	187,744	–	–
Accounts receivable for services to patients, net	53,055	–	53,055	–	–
Accounts receivable for physician activities, net	1,553	–	–	–	1,553
Current portion of insurance claims receivable	311	–	311	–	–
Other current assets	6,308	–	5,883	138	287
Total current assets	251,937	–	249,138	959	1,840
Due from affiliates, net	7,383	–	4,388	1,958	1,037
Long-term investments	32,928	–	32,928	–	–
Pledges receivable, net of current portion	806	–	806	–	–
Property, plant and equipment, net	209,017	–	197,500	8,207	3,310
Right-of-use assets – operating leases	4,912	–	1,712	–	3,200
Insurance claims receivable, net of current portion	1,701	–	1,701	–	–
Other assets	5,100	(2,761)	7,861	–	–
Total assets	\$ 513,784	\$ (2,761)	\$ 496,034	\$ 11,124	\$ 9,387
Liabilities and net assets (deficit)					
Current liabilities:					
Accounts payable and accrued expenses	\$ 26,888	\$ –	\$ 26,196	\$ –	\$ 692
Accrued salaries and related benefits	16,307	–	12,820	–	3,487
Current portion of operating lease obligations	1,175	–	547	–	628
Current portion of long-term debt	2,055	–	1,825	230	–
Current portion of insurance claims liability	311	–	311	–	–
Current portion of malpractice and other insurance liabilities	1,788	–	1,788	–	–
Current portion of Medicare advances	20,299	–	20,299	–	–
Current portion of estimated payable to third-party payers	1,629	–	1,629	–	–
Total current liabilities	70,452	–	65,415	230	4,807
Operating lease obligations, net of current portion	3,779	–	1,187	–	2,592
Long-term debt, net of current portion	23,466	–	21,195	2,271	–
Insurance claims liability, net of current portion	1,701	–	1,701	–	–
Malpractice and other insurance liabilities, net of current portion	25,841	–	25,841	–	–
Other long-term liabilities	8,424	–	8,273	–	151
Total liabilities	133,663	–	123,612	2,501	7,550
Commitments and contingencies					
Net assets (deficit):					
Without donor restrictions	366,549	(2,761)	358,850	8,623	1,837
With donor restrictions	13,572	–	13,572	–	–
Total net assets (deficit)	380,121	(2,761)	372,422	8,623	1,837
Total liabilities and net assets (deficit)	\$ 513,784	\$ (2,761)	\$ 496,034	\$ 11,124	\$ 9,387

Northwell Health, Inc.

Consolidating Statement of Financial Position – Northern Westchester Hospital (In Thousands)

December 31, 2021

	Northern Westchester Hospital Association and Subsidiaries	Northern Westchester Hospital Association	Northern Westchester Hospital Center Foundation	Other Subsidiaries
Assets				
Current assets:				
Cash and cash equivalents	\$ 4,132	\$ 3,611	\$ –	\$ 521
Short-term investments	242,354	242,354	–	–
Accounts receivable for services to patients, net	56,974	56,974	–	–
Current portion of insurance claims receivable	607	607	–	–
Other current assets	8,585	8,585	–	–
Total current assets	312,652	312,131	–	521
Long-term investments	62,218	8,859	53,359	–
Pledges receivable, net of current portion	9,690	–	9,690	–
Property, plant and equipment, net	219,417	207,201	109	12,107
Right-of-use assets – operating leases	10,264	10,264	–	–
Insurance claims receivable, net of current portion	2,695	2,695	–	–
Other assets	8,978	6,504	–	2,474
Total assets	\$ 625,914	\$ 547,654	\$ 63,158	\$ 15,102
Liabilities and net assets (deficit)				
Current liabilities:				
Accounts payable and accrued expenses	\$ 30,258	\$ 30,214	\$ 21	\$ 23
Accrued salaries and related benefits	14,303	14,193	110	–
Current portion of operating lease obligations	1,696	1,696	–	–
Current portion of long-term debt	3,962	3,962	–	–
Current portion of insurance claims liability	607	607	–	–
Current portion of malpractice and other insurance liabilities	3,921	3,921	–	–
Current portion of Medicare advances	13,678	13,678	–	–
Current portion of estimated payable to third-party payers	2,356	2,356	–	–
Total current liabilities	70,781	70,627	131	23
Due to affiliates, net	14,251	6,702	4,075	3,474
Accrued retirement benefits, net of current portion	5,865	5,865	–	–
Operating lease obligations, net of current portion	8,717	8,717	–	–
Long-term debt, net of current portion	35,821	35,821	–	–
Insurance claims liability, net of current portion	2,695	2,695	–	–
Malpractice and other insurance liabilities, net of current portion	32,157	32,157	–	–
Other long-term liabilities	8,502	7,200	–	1,302
Total liabilities	178,789	169,784	4,206	4,799
Commitments and contingencies				
Net assets (deficit):				
Without donor restrictions	386,045	376,899	(1,157)	10,303
With donor restrictions	61,080	971	60,109	–
Total net assets (deficit)	447,125	377,870	58,952	10,303
Total liabilities and net assets (deficit)	\$ 625,914	\$ 547,654	\$ 63,158	\$ 15,102

Northwell Health, Inc.

Consolidating Statement of Financial Position – Peconic Bay Medical Center (In Thousands)

December 31, 2021

	Peconic Bay Medical Center and Subsidiaries	Eliminations	Peconic Bay Medical Center	Physician Practices
Assets				
Current assets:				
Cash and cash equivalents	\$ 37,401	\$ –	\$ 36,377	\$ 1,024
Short-term investments	18,733	–	18,733	–
Accounts receivable for services to patients, net	29,348	–	29,348	–
Accounts receivable for physician activities, net	3,200	–	1,318	1,882
Current portion of insurance claims receivable	249	–	249	–
Other current assets	7,795	–	6,995	800
Total current assets	96,726	–	93,020	3,706
Long-term investments	11,784	–	11,784	–
Property, plant and equipment, net	152,954	–	149,763	3,191
Right-of-use assets – operating leases	18,926	–	17,621	1,305
Insurance claims receivable, net of current portion	824	–	824	–
Other assets	29,593	–	28,283	1,310
Total assets	\$ 310,807	\$ –	\$ 301,295	\$ 9,512
Liabilities and net assets				
Current liabilities:				
Accounts payable and accrued expenses	\$ 17,106	\$ (565)	\$ 16,892	\$ 779
Accrued salaries and related benefits	21,483	–	19,432	2,051
Current portion of operating lease obligations	2,289	–	2,193	96
Current portion of finance lease obligations	202	–	202	–
Current portion of long-term debt	1,610	–	1,610	–
Current portion of insurance claims liability	249	–	249	–
Current portion of malpractice and other insurance liabilities	2,238	–	2,238	–
Current portion of Medicare advances	21,706	–	21,706	–
Current portion of estimated payable to third-party payers	3,539	–	3,539	–
Total current liabilities	70,422	(565)	68,061	2,926
Due to affiliates, net	27,936	–	24,347	3,589
Operating lease obligations, net of current portion	16,738	–	15,489	1,249
Finance lease obligations, net of current portion	461	–	461	–
Long-term debt, net of current portion	19,815	–	19,815	–
Insurance claims liability, net of current portion	824	–	824	–
Malpractice and other insurance liabilities, net of current portion	23,287	–	23,287	–
Medicare advances, net of current portion	49	–	49	–
Other long-term liabilities	16,861	–	16,861	–
Total liabilities	176,393	(565)	169,194	7,764
Commitments and contingencies				
Net assets:				
Without donor restrictions	115,354	565	113,041	1,748
With donor restrictions	19,060	–	19,060	–
Total net assets	134,414	565	132,101	1,748
Total liabilities and net assets	\$ 310,807	\$ –	\$ 301,295	\$ 9,512

Northwell Health, Inc.

Consolidating Statement of Financial Position – John T. Mather Hospital (In Thousands)

December 31, 2021

	John T. Mather Hospital and Subsidiary	Eliminations	John T. Mather Hospital	Harbor View Medical Services
Assets				
Current assets:				
Cash and cash equivalents	\$ 109,991	\$ –	\$ 109,147	\$ 844
Short-term investments	40,931	–	40,931	–
Accounts receivable for services to patients, net	57,669	–	57,669	–
Accounts receivable for physician activities, net	2,876	–	–	2,876
Current portion of insurance claims receivable	6,345	–	6,345	–
Other current assets	12,083	(12,042)	24,071	54
Total current assets	229,895	(12,042)	238,163	3,774
Long-term investments	23,391	–	23,391	–
Property, plant and equipment, net	113,161	–	111,745	1,416
Right-of-use assets – operating leases	10,878	–	5,522	5,356
Insurance claims receivable, net of current portion	13,481	–	13,481	–
Other assets	11,396	–	11,268	128
Total assets	\$ 402,202	\$ (12,042)	\$ 403,570	\$ 10,674
Liabilities and net assets (deficit)				
Current liabilities:				
Accounts payable and accrued expenses	\$ 15,177	\$ –	\$ 13,706	\$ 1,471
Accrued salaries and related benefits	31,536	–	29,861	1,675
Current portion of operating lease obligations	3,423	–	1,972	1,451
Current portion of finance lease obligations	2,241	–	2,228	13
Current portion of long-term debt	2,832	–	2,832	–
Current portion of insurance claims liability	6,345	–	6,345	–
Current portion of malpractice and other insurance liabilities	2,874	–	2,874	–
Current portion of Medicare advances	33,246	–	32,994	252
Current portion of estimated payable to third-party payers	13,973	–	13,973	–
Total current liabilities	111,647	–	106,785	4,862
Due to affiliates, net	4,559	(67,417)	4,559	67,417
Accrued retirement benefits, net of current portion	53,342	–	53,342	–
Operating lease obligations, net of current portion	7,505	–	3,595	3,910
Finance lease obligations, net of current portion	4,153	–	4,134	19
Long-term debt, net of current portion	19,174	–	19,174	–
Insurance claims liability, net of current portion	13,481	–	13,481	–
Malpractice and other insurance liabilities, net of current portion	22,534	–	21,761	773
Other long-term liabilities	1,351	–	1,351	–
Total liabilities	237,746	(67,417)	228,182	76,981
Commitments and contingencies				
Net assets (deficit):				
Without donor restrictions	158,813	55,375	169,745	(66,307)
With donor restrictions	5,643	–	5,643	–
Total net assets (deficit)	164,456	55,375	175,388	(66,307)
Total liabilities and net assets (deficit)	\$ 402,202	\$ (12,042)	\$ 403,570	\$ 10,674

Northwell Health, Inc.

Combining Statement of Financial Position – Joint Venture Ambulatory Surgery Centers
(In Thousands)

December 31, 2021

	Joint Venture Ambulatory Surgery Centers	Endoscopy Center of Long Island	Endo Group LLC	South Shore Surgery Center	Suffolk Surgery Center	Digestive Health Center of Huntington	Greenwich Village Surgery Center	Melville Surgery Center	Long Island Center for Digestive Health	Lynbrook Surgery Center
Assets										
Current assets:										
Cash and cash equivalents	\$ 12,821	\$ 3,976	\$ 3,153	\$ 1,177	\$ 613	\$ 384	\$ 670	\$ 1,571	\$ 1,003	\$ 274
Accounts receivable for services to patients, net	9,776	–	971	1,159	1,034	628	–	3,631	1,089	1,264
Other current assets	1,674	75	15	406	433	78	–	593	74	–
Total current assets	24,271	4,051	4,139	2,742	2,080	1,090	670	5,795	2,166	1,538
Property, plant and equipment, net	11,134	305	5,331	2,154	114	18	–	560	2,093	559
Right-of-use leased assets	21,628	–	18,646	2,521	–	461	–	–	–	–
Other assets	97,770	29,939	6,488	4,143	5,358	4,237	–	13,411	17,330	16,864
Total assets	\$ 154,803	\$ 34,295	\$ 34,604	\$ 11,560	\$ 7,552	\$ 5,806	\$ 670	\$ 19,766	\$ 21,589	\$ 18,961
Liabilities and net assets										
Current liabilities:										
Accounts payable and accrued expenses	\$ 6,005	\$ 782	\$ 2,207	\$ 590	\$ 231	\$ 81	\$ –	\$ 794	\$ 909	\$ 411
Accrued salaries and related benefits	1,070	341	255	98	88	67	–	221	–	–
Current portion of operating lease obligations	1,633	–	835	308	–	461	–	29	–	–
Current portion of finance lease obligations	46	–	–	6	–	–	–	40	–	–
Current portion of long-term debt	889	–	843	–	31	15	–	–	–	–
Current portion of Medicare advances	411	35	36	57	34	51	47	151	–	–
Total current liabilities	10,054	1,158	4,176	1,059	384	675	47	1,235	909	411
Due to affiliates, net	18,911	889	630	99	104	89	–	136	–	16,964
Operating lease obligations, net of current portion	20,507	–	18,203	2,304	–	–	–	–	–	–
Finance lease obligations, net of current portion	42	–	–	21	–	–	–	21	–	–
Long-term debt, net of current portion	3,118	–	3,097	–	8	13	–	–	–	–
Other long-term liabilities	248	–	–	–	–	–	–	–	248	–
Total liabilities	52,880	2,047	26,106	3,483	496	777	47	1,392	1,157	17,375
Commitments and contingencies										
Net assets:										
Without donor restrictions	101,923	32,248	8,498	8,077	7,056	5,029	623	18,374	20,432	1,586
Total net assets	101,923	32,248	8,498	8,077	7,056	5,029	623	18,374	20,432	1,586
Total liabilities and net assets	\$ 154,803	\$ 34,295	\$ 34,604	\$ 11,560	\$ 7,552	\$ 5,806	\$ 670	\$ 19,766	\$ 21,589	\$ 18,961

Northwell Health, Inc.

Consolidating Statement of Operations
(In Thousands)

Year Ended December 31, 2021

	Northwell Health, Inc. Total		Northwell Health Obligated Group	Phelps Memorial Hospital Association and Subsidiaries	Northern Westchester Hospital Association and Subsidiaries	Peconic Bay Medical Center and Subsidiaries	John T. Mather Memorial Hospital and Subsidiary	The Long Island Home	Hospice Care Network	The Feinstein Institutes for Medical Research	Northwell Health Foundation	Northwell Health Laboratories	Captive Insurance Companies	Northwell Family Health Center at Huntington	Health Insurance Companies	Joint Venture Ambulatory Surgery Centers	Other Northwell Health Entities
Operating revenue:																	
Net patient service revenue	\$ 10,523,685	\$ (1,259)	\$ 8,877,752	\$ 349,249	\$ 377,623	\$ 261,718	\$ 380,819	\$ 86,694	\$ 48,681	\$ –	\$ –	\$ –	\$ –	\$ 4,345	\$ –	\$ 76,603	\$ 61,460
Physician practice revenue	2,636,603	(74,979)	1,556,480	31,676	261	29,921	38,948	1,391	357	–	–	–	–	–	–	–	1,052,548
Total patient revenue	13,160,288	(76,238)	10,434,232	380,925	377,884	291,639	419,767	88,085	49,038	–	–	–	–	4,345	–	76,603	1,114,008
CARES Act Provider Relief Fund revenue	48,575	–	9,276	1,925	505	1,322	3,159	608	226	–	–	439	–	374	–	4,368	26,373
Other operating revenue	1,282,058	(1,719,895)	1,260,298	23,893	22,312	15,195	4,483	1,235	111	74,908	–	928,014	6,388	3,200	–	4,037	657,879
Net assets released from restrictions used for operations	53,820	–	36,216	259	1,258	1,294	–	–	964	13,449	–	–	–	380	–	–	–
	14,544,741	(1,796,133)	11,740,022	407,002	401,959	309,450	427,409	89,928	50,339	88,357	–	928,453	6,388	8,299	–	85,008	1,798,260
Operating expenses:																	
Salaries	7,421,436	(269,948)	5,860,878	194,833	165,013	153,498	211,971	59,732	21,577	76,600	–	153,795	–	5,267	–	16,286	771,934
Employee benefits	1,630,753	(212,167)	1,411,722	32,859	43,868	47,119	47,396	26,563	7,848	23,426	–	51,072	–	2,322	–	3,271	145,454
Supplies and expenses	4,571,121	(1,314,018)	3,694,933	137,560	138,218	105,193	140,769	13,438	19,129	28,978	–	623,517	7,429	1,991	–	38,656	935,328
Depreciation and amortization	588,022	–	470,014	17,076	19,575	12,565	14,267	2,776	374	6,219	–	7,339	–	62	–	2,211	35,544
Interest	156,053	–	151,184	878	1,079	1,470	1,205	–	–	–	–	–	–	–	–	237	–
	14,367,385	(1,796,133)	11,588,731	383,206	367,753	319,845	415,608	102,509	48,928	135,223	–	835,723	7,429	9,642	–	60,661	1,888,260
Excess (deficiency) of operating revenue over operating expenses, excluding Health Insurance Companies	177,356	–	151,291	23,796	34,206	(10,395)	11,801	(12,581)	1,411	(46,866)	–	92,730	(1,041)	(1,343)	–	24,347	(90,000)
Health Insurance Companies excess of operating revenue over operating expenses	295	–	–	–	–	–	–	–	–	–	–	–	–	–	295	–	–
Excess (deficiency) of operating revenue over operating expenses	177,651	–	151,291	23,796	34,206	(10,395)	11,801	(12,581)	1,411	(46,866)	–	92,730	(1,041)	(1,343)	295	24,347	(90,000)
Non-operating gains and losses:																	
Investment income	460,495	–	403,573	8,956	16,755	465	1,157	31	4,691	16	4,867	(20)	17,182	–	1,803	(274)	1,293
Change in net unrealized gains and losses and change in value of equity method investments	16,387	–	22,945	43	217	267	1,430	–	204	(18)	190	–	(1,949)	–	(3,310)	–	(3,632)
Change in interest in acquired entities	–	(11,869)	11,869	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Change in fair value of interest rate swap agreements designated as derivative instruments	700	–	–	–	–	–	700	–	–	–	–	–	–	–	–	–	–
Non-operating net periodic benefit credit (cost)	33,152	–	23,943	28	1,385	509	2,887	3,060	52	252	(39)	165	–	182	–	–	728
Other non-operating gains and losses	162,741	–	101,537	139	(1,778)	–	–	–	719	–	(19,938)	–	–	–	–	–	82,062
Total non-operating gains and losses	673,475	(11,869)	563,867	9,166	16,579	1,241	6,174	3,091	5,666	250	(14,920)	145	15,233	182	(1,507)	(274)	80,451
Excess (deficiency) of revenue and gains and losses over expenses	851,126	(11,869)	715,158	32,962	50,785	(9,154)	17,975	(9,490)	7,077	(46,616)	(14,920)	92,875	14,192	(1,161)	(1,212)	24,073	(9,549)
Net assets released from restrictions for capital asset acquisitions	25,757	–	20,556	427	4,578	–	126	–	–	70	–	–	–	–	–	–	–
Change in fair value of interest rate swap agreements designated as cash flow hedges	1,647	–	–	–	142	1,478	27	–	–	–	–	–	–	–	–	–	–
Transfers (to) from affiliates	–	–	75,116	–	–	6,467	18,649	–	–	45,881	14,824	–	–	–	–	(12,191)	(148,746)
Pension and other postretirement liability adjustments	165,515	–	133,978	–	9,678	518	15,925	5,873	–	–	(94)	(363)	–	–	–	–	–
Other changes in net assets	(34,603)	5,760	2,079	(3,331)	81	61	–	–	–	–	–	–	–	–	–	(27,518)	(11,735)
Increase (decrease) in net assets wihtout donor restrictions	\$ 1,009,442	\$ (6,109)	\$ 946,887	\$ 30,058	\$ 65,264	\$ (630)	\$ 52,702	\$ (3,617)	\$ 7,077	\$ (665)	\$ (190)	\$ 92,512	\$ 14,192	\$ (1,161)	\$ (1,212)	\$ (15,636)	\$ (170,030)

Northwell Health, Inc.

Combining Statement of Operations – Northwell Health Obligated Group
(In Thousands)

Year Ended December 31, 2021

	Total Obligated Group	Eliminations	Northwell Healthcare, Inc.	North Shore University Hospital	Long Island Jewish Medical Center	Staten Island University Hospital	Lenox Hill Hospital	South Shore University Hospital	Huntington Hospital Association	Glen Cove Hospital	Plainview Hospital	Northwell Health Stern Family Center for Rehabilitation
Operating revenue:												
Net patient service revenue	\$ 8,877,752	\$ (282)	\$ –	\$ 2,104,482	\$ 2,778,785	\$ 1,134,890	\$ 1,305,077	\$ 672,727	\$ 457,617	\$ 156,796	\$ 219,113	\$ 48,547
Physician practice revenue	1,556,480	–	–	600,461	468,294	851	128,851	180,302	114,946	23,390	38,331	1,054
Total patient revenue	10,434,232	(282)	–	2,704,943	3,247,079	1,135,741	1,433,928	853,029	572,563	180,186	257,444	49,601
CARES Act Provider Relief Fund revenue	9,276	–	–	–	3,590	1,588	–	923	889	295	481	1,510
Other operating revenue	1,260,298	(1,838,229)	1,906,170	499,093	242,522	98,762	271,668	44,047	19,492	6,754	9,593	426
Net assets released from restrictions used for operations	36,216	–	3,685	11,618	14,690	157	5,958	37	71	–	–	–
Total operating revenue	11,740,022	(1,838,511)	1,909,855	3,215,654	3,507,881	1,236,248	1,711,554	898,036	593,015	187,235	267,518	51,537
Operating expenses:												
Salaries	5,860,878	(590,022)	693,562	1,666,426	1,705,567	583,498	821,711	435,257	274,323	104,562	132,873	33,121
Employee benefits	1,411,722	(152,628)	196,040	322,824	431,233	171,631	183,458	111,342	65,396	24,795	43,917	13,714
Supplies and expenses	3,694,933	(1,095,861)	739,448	1,109,529	1,175,160	444,274	636,097	322,279	203,984	58,871	90,280	10,872
Depreciation and amortization	470,014	–	190,108	61,700	89,549	21,690	48,416	30,267	16,155	6,248	4,596	1,285
Interest	151,184	–	89,994	4,864	40,709	2,635	4,676	4,407	3,522	192	154	31
Total operating expenses	11,588,731	(1,838,511)	1,909,152	3,165,343	3,442,218	1,223,728	1,694,358	903,552	563,380	194,668	271,820	59,023
Excess (deficiency) of operating revenue over operating expenses	151,291	–	703	50,311	65,663	12,520	17,196	(5,516)	29,635	(7,433)	(4,302)	(7,486)
Non-operating gains and losses:												
Investment income	403,573	–	149,264	75,061	95,035	53,711	3,361	1,299	21,992	3,858	(89)	81
Change in net unrealized gains and losses and change in value of equity method investments	22,945	–	(241)	8,143	10,650	3,627	843	61	(164)	152	–	(126)
Change in interest in acquired entities	11,869	–	2,527	9,342	–	–	–	–	–	–	–	–
Non-operating net periodic benefit credit (cost)	23,943	–	(6,825)	5,036	3,735	165	9,788	3,758	6,510	590	1,220	(34)
Other non-operating gains and losses	101,537	–	100,554	311	89	212	–	316	43	12	–	–
Total non-operating gains and losses	563,867	–	245,279	97,893	109,509	57,715	13,992	5,434	28,381	4,612	1,131	(79)
Excess (deficiency) of revenue and gains and losses over expenses	715,158	–	245,982	148,204	175,172	70,235	31,188	(82)	58,016	(2,821)	(3,171)	(7,565)
Net assets released from restrictions for capital asset acquisitions	20,556	–	–	1,108	5,368	11,121	1,203	1,348	112	296	–	–
Transfers (to) from affiliates	75,116	–	244,402	(70,052)	(72,709)	(29,698)	3,173	–	–	–	–	–
Pension and other postretirement liability adjustments	133,978	–	(27,669)	37,006	17,522	1,464	46,999	18,665	31,145	3,016	6,193	(363)
Other changes in net assets	2,079	–	–	587	516	250	356	183	109	27	51	–
Increase (decrease) in net assets without donor restrictions	\$ 946,887	\$ –	\$ 462,715	\$ 116,853	\$ 125,869	\$ 53,372	\$ 82,919	\$ 20,114	\$ 89,382	\$ 518	\$ 3,073	\$ (7,928)

Northwell Health, Inc.

Consolidating Statement of Operations – Phelps Memorial Hospital (In Thousands)

Year Ended December 31, 2021

	Phelps Memorial Hospital Association and Subsidiaries	Eliminations	Phelps Memorial Hospital Association	Phelps Professional Building Co.	Phelps Medical Associates
Operating revenue:					
Net patient service revenue	\$ 349,249	\$ –	\$ 349,249	\$ –	\$ –
Physician practice revenue	31,676	–	2,698	–	28,978
Total patient revenue	380,925	–	351,947	–	28,978
CARES Act Provider Relief Fund revenue	1,925	–	1,925	–	–
Other operating revenue	23,893	(20,825)	22,743	2,561	19,414
Net assets released from restrictions used for operations	259	–	259	–	–
Total operating revenue	407,002	(20,825)	376,874	2,561	48,392
Operating expenses:					
Salaries	194,833	(17,349)	180,249	211	31,722
Employee benefits	32,859	–	25,260	53	7,546
Supplies and expenses	137,560	(3,476)	130,343	813	9,880
Depreciation and amortization	17,076	–	16,297	307	472
Interest	878	–	803	75	–
Total operating expenses	383,206	(20,825)	352,952	1,459	49,620
Excess (deficiency) of operating revenue over operating expenses	23,796	–	23,922	1,102	(1,228)
Non-operating gains and losses:					
Investment income	8,956	–	8,956	–	–
Change in net unrealized gains and losses and change in value of equity method investments	43	–	43	–	–
Non-operating net periodic benefit credit	28	–	20	–	8
Other non-operating gains and losses	139	–	139	–	–
Total non-operating gains and losses	9,166	–	9,158	–	8
Excess (deficiency) of revenue and gains and losses over expenses	32,962	–	33,080	1,102	(1,220)
Net assets released from restrictions for capital asset acquisitions	427	–	427	–	–
Transfers (to) from affiliates	–	–	(1,582)	–	1,582
Other changes in net assets	(3,331)	(2,388)	57	(1,000)	–
Increase (decrease) in net assets without donor restrictions	\$ 30,058	\$ (2,388)	\$ 31,982	\$ 102	\$ 362

Northwell Health, Inc.

Consolidating Statement of Operations – Northern Westchester Hospital (In Thousands)

Year Ended December 31, 2021

	Northern Westchester Hospital Association and Subsidiaries	Northern Westchester Hospital Association	Northern Westchester Hospital Center Foundation	Other Subsidiaries
Operating revenue:				
Net patient service revenue	\$ 377,623	\$ 377,623	\$ –	\$ –
Physician practice revenue	261	257	–	4
Total patient revenue	377,884	377,880	–	4
CARES Act Provider Relief Fund revenue	505	505	–	–
Other operating revenue	22,312	20,788	–	1,524
Net assets released from restrictions used for operations	1,258	1,258	–	–
Total operating revenue	401,959	400,431	–	1,528
Operating expenses:				
Salaries	165,013	164,899	–	114
Employee benefits	43,868	43,868	–	–
Supplies and expenses	138,218	136,983	–	1,235
Depreciation and amortization	19,575	19,009	–	566
Interest	1,079	1,079	–	–
Total operating expenses	367,753	365,838	–	1,915
Excess (deficiency) of operating expenses over operating revenue	34,206	34,593	–	(387)
Non-operating gains and losses:				
Investment income	16,755	16,066	–	689
Change in net unrealized gains and losses and change in value of equity method investments	217	217	–	–
Non-operating net periodic benefit credit	1,385	1,377	8	–
Other non-operating gains and losses	(1,778)	90	(1,868)	–
Total non-operating gains and losses	16,579	17,750	(1,860)	689
Excess (deficiency) of revenue and gains and losses over expenses	50,785	52,343	(1,860)	302
Net assets released from restrictions for capital asset acquisitions	4,578	4,578	–	–
Change in fair value of interest rate swap agreements designated as cash flow hedges	142	142	–	–
Pension and other postretirement liability adjustments	9,678	9,678	–	–
Other changes in net assets	81	81	–	–
Increase (decrease) in net assets without donor restrictions	\$ 65,264	\$ 66,822	\$ (1,860)	\$ 302

Northwell Health, Inc.

Consolidating Statement of Operations – Peconic Bay Medical Center (In Thousands)

Year Ended December 31, 2021

	Peconic Bay Medical Center and Subsidiaries	Peconic Bay Medical Center	Physician Practices
Operating revenue:			
Net patient service revenue	\$ 261,718	\$ 261,718	\$ –
Physician practice revenue	29,921	5,737	24,184
Total patient revenue	291,639	267,455	24,184
CARES Act Provider Relief Fund revenue	1,322	971	351
Other operating revenue	15,195	12,692	2,503
Net assets released from restrictions used for operations	1,294	1,294	–
Total operating revenue	309,450	282,412	27,038
Operating expenses:			
Salaries	153,498	128,606	24,892
Employee benefits	47,119	43,346	3,773
Supplies and expenses	105,193	97,818	7,375
Depreciation and amortization	12,565	12,084	481
Interest	1,470	1,470	–
Total operating expenses	319,845	283,324	36,521
(Deficiency) of operating revenue over operating expenses	(10,395)	(912)	(9,483)
Non-operating gains and losses:			
Investment income	465	465	–
Change in net unrealized gains and losses and change in value of equity method investments	267	267	–
Non-operating net periodic benefit credit	509	509	–
Total non-operating gains and losses	1,241	1,241	–
(Deficiency) excess of revenue and gains and losses over expenses	(9,154)	329	(9,483)
Change in fair value of interest rate swap agreements designated as cash flow hedges	1,478	1,478	–
Transfers (to) from affiliates	6,467	(1,442)	7,909
Pension and other postretirement liability adjustments	518	518	–
Other changes in net assets	61	61	–
(Decrease) increase in net assets without donor restrictions	\$ (630)	\$ 944	\$ (1,574)

Northwell Health, Inc.

Consolidating Statement of Operations – John T. Mather Hospital (In Thousands)

Year Ended December 31, 2021

	John T. Mather Hospital and Subsidiary	Eliminations	John T. Mather Hospital	Harbor View Medical Services
Operating revenue:				
Net patient service revenue	\$ 380,819	\$ –	\$ 380,819	\$ –
Physician practice revenue	38,948	–	19,420	19,528
Total patient revenue	419,767	–	400,239	19,528
CARES Act Provider Relief Fund revenue	3,159	–	753	2,406
Other operating revenue	4,483	(3,737)	4,719	3,501
Total operating revenue	427,409	(3,737)	405,711	25,435
Operating expenses:				
Salaries	211,971	–	189,299	22,672
Employee benefits	47,396	–	42,540	4,856
Supplies and expenses	140,769	(3,737)	137,413	7,093
Depreciation and amortization	14,267	–	13,932	335
Interest	1,205	–	1,202	3
Total operating expenses	415,608	(3,737)	384,386	34,959
Excess (deficiency) of operating revenue over operating expenses	11,801	–	21,325	(9,524)
Non-operating gains and losses:				
Investment income	1,157	–	1,157	–
Change in net unrealized gains and losses and change in value of equity method investments	1,430	–	1,430	–
Change in fair value of interest rate swap agreements designated as derivative instruments	700	–	700	–
Non-operating net periodic benefit credit	2,887	–	2,887	–
Total non-operating gains and losses	6,174	–	6,174	–
Excess (deficiency) of revenue and gains and losses over expenses	17,975	–	27,499	(9,524)
Net assets released from restrictions for capital asset acquisitions	126	–	126	–
Change in fair value of interest rate swap agreements designated as cash flow hedges	27	–	27	–
Transfers from affiliates	18,649	–	18,649	–
Pension and other postretirement liability adjustments	15,925	–	15,925	–
Increase (decrease) in net assets without donor restrictions	\$ 52,702	\$ –	\$ 62,226	\$ (9,524)

Northwell Health, Inc.

Combining Statement of Operations – Joint Venture Ambulatory Surgery Centers
(In Thousands)

Year Ended December 31, 2021

	Joint Venture Ambulatory Surgery Centers	Endoscopy Center of Long Island	Endo Group LLC	South Shore Surgery Center	Suffolk Surgery Center	Digestive Health Center of Huntington	Greenwich Village Surgery Center	Melville Surgery Center	Long Island Center for Digestive Health	Lynbrook Surgery Center
Operating revenue:										
Net patient service revenue	\$ 76,603	\$ 22,708	\$ 22,534	\$ 7,115	\$ 4,034	\$ 3,838	\$ 2,383	\$ 11,295	\$ 295	\$ 2,401
Total patient revenue	76,603	22,708	22,534	7,115	4,034	3,838	2,383	11,295	295	2,401
CARES Act Provider Relief Fund revenue	4,368	2,353	29	846	621	445	–	74	–	–
Other operating revenue	4,037	427	1,648	888	–	468	–	596	–	10
Total operating revenue	85,008	25,488	24,211	8,849	4,655	4,751	2,383	11,965	295	2,411
Operating expenses:										
Salaries	16,286	2,204	4,949	2,361	1,063	1,362	671	2,615	41	1,020
Employee benefits	3,271	424	902	525	282	256	175	539	7	161
Supplies and expenses	38,656	6,739	14,635	3,929	2,731	1,372	2,542	4,706	115	1,887
Depreciation and amortization	2,211	56	759	323	129	18	598	311	17	–
Interest	237	–	231	1	–	–	–	5	–	–
Total operating expenses	60,661	9,423	21,476	7,139	4,205	3,008	3,986	8,176	180	3,068
Excess (deficiency) of operating revenue over operating expenses	24,347	16,065	2,735	1,710	450	1,743	(1,603)	3,789	115	(657)
Non-operating gains and losses:										
Investment income	(274)	(51)	(109)	(26)	–	(35)	(1)	(48)	(2)	(2)
Total non-operating gains and losses	(274)	(51)	(109)	(26)	–	(35)	(1)	(48)	(2)	(2)
Excess (deficiency) of revenue and gains and losses over expenses	24,073	16,014	2,626	1,684	450	1,708	(1,604)	3,741	113	(659)
Transfers (to) from affiliates	(12,191)	–	–	–	–	–	(13,822)	–	–	1,631
Other changes in net assets	(27,518)	(19,122)	(200)	(1,311)	(500)	(1,835)	–	(4,550)	–	–
(Decrease) increase in net assets without donor restrictions	\$ (15,636)	\$ (3,108)	\$ 2,426	\$ 373	\$ (50)	\$ (127)	\$ (15,426)	\$ (809)	\$ 113	\$ 972

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