NASSAU HEALTH CARE CORPORATION
(A Component Unit of the County of Nassau, New York)

Basic Financial Statements, Required Supplementary Information, and Supplementary Information
For the Years Ended December 31, 2020 and 2019
With Independent Auditor's Report

MITCHELL TITUS
ACHIEVING EXCELLENCE TOGETHER

NASSAU HEALTH CARE CORPORATION
(A Component Unit of the County of Nassau, New York)
Years Ended December 31, 2020 and 2019

TABLE OF CONTENTS

	Page(s)
FINANCIAL SECTION	
INDEPENDENT AUDITOR’S REPORT	1–4
MANANGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED)	5–10
BASIC FINANCIAL STATEMENTS	
Statements of Net Position	11–12
Statements of Revenue, Expenses and Changes in Net Position	13
Statements of Cash Flows	14–15
Notes to Financial Statements	16–57
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)	
Schedule of Changes in Net OPEB Liability and Related Ratios	58
Schedule of Proportionate Share of the Net Pension Liability - Last 10 Years	59
Schedule of Employer Contributions - Last 10 Years	59
SUPPLEMENTARY INFORMATION	
Combining Schedule of Net Position	60–63
Combining Schedule of Revenue, Expenses and Changes in Net Position	64–65
INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*	66–67
Schedule of Findings and Responses	68–70

MITCHELL TITUS

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Nassau Health Care Corporation

Report on the Financial Statements

We have audited the accompanying financial statements of Nassau Health Care Corporation (Corporation), a component unit of the County of Nassau, New York as of and for the years ended December 31, 2020 and 2019, and the related notes to the financial statements, which collectively comprise Corporation's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the financial statements of NHCC, Ltd., a blended component unit, which represent 8%, 2%, 1% and 1%, respectively, of the total assets, net position, revenue and operating loss of the Corporation. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for NHCC, Ltd, is based solely on the report of the other auditors. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the

80 Pine Street
New York, NY 10005
T +1 212 709 4500
F +1 212 709 4680
mitchelltitus.com

circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, based on our audits and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of the Corporation as of December 31, 2020 and 2019, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Going Concern Uncertainty

The accompanying financial statements have been prepared assuming that the Corporation will continue as a going concern. As discussed in Note 1 to the financial statements, the Corporation has suffered recurring losses from operations, has a working capital deficiency, and a total negative net position, and has stated that substantial doubt exists about its ability to continue as a going concern. Management's evaluation of the events and conditions and its plans regarding these matters are also described in Note 1. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

Change in Accounting Principle

As discussed in Note 2 to the financial statements, in 2020, the Corporation adopted Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, GASB Statement No. 89, *Accounting/or Interest Cost Incurred Before the End of a Construction Period*, and GASB Statement No. 90, *Majority Equity Interests-An Amendment of GASB Statements No. 14 and No. 61*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the Schedule of Proportionate Share of Net Pension Liability - Last 10 Years, the Schedule of Employer Contributions - Last 10 Years, and the Schedule of Changes in Net OPEB Liability and Related Ratios, on pages 4 through 8 and pages 57 through 58 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Corporation's basic financial statements. The combining schedule of net position and combining schedule of revenue, expenses and changes in net position are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining schedule of net position and combining schedule of revenue, expenses and changes in net position are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the procedures performed as described above, and the report of the other auditors, the combining schedules of net position and combining schedule of revenue, expenses and changes in net position are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 17, 2021 on our consideration of the Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control over financial reporting and compliance.

Mitchell & Titus, LLP

June 17, 2021

MANANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

INTRODUCTION

This Management's Discussion and Analysis (MD&A) of Nassau Health Care Corporation (the Corporation or NHCC) introduces the basic financial statements for the years ended December 31, 2020 and 2019. Management prepared this MD&A, which is intended to look at the Corporation's financial performance as a whole. It should be read in conjunction with the Corporation's financial statements, the notes and the required supplementary information.

BASIC FINANCIAL STATEMENTS

This annual financial report consists of four parts: Management's Discussion and Analysis (this section), the basic financial statements, required supplementary information and supplementary information. The Corporation is supported by fees charged for the services it provides. Accordingly, the Corporation is considered an enterprise fund and utilizes the accrual basis of accounting. Enterprise fund statements offer short- and long-term financial information about the activities and operations of the Corporation. The Corporation operates in a manner similar to a private business.

The basic financial statements (Statements of Net Position, Statements of Revenue, Expenses, and Changes in Net Position, Statements of Cash Flows, and the Notes to the Financial Statements) present the financial position of NHCC at December 31, 2020 and 2019, and the changes in its financial position for the years then ended. These financial statements report information about NHCC using accounting methods similar to those used by private-sector companies. The Statements of Net Position include all of NHCC's assets and liabilities. The Statement of Revenue, Expenses, and Changes in Net Position reflect the 2020 and 2019 activities on the accrual basis of accounting, where revenue and expenses are recorded when services are provided or obligations are incurred, not when cash is received or paid. The financial statements also report NHCC's net position (the difference between assets and liabilities) and how that has changed. Net position is one way to measure financial health or condition. The Statements of Cash Flows provide relevant information about the year's cash receipts and cash payments and classify them as operating, noncapital financing, capital and related financing and investing activities. The notes to the financial statements explain information in the financial statements and provide more detailed data.

(in thousands)

CONDENSED FINANCIAL INFORMATION

Statements of Net Position

	2020	2019	2018	2020-2019 Dollar Change	2020-2019 Percentage Change
ASSETS					
Current assets	$ 384,444	$ 277,251	$ 257,027	$ 107,193	39 %
Capital assets, net	148,019	150,881	153,772	(2,862)	(2)%
Other assets	41,462	39,926	42,262	1,536	
Total assets	$ 573,925	$ 468,058	$ 453,061	$ 105,867	23 %
DEFERRED OUTFLOWS OF RESOURCES	$ 216,103	$ 65,805	$ 81,846	$ 150,298	228 %
LIABILITIES					
Current liabilities	$ 474,465	$ 297,913	$ 193,179	$ 176,552	59 %
Long-term portion of debt	140,442	156,905	172,518	(16,463)	(10)%
Other long-term liabilities	1,038,205	810,542	870,555	227,663	28%
Total liabilities	$ 1,653,112	$ 1,265,360	$ 1,236,252	$ 387,752	31 %
DEFERRED INFLOWS OF RESOURCES	$ 54,039	$ 79,255	$ 45,622	$ (25,216)	(32)%
NET POSITION					
Net investment in capital assets	$ 93,464	$ 96,326	$ 99,179	$ (2,862)	(3)%
Restricted	1,402	1,511	1,335	(109)	(7)%
Unrestricted	(1,011,989)	(908,589)	(847,481)	(103,400)	11 %
Total net position	$ (917,123)	$ (810,752)	$ (746,967)	$ (106,371)	13 %

(in thousands)

CONDENSED FINANCIAL INFORMATION *(continued)*

Statements of Revenue, Expenses, and Changes in Net Position

	2020	2019	2018	2020-2019 Dollar Change	2020-2019 Percentage Change
OPERATING REVENUE					
Net patient service revenue	$ 440,139	$ 457,486	$ 471,608	$ (17,347)	(4)%
Other revenue	154,325	117,561	116,005	36,764	31 %
Total operating revenue	594,464	575,047	587,613	19,417	3 %
OPERATING EXPENSES					
Salaries	287,454	273,622	267,964	13,832	5 %
Employee benefits	139,803	139,042	138,493	761	1 %
Supplies and other expenses	181,348	165,232	177,595	16,116	10 %
Depreciation	18,403	17,888	18,303	515	3 %
	627,008	595,784	602,355	31,224	5 %
(Loss) income before OPEB expense, NYS actuarial pension adjustment	(32,544)	(20,737)	(14,742)	(11,807)	57 %
Employee benefits - OPEB	(36,413)	(39,463)	(33,915)	3,050	(8)%
NYS actuarial pension adjustment - GASB 68	(33,320)	(3,773)	2,052	(29,547)	783 %
Operating loss	(102,277)	(63,973)	(46,605)	(38,304)	60 %
Nonoperating activities, net	(8,359)	(6,517)	(11,413)	(1,842)	28 %
Capital contributions	4,265	6,705	4,767	(2,440)	(36)%
Decrease in net position	(106,371)	(63,785)	(53,251)	(42,586)	67 %
NET POSITION					
Beginning of year	(810,752)	(746,967)	(561,782)	(63,785)	9 %
GASB 75 adoption adjustment - January 1, 2018	-	-	(131,934)	-	
End of year	$ (917,123)	$ (810,752)	$ (746,967)	$ (106,371)	13 %

THE CORONAVIRUS (COVID-19) PANDEMIC

The outbreak of the COVID-19 virus has been declared a pandemic by the World Health Organization. The Governor of the State declared a state of emergency in the State on March 7, 2020 and the County Executive declared a state of emergency in the County on March 13, 2020, each of which is still in effect. For the majority of 2020, NHCC was responding to the COVID-19 pandemic and the demands it placed on the health care system in general.

The Federal Government passed the Coronavirus Aid, Relief, and Economic Security (CARES) Act on March 27, 2020, to respond to the impact of the COVID-19 pandemic. As a result, NHCC received $121.9 million in funding under the Provider Relief Fund program of the CARES Act and $1.1 million in reimbursement was received for uninsured patients under the Health Resources and Services Administration (HRSA) COVID-19 testing for the uninsured program of the CARES Act. Additionally, NHCC received $26.2 million in Medicare loan advances.

NHCC recognized revenue under the CARES Act program for COVID-19 related expenditures and lost revenue.

FINANCIAL ANALYSIS OF THE CORPORATION

For the years ended December 31, 2020 and 2019, the NHCC generated losses before other postemployment benefits (OPEB) and NYS actuarial pension adjustment of $32,544 and $20,737, respectively. Operating revenue increased by $19,417 to $594,464 in 2020, primarily due to additional Delivery System Reform Incentive Payment (DSRIP) program and CARES Act revenue and decreased by $12,566 to $575,047 in 2019, primarily due to a decrease in disproportionate share payments, which is funded through the inter-government transfers (IGT), and adjustments to prior-year reimbursement rates. Operating expenses increased by $31,224 to $627,008 in 2020, primarily due to COVID-19 related expense and an increase in payroll expense due to a 2% collective bargaining agreement increase and decreased by $6,571 to $595,784 in 2019, primarily due to a decrease in professional liability insurance, offset by additional hiring at A. Holly Patterson Extended Care Facility.

GOING CONCERN

NHCC has experienced recurring operating losses, a working capital deficit and has a total negative net position of $917,123 and $810,752 at December 31, 2020 and 2019, respectively, and is dependent on the continuation of federal, state and local subsidies, certain of which have or are scheduled to end or be reduced. These matters raise substantial doubt about NHCC's ability to continue as a going concern. Additionally, in 2020, the COVID-19 health crisis has added further uncertainty regarding the operations of NHCC, as well as the healthcare system in general. NHCC is continuously striving to improve its operating results by continuing to progress with collecting on patient accounts, through cash flows provided by government subsidies for the funding of capital projects and by participating in the Delivery System Reform Incentive Program and certain other value-based payment programs. NHCC has also undertaken a number of initiatives, including the renegotiation of commercial managed care contracts, changes to medical management practices, improved supply chain, inventory management, rightsizing of personnel and further cost reductions. Nassau County Interim Finance Authority (NIFA) currently has oversight of the operations of NHCC and in that capacity, reviews certain operational aspects of the Corporation.

OPERATING ACTIVITIES

Net Patient Service Revenue

Total net patient service revenue was $440,139 and $457,486 for the years ended December 31, 2020 and 2019, respectively, a decrease of $17,347 and $14,122 in 2020 and 2019. IGT revenue in 2020 was $47,213, which was $27,619 less than the 2019 amount of $74,832. IGT revenue in 2019 was $74,832, which was $9,741 less than the 2018 amount of $84,573.

Other Operating Revenue

Other operating revenue of $154,325 and $117,561 in 2020 and 2019, respectively, represents an increase of $36,764. This increase resulted primarily from CARES Act revenue, an increase of DSRIP revenue, and a decrease in Value-based Payment/Quality Improvement Program (VBP/QIP) revenue. Other operating revenue decreased from 2018 to 2019 by $1,556.

Expenses

Total operating expenses before OPEB and NYS actuarial pension adjustment were $627,008 and $595,784 for the years ended December 31, 2020 and 2019, respectively. Expenses increased from 2019 to 2020 by $31,224. Expenses decreased from 2018 to 2019 by $6,571. A description of the component categories follows.

Salaries in 2020 of $287,454 increased by $13,832 from the 2019 salary expense of $273,622. The increase was the result of a 2% cost of living increase in union salaries as well as step and longevity increases.

Salaries in 2019 of $273,622 increased $5,658 from the 2018 salary expense of $267,964. The increase was the result of an increase in FTEs for services at A. Holly Patterson Extended Care Facility and a 1% increase in union salaries.

Employee benefit costs, before OPEB and NYS actuarial pension adjustment expenses were $139,803, $139,042, and $138,493 in 2020, 2019, and 2018, respectively.

Supplies and other expenses were $181,348 and $165,232 in 2020 and 2019, respectively, an increase of $16,116. The increase was due to COVID-19-related expenses of $19,400, offset by other reductions. Supplies and other expenses decreased by $12,363 from $177,595 in 2018 to $165,232 in 2019 due to a reduction in malpractice expense.

Pension and OPEB

In 2020, the Corporation recorded a NYS actuarial pension adjustment–GASB No. 68 of $33,320 compared to a NYS actuarial pension adjustment–GASB No. 68 of $3,773 in 2019. The Corporation also recorded an unfunded other postemployment benefit expense of $36,413 and $39,463 in 2020 and 2019, respectively. The costs for these plans are actuarially calculated based on plan benefits that current and retired employees have accrued as a result of their respective years of employment service.

OPERATING ACTIVITIES *(continued)*

Capital Assets

During the years ended 2020 and 2019, the Corporation purchased $21,610 and $14,998 in capital assets, respectively, and incurred $18,403 and $17,888 in depreciation expense.

Debt

During the years ended 2020 and 2019, the Corporation made principal and interest payments of $22,678 and $21,988, respectively.

Contacting the Corporation's Financial Management

If there are any questions about this report or if additional financial information is needed, contact the Office of Public Affairs, Nassau Health Care Corporation, 2201 Hempstead Turnpike, East Meadow, New York 11554.

NASSAU HEALTH CARE CORPORATION
(A Component Unit of the County of Nassau, New York)
Statements of Net Position
As of December 31, 2020 and 2019
(In thousands)

	2020	2019
ASSETS		
Current assets		
Cash and cash equivalents	$ 184,818	$ 16,631
Patient accounts receivable, net	35,182	31,475
Inventories	12,089	8,806
Prepaid expenses	9,284	1,091
Other receivables	41,415	65,590
Due from third-party payors	4,021	7,314
Assets restricted as to use, required for current liabilities	62,735	116,344
Due from Nassau County, net	34,900	30,000
Total current assets	384,444	277,251
Assets restricted as to use, net	6,630	6,766
Capital assets - net	148,019	150,881
Other assets	34,832	33,160
Total assets	$ 573,925	$ 468,058
DEFERRED OUTFLOWS OF RESOURCES		
Deferred change in fair value of interest rate swaps	$ -	$ 376
Deferred charge on refunding	28,810	26,765
Pension and OPEB related	187,293	38,664
Total deferred outflows of resources	$ 216,103	$ 65,805

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

NASSAU HEALTH CARE CORPORATION
(A Component Unit of the County of Nassau, New York)
Statements of Net Position *(continued)*
As of December 31, 2020 and 2019
(In thousands)

	2020	2019
LIABILITIES		
Current liabilities		
Current portion of long-term debt	$ 16,725	$ 16,082
Accounts payable and accrued expenses	234,573	170,969
Accrued salaries and related withholdings	22,010	20,813
Current portion of postemployment health insurance liability	17,921	14,974
Current portion of vacation and sick leave	8,030	7,315
Current portion of estimated self-insurance liability	11,845	10,689
Current portion of accrued pension benefits	34,394	16,018
Current portion of estimated liability to third-party payors, net	21,633	32,542
Other current liabilities	106,721	8,023
Accrued interest payable	613	488
Total current liabilities	474,465	297,913
Long-term debt	140,442	156,905
Estimated liability to third-party payors, net	59,826	34,237
Estimated postemployment health insurance liability	658,343	550,107
Estimated self-insurance liability	75,684	71,753
Estimated fair value of interest rate swap agreements	21,806	18,623
Accrued vacation and sick leave	72,272	65,833
Accrued pension benefits	150,274	69,989
Total liabilities	$ 1,653,112	$ 1,265,360
DEFERRED INFLOWS OF RESOURCES		
Pension and OPEB related	$ 54,039	$ 79,255
Total deferred inflows of resources	$ 54,039	$ 79,255
COMMITMENTS AND CONTINGENCIES		
Net position		
Net investment in capital assets	$ 93,464	$ 96,326
Restricted	1,402	1,511
Unrestricted	(1,011,989)	(908,589)
Total net position	$ (917,123)	$ (810,752)

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

NASSAU HEALTH CARE CORPORATION
(A Component Unit of the County of Nassau, New York)
Statements of Revenue, Expenses and Changes in Net Position
Years Ended December 31, 2020 and 2019
(In thousands)

	2020	2019
OPERATING REVENUE		
Net patient service revenue (net of the provision for bad debts of $40,139 and $56,041 in 2020 and 2019, respectively)	$ 440,139	$ 457,486
Other revenue	154,325	117,561
Total operating revenue	594,464	575,047
OPERATING EXPENSES		
Salaries	287,454	273,622
Employee benefits - pension	31,186	30,996
Employee benefits - health and other	108,617	108,046
Supplies and other expenses	181,348	165,232
Depreciation and amortization	18,403	17,888
	627,008	595,784
Loss before OPEB expenses and NYS actuarial pension adjustment	(32,544)	(20,737)
Employee benefits - OPEB expenses	(36,413)	(39,463)
NYS actuarial pension adjustment - GASB 68	(33,320)	(3,773)
Operating loss	(102,277)	(63,973)
NONOPERATING ACTIVITIES		
Interest income	1,863	1,759
Interest expense	(10,222)	(8,276)
Total nonoperating activities, net	(8,359)	(6,517)
Capital contributions	4,265	6,705
Decrease in net position	(106,371)	(63,785)
Beginning of year	(810,752)	(746,967)
End of year	$ (917,123)	$ (810,752)

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

NASSAU HEALTH CARE CORPORATION
(A Component Unit of the County of Nassau, New York)
Statements of Cash Flows
Years Ended December 31, 2020 and 2019
(In thousands)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from patients, third-party payors and other related payments	$ 457,015	$ 495,014
Cash received from other operating revenue	276,427	100,846
Cash paid to employees	(452,642)	(413,111)
Cash paid to suppliers	(124,131)	(111,083)
Net cash provided by operating activities	156,669	71,666
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES		
Cash paid for interest	(5,686)	(4,580)
Payment of debt	(16,441)	(14,989)
Payment of other liabilities	(7,069)	4,930
Net cash used in noncapital and related financing activities	(29,196)	(14,639)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchases of capital assets	(21,610)	(15,033)
Proceeds from sale of building	4,725	-
New capital leases	621	-
Cash paid for interest, net of amounts capitalized	(2,896)	(2,332)
Grants for capital asset acquisitions	4,265	6,705
Net cash used in capital and related financing activities	(14,895)	(10,660)
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash received from interest	1,864	1,759
Net cash from investing activities	1,864	1,759
Net increase in cash and cash equivalents	114,442	48,126
Cash and cash equivalents, beginning of year	16,631	5,478
Assets limited as to use, beginning of year	123,110	86,137
Total cash and restricted cash, beginning of year	139,741	91,615
Cash and cash equivalents, end of year	184,818	16,631
Assets limited as to use, end of year	69,365	123,110
Total cash and restricted cash, end of year	$ 254,183	$ 139,741

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

NASSAU HEALTH CARE CORPORATION
(A Component Unit of the County of Nassau, New York)
Statements of Cash Flows *(continued)*
Years Ended December 31, 2020 and 2019
(In thousands)

	2020	2019
RECONCILIATION OF OPERATING LOSS TO NET CASH FROM OPERATING ACTIVITIES		
Operating loss	$ (102,277)	$ (63,978)
Depreciation and amortization	18,403	17,888
Loss on disposal	1,345	-
Changes in operating assets and liabilities		
Patient accounts receivable	(3,707)	7,060
Prepaid expenses and inventories	(11,474)	667
Other receivables and assets	22,503	19,919
Due from Nassau County	(4,900)	(584)
Accounts payable and accrued expenses	63,606	66,823
Accrued salaries, withholding, pensions, vacation, sick pay and other	7,935	77,168
Due to/from third-party payors, net	17,971	(6,167)
Estimated self-insurance liability	5,086	(12,753)
Postemployment health insurance liability	36,414	(34,377)
Deferred revenue	105,764	-
Net cash from operating activities	$ 156,669	$ 71,666

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

NOTE 1 ORGANIZATION

The Nassau Health Care Corporation (d/b/a NuHealth) (NHCC or the Corporation) is a public benefit corporation created pursuant to Public Authorities Law 340l, *et. seq.* (PAL) by New York State (State) in 1996 for the purposes of acquiring the health facilities owned by Nassau County, New York (County), operating these facilities more efficiently than the County could, and competing with other health care providers in a rapidly changing health care marketplace. These facilities were formally acquired by NHCC from the County on September 29, 1999.

NHCC has a governing board consisting of 15 voting directors and three non-voting directors. Eight of the voting directors are appointed by the Governor of the State of New York on the recommendation of various State and County elected officials. Seven of the voting directors, and two of the non-voting directors, are appointed directly by the County Executive or the County Legislature. The Chief Executive Officer of NHCC is the final non-voting director.

NHCC was formed as the public benefit corporation. Nassau University Medical Center (NUMC) is a 530-bed hospital located in East Meadow, New York. In addition to its tertiary care medical center, NUMC includes the following operating divisions: A. Holly Patterson Extended Care Facility (AHP), a 589-bed nursing home located in Uniondale, New York; a Faculty Practice Plan (FPP), and co-operates with Long Island FQHC, Inc. (LIFQHC) six treatment centers and three school-based clinics.

Except for LIFQHC (discussed below), the following active corporate entities are either owned or controlled wholly or in part by NHCC by virtue of NHCC being the sole corporate member pursuant to the New York State Not-for-Profit Corporation Law (N-PCL), through membership interests, or otherwise having the ability to approve the Board and/or shareholders of the entity or having an interdependent relationship.

NOTE 1 ORGANIZATION *(continued)*

- *Nassau Health Care Foundation, Inc. (NHCF):* NHCF was incorporated on June 24, 1964 as a type B membership corporation under the N-PCL. Prior to December 2014, the members of the Board of Directors of NHCC were automatically members of the NHCF's Board of Directors. In December 2014, the NHCC Board members resigned and new independent NHCF Board members were appointed. The purpose of NHCF is to support, maintain and otherwise benefit and be responsive to the needs and objectives of the hospital, skilled nursing facility and related facilities operated by NHCC. NHCF also receives support from NHCC Medical Faculty Practice Plan revenue and maintains discretionary funds that can be used by the Chairman of each NHCC department for educational and mission-related purposes. In March 2011, NHCF applied to the Department of Labor to obtain status as a Professional Employer Organization (PEO) pursuant to the New York Professional Employer Act of 2003. As a result of this action, NHCF officially became a co-employer of certain NHCC employees as of May 18, 2011. Effective December 2019, NHCC discontinued its PEO status.

- *Long Island Medical Foundation, Inc. (d/b/a NuHealth Foundation) (LIMF):* LIMF was incorporated on May 3, 2002, and obtained federal tax-exempt status in October 2003 as a Section 501(c)(3) support organization. LIMF was specifically established to be the fundraising arm of NHCC. It was established as a membership corporation and NHCC is its sole member. LIMF currently has one employee.

- *NHCC, Ltd.:* NHCC, Ltd. is a corporation organized under the Companies Law of Cayman Islands on September 24, 1999. NHCC is the sole shareholder. NHCC, Ltd. was established as an off-shore captive insurance company (the Captive) for NHCC, for its medical malpractice and general liability coverage, and is licensed under the Insurance Law (1999 Revision) of Cayman Islands as of April l, 2000 (see Note 10).

- *Newco ALP, Inc. (NewCo):* NewCo was formed as a Section 50l(c)(3) on May 22, 2009, for the purpose of becoming the licensed operator of a 150-bed Medicaid Assisted Living Program (ALP) and a related Licensed Home Services Agency (LHCSA). The ALP was formed to be a primary component of a State mandated rightsizing of AHP. The New York State Department of Health (NYSDOH) has approved NewCo's application for a license to operate an ALP at an expanded 200-bed size, and approved a LCHSA for this purpose in a building, which previously served as the Hempstead General Hospital, situated at 820 Front Street, Hempstead (Nassau County), New York 11550 (the Site). NewCo has had no operating activities since its formation.

NOTE 1 ORGANIZATION *(continued)*

The financial reporting entity, which results from blending NHCC and the above entities, is collectively referred to as the "Corporation".

LIFQHC is an independent not-for-profit corporation formed on May 14, 2009, and was established by NYSDOH on June 15, 2010, as a co-operator of the six treatment centers and two school-based clinics that were previously operated solely by NHCC. LIFQHC is not considered a component unit of NHCC and, accordingly, is not included in the accompanying financial statements.

The Corporation is considered to be a component unit of the County and is included as a discretely presented component unit in the financial statements of the County. The County provides the Corporation Article VI service payments, payments for certain health services, IGT and various other payments throughout each year. Additionally, the County is the direct-pay guarantor of the Corporation's Series 2009 Bonds, as well as guarantor to its swap counterparties. It is not possible to predict the effect, if any, the County's current or future operations will have on the financial statements of the Corporation, taken as a whole.

Going Concern

NHCC has experienced recurring operating losses, a working capital deficit and has a total negative net position of $917,123 and $810,752 at December 31, 2020 and 2019, respectively, and is dependent on the continuation of federal, state and local subsidies, certain of which have or are scheduled to end or be reduced. These matters raise substantial doubt about NHCC's ability to continue as a going concern. NHCC is continuously striving to improve its operating results by continuing to progress with collecting on patient accounts, through cash flows provided by government subsidies for the funding of capital projects and by participating in the Delivery System Reform Incentive Program and the Value-Based Payment (VBP) and Quality Incentive Payment (QIP) Program (see Notes 2 and 12). NHCC has also undertaken a number of initiatives, including the renegotiation of commercial managed care contracts, changes to medical management practices, improved supply chain, inventory management, rightsizing of personnel and further cost reductions. Nassau County Interim Finance Authority (NIFA) currently has oversight of the operations of Nassau Health Care Corporation and in that capacity reviews certain operational aspects of the Corporation.

On March 11, 2020, the World Health Organization declared the outbreak of a coronavirus (COVID-19) pandemic. As a result, economic uncertainties have arisen which are likely to negatively impact activities of the Corporation. Other financial implications could occur though such potential impact is unknown at this time. No adjustments or provisions were made in these financial statements related to COVID-19, other than actual lost revenue and expense related to COVID-19 and the recognition of Coronavirus Aid, Relief, and Economic Security (CARES) Act revenue related thereto.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Corporation is considered a special-purpose government entity engaged only in business-type activities. The Corporation's financial statements are prepared on the accrual basis of accounting using the economic resources measurement focus and are based on accounting principles applicable to governmental units as established by the Governmental Accounting Standards Board (GASB) and the provisions of the American Institute of Certified Public Accountants' "Audit and Accounting Guide, Health Care Entities," to the extent that they do not conflict with the GASB.

For purposes of presentation, transactions deemed by management to be ongoing, major, or central to the provision of health care services are reported as operating revenues and operating expenses. All other activities are reported as non-operating activities.

The accompanying basic financial statements include the Corporation's operating divisions (NUMC, AHP, and FPP) and its blended component units (NHCF, LIMF, NHCC, Ltd., and NewCo). All intercompany transactions and balances have been eliminated in combination.

Net Position

The net position of the Corporation is composed of three components. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the current balances of any outstanding borrowings used to finance the purchase or construction of those assets. Restricted net position consists of non-capital resources that must be used for a particular purpose, as specified by contributors external to the Corporation, such as contributions with donor-imposed stipulations that either expire by the passage of time or actions by NHCF pursuant to those stipulations. Lastly, unrestricted net position consists of remaining resources that are available to meet any of the Corporation's ongoing obligations that do not meet the definition of previous net position components.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. The Corporation's significant estimates include the allowance for estimated uncollectible patient accounts receivable, estimated third-party contractual allowances, estimated third-party payor receivables and payables, self-insurance liabilities, workers' compensation liabilities, and pension and postemployment health insurance liabilities. Actual results may differ from those estimates.

Cash and Cash Equivalents

The Corporation considers all highly liquid investments with original maturities of three months or less when purchased to be cash equivalents. NHCC's cash and cash equivalents policies are governed by state statutes. Cash and cash equivalents consist primarily of cash and money market funds. All cash and cash equivalents are insured through Federal Deposit Insurance Corporation insurance or collateralized by U.S. Government securities held by NHCC's third-party trustee or the pledging financial institution's trust department in the name of the NHCC, to the full extent of the deposits.

Cash and cash equivalents in the statements of cash flows consist of cash and cash equivalents and assets limited as to use (see Note 3) on the statement of net position.

Net Patient Service Revenue and Accounts Receivable for Services to Patients

Net patient service revenue is reported at the estimated net realizable amounts due from patients, third-party payors and others for services rendered, and includes estimated retroactive revenue adjustments due to ongoing and future audits, reviews and investigations. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are provided and adjusted in future periods as adjustments become known or as years are no longer subject to such audits, reviews and investigations.

Patient accounts receivable result from the health care services provided by the Corporation and physicians of the clinical practices. Additions to the allowance for doubtful accounts result from the provision for bad debts. Accounts written off as uncollectible are deducted from the allowance for doubtful accounts. The amount of the allowance for doubtful accounts is based upon management's assessment of historical and expected net collections, business and economic conditions, trends in Medicare and Medicaid health care coverage and other collection indicators.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Net Patient Service Revenue and Accounts Receivable for Services to Patients *(continued)*

Medicare Reimbursement

Hospitals are paid for most Medicare inpatient and outpatient services under the national prospective payment system 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 hospital-specific data.

Non-Medicare Reimbursement

In New York State, hospitals and all non-Medicare payers, except Medicaid, workers' compensation and no-fault insurance programs, negotiate hospitals' payment rates. If negotiated rates are not established, payers are billed at the hospitals' established charges. Medicaid, workers' compensation and no-fault payers pay hospital rates promulgated by the New York State Department of Health (NYSDOH). Effective December 1, 2009, the New York State payment methodology was updated such that payments to hospitals for Medicaid, workers' compensation and no-fault inpatient services are based on a statewide prospective payment system, with retroactive adjustments. Outpatient services also are paid based on a statewide prospective system that was effective December 1, 2008. 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 the Corporation 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 as those years are final settled.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Net Patient Service Revenue and Accounts Receivable for Services to Patients *(continued)*

Non-Medicare Reimbursement (continued)

The Corporation 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 Corporation-specific data. Medicare cost reports, which serve as the basis for final settlement with the Medicare program, have been audited by the Medicare fiscal intermediary and settled through 2016. Other years remain open for audit and settlement as are numerous 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. The current Medicaid, Medicare and other third-party payor 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. Management is not aware of any allegations of noncompliance that could have a material adverse effect on the accompanying financial statements and believes that the Corporation is in compliance with all applicable laws and regulations.

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 health care reform that have been enacted by the Federal and State governments, cannot presently be determined. Future changes in Medicare and Medicaid programs and any reduction of funding could have an adverse impact on the Corporation.

Additionally, certain payers' payment rates for various years have been appealed by the Corporation. If the appeals are successful, additional income applicable to those years might be realized. No amounts have been recorded in regards to these appeals.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Net Patient Service Revenue and Accounts Receivable for Services to Patients *(continued)*

Non-Medicare Reimbursement (continued)

On March 30, 2010, the Corporation was notified that the NYSDOH was issuing rate revisions dating back to 1996 for rate issues associated with the A. Holly Patterson skilled nursing facility. The amount of the retroactive recovery was approximately $15,600 and was recorded as a liability in 2009. The Corporation filed a legal affidavit on May 12, 2010, protesting the recovery for the periods 1996 through 2002. The New York State Universal Settlement with nursing homes resulted in the settlement of this case, as well as all other pending reimbursement appeals by AHP, in exchange for an allocation of Universal Settlement proceeds to AHP in the total amount of $13,895, of which $11,500 was allocated to this case. Under the terms of the Universal Settlement, payments were made in installments over five years. As of December 31, 2020 and 2019, no amounts are outstanding under the settlement.

Charity Care

The Corporation provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because the Corporation does not pursue collection of amounts determined to qualify as charity care, they are not reported as net patient service revenue. The Corporation maintains records to identify and monitor the level of charity care it provides. The amount of charges foregone for the Corporation’s services and supplies furnished under its charity care policy aggregated $24,185 and $32,303 for the years ended December 31, 2020 and 2019, respectively. The cost of charity care was estimated using a ratio of cost-to-gross charges, which totaled $7,083 and $9,218 for the years ended December 31, 2020 and 2019, respectively.

Intergovernmental Transfers

The IGT program is a federal and locally sponsored funding mechanism to assist certain public benefit hospitals in fulfilling their mission of providing health care services to Medicaid and uninsured populations.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Intergovernmental Transfers *(continued)*

The disproportionate share calculation (DSH) is funded through IGT. The amount is based on a formula that calculates losses on Medicaid and the uninsured from the Corporation's cost report each year, referred to as the disproportionate share calculation. The federal government funds a portion of the IGT amount with the remainder funded locally. The IGT amount recognized in net patient service revenue in 2020 and 2019 was approximately $47,213 and $74,834, respectively. Under the Affordable Care Act (the Act), DSH was to be decreased significantly over time for all DSH-qualified hospitals in the country. However, since the passage of the Act in 2010, Congress has consistently delayed the DSH reductions. The reductions are now scheduled to begin in 2024, unless further delayed by Congress at that time. It is uncertain whether Congress will enact another delay.

During 2020 and 2019, NHCC received approximately $5,500 and $23,622, respectively, from the NYSDOH relating to additional DSH payments applicable to year 2019 with respect to the 2020 receipt and years 2015, 2016 and 2017 with respect to the 2019 receipt. NUMC had determined that the amounts received were overpaid due to an issue relating to the calculation of the payments. The $23,622 received in 2019 was repaid in 2020. The $5,500 received in 2020 is included in long-term, estimated liability to third-party payors at December 31, 2020 and was subsequently repaid in 2021.

Delivery System Reform Incentive Program and VBP QIP Program

The Corporation is leading one of the 25 Performing Provider Systems (PPS) in New York State that are implementing the Delivery System Reform Incentive Program (DSRIP). This PPS, known as the Nassau Queens Performing Provider System, LLC (NQP), was established and is owned by the Corporation and two other New York health systems. NQP is expected to receive up to $536 million over the five-year life of the DSRIP Program, which commenced April 1, 2015 and concluded March 31, 2020. In 2020 and 2019, the Corporation recognized $38,061 and $27,061, respectively, which is included in other operating revenue in the accompanying statements of revenue, expenses and changes in net position. At December 31, 2019, $11,966, related to DSRIP was accrued in other current receivables. The DSRIP Program goals include more efficient and effective delivery of care to Medicaid recipients and the reduction of unnecessary emergency room visits, hospitalizations and readmissions.

(In thousands)

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Delivery System Reform Incentive Program and VBP QIP Program *(continued)*

In September 2020, NHCC received a $42.6 million High Performance Bonus payment from the DSRIP program for achieving certain specific performance management patient service goals during the DSRIP fiscal year April 1, 2019 to March 31, 2020. This has been recorded as current year revenue in 2020. This bonus was earned during the period April 1, 2019 to March 31, 2020. However, no revenue attributable to this award was recorded in 2019, as the amount was undeterminable. On a ratable earning basis during that period, $32.0 million would have been earned in 2019 and $10.6 million would have been earned in 2020.

In connection with the State of New York VBP and QIP Program, the Corporation recognized a net amount of $11,667 for its participation in the program for 2020. The Corporation had other current receivables of $19,392 and $20,000 at December 31, 2020 and 2019, which were received in 2021 and 2020, respectively. The VBP QIP Program assists New York hospitals in financial distress and enables these facilities to maintain operations and vital services while they work toward longer-term sustainability, improved quality, and alignment with the state's VBP and QIP initiatives.

Concentration of Credit Risk

The Corporation generally does not require collateral or other security in extending credit to patients; however, it routinely obtains assignment of (or is otherwise entitled to receive) patients' benefits payable under their health insurance programs, plans or policies (*e.g.*, Medicare, Medicaid, Blue Cross, HMOs and commercial insurance policies).

The significant concentrations of accounts receivable for services to patients at December 31, 2020 and 2019 are as follow:

	2020	2019
Medicare	16%	10%
Medicaid	24%	14%
Commercial	10%	19%
Commercial HMO	10%	16%
Medicare HMO	5%	9%
Medicaid HMO	17%	18%
Self-pay and other	18%	14%
	100%	100%

(In thousands)

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Concentration of Credit Risk *(continued)*

The components of net patient service revenue consisted of the following for the years ended December 31, 2020 and 2019:

	2020	2019
Services provided to patients (net of contractual allowances of approximately $882,456 and $1,021,942), respectively	$ 433,065	$ 438,694
Intergovernmental transfer	47,213	74,834
Provision for bad debts	(40,139)	(56,041)
	$ 440,139	$ 457,487

The Corporation is paid by third-party payors for patient services rendered generally at negotiated or otherwise predetermined amounts established by the applicable coverage program. For the years ended December 31, 2020 and 2019, revenue from Medicaid and Medicare programs accounted for approximately 63% and 62%, respectively, of net revenue for services provided to patients.

Assets Restricted as to Use

Assets restricted as to use consist of cash and money market funds. These may include amounts held by the NHCF and the Captive, restricted for capital and internally designated for capital, payment of professional and other insurance liabilities, pension liabilities, debt service and amounts held by the Faculty Practice Plan. The Board of Directors may authorize the use of internally designated amounts for other purposes. Amounts required to meet current liabilities are reported as current assets.

Inventories

Inventories, which are prepaid supplies, are carried at the lower of cost or market. Cost is determined by the first-in, first-out valuation method.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Capital Assets

Capital assets are stated at cost, less accumulated depreciation. It is the Corporation's policy to capitalize assets in excess of $1,000 that have useful lives of more than one year. Depreciation is computed using the straight-line method based upon the estimated useful lives of the assets ranging from three to forty years using the American Hospital Association's Guide – Estimated Useful Life of Depreciable Hospital Assets. The carrying amounts of assets and the related accumulated depreciation are removed from the accounts when such assets are disposed of and any resulting gain or loss is recorded. Interest cost incurred on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets.

Deferred Outflows and Inflows of Resources

Deferred outflows of resources represent the consumption of net position that applies to a future period(s) and, as such, will not be recognized as an outflow of resources (expense) until then. Deferred inflows of resources represent an acquisition of a net position that applies to future periods and will not be recognized as an inflow of resources until that time. The Corporation's items that qualify for reporting in this category include: the deferred change in fair value of the interest rate swaps resulting from the accumulated changes in the fair value of a derivative instrument (*i.e.*, interest rate swap) that qualifies for hedge accounting as the derivative instrument is determined to be effective, the amounts recorded in connection with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions-An Amendment of GASB Statement No. 27* and the amounts recorded in connection with GASB Statement No. 75, *Financial Reporting for Postemployment Benefits other than Pensions* (GASB No. 75). Under hedge accounting, the change in the fair value of a hedging derivative instrument is reported as a deferred inflow or deferred outflow of resources. The deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

Accrued Vacation and Sick Pay

The Corporation's employees are permitted to accumulate unused vacation time, sick pay and compensation time, up to certain maximum amounts as established by employment contracts. The Corporation accrues the expenses related to vested vacation, sick pay and compensation time based on pay rates in effect at year end.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Professional and Other Insurance Liabilities

Professional and other insurance liabilities, including loss adjustment expenses, represent management's best estimate using case basis evaluations and actuarial analysis. The estimate is based on the ultimate settlement cost of all unpaid losses and loss adjustment expenses incurred through December 31 of each policy year. The incurred but not reported reserves are estimated with the assistance of an independent actuary.

The ultimate settlement costs of all unpaid losses and loss adjustment expenses are necessarily subject to the impact of future changes in loss severity and other factors. Management believes the liability for losses and loss adjustment expenses is adequate and recognizes the variability inherent in the data used in determining the liabilities. However, there is an absence of a significant amount of experience as to whether the actual incurred losses and loss adjustment expenses will conform to the assumptions inherent in the determination of the liability. Accordingly, the ultimate settlement of losses and the related loss adjustment expenses may vary significantly from the estimated amounts included in the accompanying financial statements, and the differences could be material. The estimates are periodically reviewed and, as adjustments to these liabilities become necessary, they are reflected in current operations.

Interest Rate Swap Agreements

The Corporation's interest rate swap agreements are considered to be derivative instruments that are reported at fair value. The change in fair value of hedging instruments is included in the accompanying statement of net position as a deferred outflow of resources (see Note 5).

Equity Interest in Joint Venture

The Corporation has an ongoing 6% equity interest in HealthFirst, LLC (LLC), a not-for-profit managed care organization sponsored by New York State hospitals. At December 31, 2020 and 2019, the Corporation's equity interest in the LLC is $21,793 and $18,987, respectively, and is recorded in other assets in the statement of net position. In 2020, the Corporation received distributions of $2,575 and recorded an increase in its equity interest in the LLC of approximately $2,806, which is included in other revenue in the statement of revenue, expenses and changes in net position for the year ended December 31, 2020. In 2019, the Corporation received distributions of $1,889 and recorded an increase in its equity interest in the LLC of approximately $3,675, which is included in other revenue in the statement of revenue, expenses and changes in net position for the year ended December 31, 2019. The LLC is a non-governmental organization and its separate financial statements are not publicly available.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Equity Interest in Joint Venture *(continued)*

In addition, $11,851 and $11,259 is included in other assets at December 31, 2020 and 2019, respectively, which is related to retained payments due from the LLC.

Income Taxes

NHCC is a public benefit corporation of the State of New York and is exempt from federal income taxes under Section 115 of the Internal Revenue Code (the Code). Accordingly, no provision for income taxes has been recorded in the accompanying financial statements.

NHCC's component units are exempt from income tax under Section 501(c)(3) of the Code, except for the Captive. The Captive has not elected to be treated as a U.S. taxpayer. There is presently no taxation imposed on income or premiums by the Government of the Cayman Islands. If any form of taxation were to be enacted, the Captive has been granted an exemption through April 26, 2041.

Adopted and Recent Accounting Pronouncements

Effective January 1, 2018, NHCC adopted GASB No. 75, which improved accounting and financial reporting by the state and local governments for postemployment benefits other than pensions (other postemployment benefits). GASB No. 75 requires the liability of employers for defined benefit OPEB (net OPEB liability) to be measured as the portion of the present value of the projected benefit payments to be provided to active and inactive employees that is attributed to those employees' past periods of service (total OPEB liability), less the amount of the OPEB plan's fiduciary net position. The effect of the adoption of GASB No. 75 was a $131,934 reduction of net position.

In November 2016, the GASB issued Statement No. 83, *Certain Asset Retirement Obligations* (GASB No. 83). GASB No. 83 addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in GASB No. 83. The requirements of GASB No. 83 are effective for reporting periods beginning after June 15, 2018. NHCC adopted GASB No. 83 in 2019; however, it did not have a material impact on its financial statements.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Adopted and Recent Accounting Pronouncements *(continued)*

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities* (GASB No. 84). The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The provisions in GASB No. 84 are effective for fiscal years beginning after December 15, 2019 and earlier application is encouraged. NHCC adopted GASB No. 84 in 2020; however, it did not have a material impact on its financial statements.

In June 2017, the GASB issued Statement No. 87, *Leases* (GASB No. 87). The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of GASB No. 87 was extended by GASB 95 and are effective for reporting periods beginning after June 15, 2021. NHCC has not evaluated the effect of GASB No. 87 on its financial statements.

In March 2018, the GASB issued Statement No. 88, *Certain Disclosures Related to Debt* (GASB No. 88). The objective of this Statement is to improve the consistency of information presented in the footnotes to the financial statements with respect to long-term debt, and to distinguish it from other long-term liabilities in applying disclosure requirements. In addition to defining debt as a liability that arises from a contractual obligation to make payments to settle an amount that is fixed at the date the contractual obligation is established, the Statement also requires disclosure of unused lines of credit, assets pledged as collateral and information related to default or termination events. The requirements of GASB No. 88 are effective for reporting periods beginning after June 15, 2018. NHCC adopted GASB No. 88 in 2019; however, it did not have a material impact on its financial statements.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Adopted and Recent Accounting Pronouncements *(continued)*

In June 2018, the GASB issued Statement No. 89, *Accounting/or Interest Cost Incurred Before the End of a Construction Period* (GASB No. 89). This Statement improves financial reporting by providing users with more relevant information about capital assets and costs of borrowing. For NHCC, the Statement will no longer permit interest to be capitalized before the end of a construction period but instead, will require that interest costs be recognized as an expense in the period incurred. The requirements of GASB No. 89 are effective for reporting periods beginning after December 15, 2019. NHCC has adopted GASB No. 89 on its financial statements.

In August 2018, the GASB issued Statement No. 90, *Majority Equity Interests-An Amendment of GASB Statements No. 14 and No. 61* (GASB No. 90). The intent of this Statement is to improve consistency and comparability of reporting major equity interests in legally separate organizations. The Statement defines an equity interest as a financial interest in a legally separate organization through ownership of shares of the organization or by having explicit, measurable rights to the net resources of that organization. Equity interests meeting the definition of an investment, as defined by GASB No. 72, shall be accounted for using the equity method. Equity interests not meeting the definition of an investment are to be reported as a component unit. The requirements of GASB No. 90 are effective for reporting periods beginning after December 15, 2019. NHCC has adopted GASB No. 90 on its financial statements and there was no material change.

In May 2017, the GASB issued GASB Statement No. 91*, Conduit Debt Obligations* (GASB No. 91). The objective of GASB No. 91 is to provide a single method for government issuers to report conduit debt obligations and related commitments. The enhanced guidance is designed to eliminate diversity in practice associated with these issues. GASB No. 91 clarifies the definition of conduit debt obligation, provides clarified guidance on the recording and reporting of conduit debt obligations, and enhances footnote disclosures. The provisions of GASB No. 91 are effective for reporting periods beginning after December 15, 2021. The Corporation is currently evaluating the impact of GASB No. 91 on its financial statements and related footnote disclosures.

In January 2020, the GASB issued GASB Statement No. 92*, Omnibus 2020* (GASB No. 92). GASB No. 92 includes guidance addressing various accounting and financial reporting issues identified during the implementation and application of certain GASB pronouncements. The provisions of GASB No. 92 are effective at various dates. GASB No. 92 is applicable to the Corporation and the Corporation is currently evaluating the impact of GASB No. 92 on its financial statements and related footnote disclosures.

(In thousands)

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Adopted and Recent Accounting Pronouncements *(continued)*

In March 2020, the GASB issued GASB Statement No. 93*, Replacement of Interbank Offered Rates* (GASB No. 93). GASB No. 93 assists state and local governments in the transition away from existing interbank offered rates (IBORs) to other reference rates. GASB No. 93 also addresses those and other accounting and financial reporting implications of the replacement of an IBOR. The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2022. All other requirements of GASB No. 93 are effective for reporting periods beginning after June 15, 2021, with earlier application encouraged. The Corporation is currently evaluating the impact of GASB No. 93 on its financial statements and related footnote disclosures.

NOTE 3 ASSETS RESTRICTED AS TO USE

Assets restricted as to use at December 31, 2020 and 2019 consisted of the following:

	2020	2019
Cash and cash equivalents	$ 65,430	$ 118,165
Certificates of deposit	2,237	3,764
U.S. Treasury bills	1,698	1,181
Total	$ 69,365	$ 123,110

Investment income on cash and cash equivalents and restricted cash and cash equivalents consist of interest income of $1,863 and $1,747 for the years ended December 31, 2020 and 2019, respectively, and is included in nonoperating activities.

NHCC categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Cash and cash equivalents are categorized as Level 1 and are reflected at carrying value, which approximates fair value. U.S. Treasury bills are categorized as Level 2, and are reflected at fair value based on prices on inactive markets. The Corporation holds non-negotiable certificates of deposit, which are carried at amortized cost.

(In thousands)

NOTE 3 ASSETS RESTRICTED AS TO USE *(continued)*

At December 31, 2020 and 2019, NHCC's assets restricted as to use measured at fair value were categorized between Levels 1, 2 and 3 as follows:

Description	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	2020 Total
Cash and cash equivalents	$ 65,430	$ -	$ 65,430
U.S. Treasury bills	-	1,698	1,698
	$ 65,430	$ 1,698	67,128
Certificates of deposit*			2,237
			$ 69,365

Description	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	2019 Total
Cash and cash equivalents	$ 118,165	$ -	$ 118,165
U.S. Treasury bills	-	1,181	1,181
	$ 118,165	$ 1,181	119,346
Certificates of deposit*			3,764
			$ 123,110

*Non-negotiable certificates of deposit that are not required to be leveled.

(In thousands)

NOTE 4 CAPITAL ASSETS

Capital asset activity for the years ended December 31, 2020 and 2019 is as follows:

	2020			
	Beginning Balance	Additions	Transfers/ Disposals	Ending Balance
Capital assets, not being depreciated				
Land	$ 12,498	$ -	$ -	$ 12,498
Construction in process	11,138	20,056	(25,078)	6,116
Capital assets, being depreciated				
Building and improvements	255,127	2,217	(11,645)	245,699
Fixed equipment	119,580	3,042	(1,109)	121,513
Land improvements	17,130	-	-	17,130
Moveable equipment	220,537	21,371	(1,081)	240,827
Total capital assets	636,011	46,687	(38,914)	643,784
Less: Accumulated depreciation for				
Building and improvements	(172,373)	(6,862)	5,589	(173,646)
Fixed equipment	(108,483)	(945)	818	(108,610)
Land improvements	(14,030)	(240)	-	(14,271)
Moveable equipment	(190,244)	(10,027)	1,033	(199,238)
Total accumulated depreciation	(485,130)	(18,074)	7,439	(495,765)
Carrying value of all capital assets, net	$ 150,881	$ 28,612	$ (31,474)	$ 148,019

	2019			
	Beginning Balance	Additions	Transfers/ Disposals	Ending Balance
Capital assets, not being depreciated				
Land	$ 12,498	$ -	$ -	$ 12,498
Construction in process	17,636	10,197	(16,694)	11,138
Capital assets, being depreciated				
Building and improvements	250,451	4,676	-	255,127
Fixed equipment	111,656	7,925	-	119,580
Land improvements	17,130	-	-	17,130
Moveable equipment	211,608	8,929	-	220,537
Total capital assets	620,979	31,727	(16,694)	636,011
Less: Accumulated depreciation for				
Building and improvements	(164,896)	(7,477)	-	(172,373)
Fixed equipment	(107,548)	(935)	-	(108,483)
Land improvements	(13,785)	(245)	-	(14,030)
Moveable equipment	(180,978)	(9,231)	(35)	(190,244)
Total accumulated depreciation	(467,207)	(17,888)	(35)	(485,130)
Carrying value of all capital assets, net	$ 153,772	$ 13,839	$ (16,729)	$ 150,881

Net interest capitalized for the year ended December 31, 2019 was approximately $835.

(In thousands)

NOTE 5 LONG-TERM DEBT

Long-term debt at December 31, 2020 and 2019, consisted of the following:

	2020	2019
2009 Series A (taxable) Bonds payable at varying dates through August 1, 2022; variable-rate demand bonds bearing interest at taxable variable rates, with an effective average of approximately 0.71% and 2.20% at December 31, 2020 and 2019.	$ 6,705	$ 9,730
2009 Series B, C and D Bonds payable at varying dates through August 1, 2029; variable-rate demand bonds bearing interest at tax-exempt variable rates, with an effective average of approximately 0.58% and 1.46% at December 31, 2020 and 2019.	149,685	162,570
Other	777	687
	157,167	172,987
Current portion	16,725	16,082
Long-term portion	$ 140,442	$ 156,905

In April 2009, Series 2009 A (taxable), B, C and D Bonds were issued as variable-rate demand bonds (VRDBs) secured by letters of credit (LOCs) to redeem the 2004 Series A and 2004 Series C outstanding bank bonds. The bonds are subject to purchase on the demand of the holder at a price equal to principal plus accrued interest on seven days' notice and delivery to the Corporation's remarketing agent. The remarketing agent is authorized to use its best efforts to sell the repurchased bonds at a price equal to 100% of the principal amount by adjusting the interest rate. Under irrevocable LOCs issued by Bank of America, the trustee or the remarketing agent is entitled to draw an amount sufficient to pay the purchase price of bonds delivered to it. If the remarketing agent is unable to resell any Series 2009 A, B, C, or D bonds that are "put" on the earlier of the 91st day or the expiration date, the Corporation has reimbursement agreements with the LOC provider to convert the bonds to an installment loan payable over a certain period bearing an adjustable interest rate.

(In thousands)

NOTE 5 LONG-TERM DEBT *(continued)*

Significant terms of the LOCs and reimbursement agreements are below.

Provider	Expiration Date	Principal Amount Covered Under	Base Interest Rate	Interest Rate on LOC Draws	Maximum Loan Period (Years)	Loan Interest Rate	Annual Fee
Bank of America - Series A	9/25/2021	$6,705	Greater of Prime Rate plus 1%, Fed Funds Rate plus 2%, and 7%	Days 1-90 = Base Rate Days 91-thereafter = Base Rate plus 1%	1	Same terms as interest rate on LOC draws	97 basis points
Bank of America - Series B	9/25/2021	$56,890	Greater of Prime Rate plus 1%, Fed Funds Rate plus 2%, and 7%	Days 1-90 = Base Rate Days 91-thereafter = Base Rate plus 1%	3	Same terms as interest rate on LOC draws	97 basis points
Bank of America - Series C	9/25/2021	$49,145	Greater of Prime Rate plus 1%, Fed Funds Rate plus 2%, and 7%	Days 1-90 = Base Rate Days 91-thereafter = Base Rate plus 1%	3	Same terms as interest rate on LOC draws	97 basis points
Bank of America - Series D	9/25/2021	$43,650	Greater of Prime Rate plus 1%, Fed Funds Rate plus 2%, and 7%	Days 1-90 = Base Rate Days 91-thereafter = Base Rate plus 1%	3	Same terms as interest rate on LOC draws	97 basis points

If the reimbursement agreements were to be exercised because the entire series of demand bonds were "put" on September 1, 2020, and not remarketed before the expiration date, the Corporation would be required to pay the following estimated annual amounts (principal and interest) using the LOC banks' interest rates and terms in effect on December 31, 2020:

	BAML Series 2009 A, B, C, & D
2021	$ 25,186
2022	52,084
2023	46,572
2024	32,684
	$ 156,526

The Corporation is required to pay the providers an annual commitment fee for the LOC as stated above per year on the outstanding facility amount. Total LOC fees paid in 2020 and 2019 approximated $844 and $1,459, respectively.

The bonds are secured by payments made to NHCC by the County under a guaranty issued by the County pursuant to an ordinance adopted by the County dated March 1, 2009. In addition, the bonds are secured by an LOC issued by Bank of America that expires on September 25, 2021.

The County guarantees to the Trustee and the owners of Series 2009 Bonds the full and prompt payment of the principal and interest of the Series 2009 Bonds for the entire term of these bond series. The County has not been called upon to make any payments under the guaranty. The guaranty cannot be amended without the consent of the trustee (on behalf of the holders of the Bonds) and the LOC providers.

(In thousands)

NOTE 5 LONG-TERM DEBT *(continued)*

In connection with the issuance of the 2009 Bonds, the Corporation incurred a loss of approximately $31,500. The loss on refunding (the difference between the reacquisition price and the net carrying amount of the old debt) is classified as a deferred outflow of resources in the accompanying statement of net position. Amortization of the deferred loss is $1,515 and $1,649 for the years ended December 31, 2020 and 2019, respectively.

Pursuant to the Stabilization Agreement and, subsequently, the Successor Agreement, the County deposits subsidies, payable to the Corporation, in an escrow account reserved for payment of the Series 2009 Bonds.

Principal payments on long-term debt are due annually on August 1. Interest payments are due monthly, on the first business day of each month. Estimated future interest payments are calculated using the assumed synthetic fixed rate of interest of 3.457% for series 2009B, C and D contemplated as part of the current interest rate swap agreements, and the initial assumed synthetic fixed rate of interest of 4.61% for series 2009A under its prior swap agreement. Payments applicable to long-term debt for years subsequent to December 31, 2020 are as follows:

	Principal	Estimated Interest
2021	$ 16,725	$ 5,484
2022	17,725	4,874
2023	16,185	4,221
2024	16,595	3,661
2025	17,010	3,088
2026 to 2029	72,310	6,325
Other	617	-
	$ 157,167	$ 27,653

Interest Rate Swap Agreements

The Corporation uses derivative financial instruments to attempt to manage the cash flow impact of interest rate changes on its cash flows and net position and to mitigate its exposure to certain market risks associated with operations and does not use derivative instruments for trading or speculative purposes.

The Corporation derivative contract was evaluated pursuant to GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments* (GASB No. 53) to determine whether it met the definition of a derivative instrument, and if so, whether it effectively hedges the expected cash flows associated with interest rate risk exposures.

(In thousands)

NOTE 5 LONG-TERM DEBT *(continued)*

Interest Rate Swap Agreements *(continued)*

The Corporation applies hedge accounting for derivative instruments that are deemed effective hedges and under GASB No. 53 are referred to as hedging derivative instruments. Under hedge accounting, changes in the fair value of a hedging derivative instrument are reported as a deferred inflow or deferred outflow on the statement of net position until the contract is settled or terminated.

In April 2009, the Corporation undertook a current refunding of the 2004 Series C bonds. As part of the refunding, the three interest rate swap agreements (Swaps) were re-assigned to the new underlying 2009 Series B, C and D bonds with essentially identical terms, except for a change in the interest rate mode from auction rate to weekly variable-rate demand bonds. The three Swaps associated with the 2004 Series C bonds were determined to be an effective hedging relationship and, as such, the changes in the fair value of the swap through the refunding date totaling $30,000 were included in the deferred loss on refunding calculation and amortized over the life of the new bonds. The new association of the three Swaps and the 2009 Series B, C and D bonds are considered an effective hedging relationship at December 31, 2020.

All settlement payments or receipts for hedging derivative instruments are recorded as a component of interest expense in the period settled and amounted to approximately $4,518 and $3,102 for the years ended December 31, 2020 and 2019, respectively.

The Corporation's hedging derivative instruments at December 31, 2020 are as follows:

Swap ID	Fair Value December 31, 2020	Net Change in Fair Value	Type of Hedge	Financial Statement Classification for Changes in Fair Value
1	$ (7,333)	$ (1,031)	Cash flow	Deferred outflow
2	(7,322)	(1,030)	Cash flow	Deferred outflow
3	(7,322)	(1,030)	Cash flow	Deferred outflow
	$ (21,977)	$ (3,091)		

NOTE 5 LONG-TERM DEBT *(continued)*

Interest Rate Swap Agreements *(continued)*

The Corporation’s hedging derivative instruments at December 31, 2019 are as follows:

Swap ID	Fair Value December 31, 2019	Net Change in Fair Value	Type of Hedge	Financial Statement Classification for Changes in Fair Value
1	$ (6,302)	$ (943)	Cash flow	Deferred outflow
2	(6,292)	(916)	Cash flow	Deferred outflow
3	(6,292)	(916)	Cash flow	Deferred outflow
	$ (18,886)	$ (2,775)		

The terms of the Corporation’s financial derivative instruments that were outstanding at December 31, 2020, are summarized in the table below:

Counterparty	Effective Date	Termination Date	NHCC Pays	NHCC Receives	Outstanding Swap Notional (000s)
JPMorgan Chase	October 14, 2004	August 1, 2029	3.4570%	62.6% of I-Month LIBOR +0.23%	$51,098
Merrill Lynch	October 14, 2004	August 1, 2029	3.4570%	62.6% of I-Month LIBOR +0.23%	$50,998
UBS AG	October 14, 2004	August 1, 2029	3.4750%	62.6% of I-Month LIBOR +0.23%	$50,998

The terms of the Corporation’s financial derivative instruments that were outstanding at December 31, 2019, are summarized in the table below:

Counterparty	Effective Date	Termination Date	NHCC Pays	NHCC Receives	Outstanding Swap Notional (000s)
JPMorgan Chase	October 14, 2004	August 1, 2029	3.4570%	62.6% of I-Month LIBOR +0.23%	$55,233
Merrill Lynch	October 14, 2004	August 1, 2029	3.4570%	62.6% of I-Month LIBOR +0.23%	$55,113
UBS AG	October 14, 2004	August 1, 2029	3.4570%	62.6% of I-Month LIBOR +0.23%	$55,113

The amount of outstanding debt covered by the three interest rate swap agreements totaled $153,094 and $165,459 as of December 31, 2020 and 2019, respectively, and matures on August 1, 2029. The interest rate swap agreements are reflected at fair value and categorized as Level 3.

NOTE 5 LONG-TERM DEBT *(continued)*

Interest Rate Swap Agreements *(continued)*

Fair Values - The fair value of the swap is estimated using the zero-coupon method and also reflects the effect of nonperformance risk. This method calculates the future net settlement payments required by the agreements, assuming the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rate implied by the current relevant yield curve that incorporates the risk of nonperformance of the Corporation, as applicable, on the date of each future net settlement on the agreements.

Credit Risk - As of December 31, 2020, the Corporation was not exposed to credit risk on the swaps with a $21,977 negative mark-to-market, Unlike the Fair Value, the mark-to-market does not reflect the risk of nonperformance. Since changes in interest rates affect the mark-to-market of the swap agreement, it is possible that the swap agreement with a negative mark-to-market becomes positive, which would expose the Corporation to credit risk. Should the mark-to-market of the swap become positive, to minimize its exposure to loss related to credit risk, the Corporation has collateral posting provisions included in the Credit Support Annex to the ISDA Agreements, The terms require that the Counterparties post collateral for an amount by which the swap mark-to-market exceeds collateral credit threshold levels, which range from $50 million (A1 Moody's; and A+ S&P) to $0 (Baa1 Moody's; BBB+ S&P or lower).

The unsecured long-term debt credit ratings for the counterparties at December 31, 2020, were as follows.

Counterparty	Moody's	Standard & Poor's
JPMorgan Chase	Aa2	A+
Merrill Lynch (Bank of America)	A2	A-
UBS AG	Aa3	A+

The unsecured long-term debt credit ratings for the counterparties at December 31, 2019, were as follows.

Counterparty	Moody's	Standard & Poor's	Fitch
JPMorgan Chase	Aa2	A+	AA
Merrill Lynch (Bank of America)	A3	A-	A+
UBS AG	Aa3	A+	AA-

NOTE 5 LONG-TERM DEBT *(continued)*

Interest Rate Swap Agreements *(continued)*

Basis Risk - The Corporation is exposed to basis risk on its pay-fixed interest rate swap because the variable-rate payment received by the Corporation (a percent of LIBOR) on these hedging derivative instruments are based on indexes other than the actual interest rates the Corporation pays on its hedged variable-rate debt. Should the relationship between LIBOR and the actual variable-rate interest payments on the bonds diverge, the expected cost savings may not materialize. The terms of the related hedging fixed-rate swap transactions are summarized in the table on the preceding page.

Termination Risk - The Corporation uses the International Swap Dealers Association Master Agreement (Master Agreement), which includes standard termination events, such as failure to pay and bankruptcy. The Corporation or the counterparty may terminate the swap if the other party fails to perform under the terms of the contract. The Corporation may also terminate the swaps at its option. Further, a termination event occurs if the counterparties' credit ratings fall below Baa1 by Moody's and BBB+ by Standard & Poor's or the counterparties have their ratings withdrawn or suspended. A swap termination is also triggered if: 1) the swap insurer is rated below A3 by Moody's or below A- by Standard & Poor's and Nassau County is rated below A3 by Moody's or below A- by Standard & Poor's or 2) Nassau County is rated below Baa2 by Moody's or below BBB by Standard & Poor's. If the swap is terminated, the variable-rate mortgage note would no longer carry a synthetic fixed interest rate and the Corporation's interest payment will be based solely upon the rate required by the related debt as issued. When a termination event occurs, a mark-to-market (or fair market value) calculation is performed to determine whether the Corporation is owed money or must pay money to close out a swap position. A negative fair value means the Corporation would incur a loss and need to make a termination payment to settle the swap position. A positive fair value means the Corporation would realize a gain and receive a termination payment to settle the swap position.

The Corporation is currently in the process of remarketing the variable rate demand bonds to fixed interest bonds. When this occurs, the Swap agreements will be terminated.

NOTE 6 TRANSACTIONS WITH THE COUNTY OF NASSAU

In September 2004, the Corporation and the County executed a stabilization agreement (the Stabilization Agreement), amending the original acquisition agreement (the Acquisition Agreement). The Stabilization Agreement intended to resolve disputed charges, clarify language in existing agreements and identify the principles to govern more comprehensive successor arrangements.

(In thousands)

NOTE 6 TRANSACTIONS WITH THE COUNTY OF NASSAU *(continued)*

The following amounts are included in the accompanying statements of revenue, expenses and changes in net position, and represent transactions that occurred between the County and the Corporation during the years ended December 31, 2020 and 2019:

	2020	2019
Revenue earned from the County		
Patient care	$ 832	$ 1,336
Space charges	1,636	1,606
Non-patient care	31,696	30,977
Health insurance for retiree charges	12,854	13,158
	47,018	47,077
County pass-through transactions		
Amounts paid on behalf of the County	1,228	1,389
State aid and other amounts collected by the County	1,174	1,343
Total transactions with the County	$ 49,420	$ 49,809

Non-patient care charges include nursing salaries and fringe benefits to provide medical assessment and case management services for Nassau County residents receiving benefits through the Department of Social Services. For 2020 and 2019, it also includes approximately $21,105 and $20,613, respectively, in charges for administrative and operating costs to manage on-site medical services for inmates at the Nassau County Correctional Center, pursuant to a contract between NHCC and Nassau County effective September 1, 2017. Payments from the County for patient care are recorded as net patient service revenue in the accompanying financial statements. Payments from the County for space charges, health insurance for retirees and non-patient care are recorded as other operating revenue.

Amounts paid on behalf of the County represent payments made by the Corporation for pension, vacation, sick and termination benefits. Under the terms of the Acquisition Agreement, these benefits, including the health insurance for retiree charges, are to be allocated between the County and the Corporation based on the employees' years of service pre- and post-Acquisition Agreement.

NOTE 7 RETIREMENT PLANS

Benefit Plans

The New York State Comptroller's Office administers the New York State and Local Employers' Retirement System (ERS) for which NHCC is a participating employer. The net position of ERS is held in the New York State Common Retirement Fund (the Fund), which was established to hold all assets and record changes in fiduciary net position allocated to ERS.

The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of ERS. ERS benefits are established under the provisions of the New York State Retirement and Social Security Law (RSSL). Once a public employer elects to participate in ERS, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute.

ERS is a cost-sharing, multiple employer defined benefit pension plan. ERS is included in the New York State financial statements as a pension trust fund. The Public Employees' Group Life Insurance Plan (GLIP) provides death benefits in the form of life insurance. Amounts related to GLIP have been apportioned to ERS. Separately issued financial statements for ERS can be accessed on the State Comptroller's website at www.osc.state.ny.us/pension/CAFR.htm.

ERS offers a wide range of programs and benefits. ERS benefits vary based on the date of membership, years of credited service and final average salary, vesting of retirement benefits, death and disability benefits, and optional methods of benefit payments. The plan provides a permanent annual cost-of-living increase to both current and future retired members meeting certain eligibility requirements. Participating employers are required under law to contribute to ERS on an actuarially determined rate which is determined annually by the State Comptroller and the contribution rate for the fiscal years ended March 31, 2020 and 2019, ranged from 9.6% to 21.6% and 9.3% to 21.4% of payroll, respectively, according to tiers. ERS provides retirement benefits as well as death and disability benefits. For those members joining prior to January 1, 2010, benefits generally vest after five years of credited service. For those joining after January 1, 2010, benefits generally vest after 10 years of credited service. The RSSL provides that all participants in ERS are jointly and severally liable for any actuarial unfunded amounts. Such amounts are collected through annual billings to all participating employers. Employees who joined ERS after July 27, 1976 and before January 1, 2010, and have less than 10 years of service or membership, are required to contribute 3% of their salary. Those joining on or after January 1, 2010 and before April 1, 2012 are required to contribute 3.5% of their annual salary for their entire working career. Those joining on or after April 1, 2012 are required to contribute between 3% and 6%, dependent upon their salary, for their entire working career. Employee contributions are deducted from their salaries and remitted on a current basis to ERS.

(In thousands)

NOTE 7 RETIREMENT PLANS *(continued)*

Net Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

Net pension liabilities, pension expense, deferred outflows of resources, and deferred inflows of resources amounts recorded to reflect the provisions of GASB No. 68 are reflective of ERS's published financial statements and actuarial valuations as of March 31, 2020 and 2019 (Measurement Date).

NHCC's respective net pension liability, deferred outflows of resources, deferred inflows of resources and net pension expense related to ERS as of and for the years ended December 31, 2020 and 2019 are as follows:

	2020	2019
Proportionate share of the net pension liability		
Amount	$ 182,739	$ 50,342
Percentage	0.6900878%	0.7105167%
Prior-year percentage	0.7105167%	0.7208838%
Deferred outflows of resources	$ 115,275	$ 28,815
Deferred inflows of resources	$ 4,734	$ 17,350
Net pension expense	$ 64,222	$ 35,075

NHCC's proportionate share of ERS's net pension liability is calculated consistent with the manner in which contributions to ERS are determined. ERS computed each employer's projected long-term contribution effort to ERS as compared to the total projected long-term contribution of all employers to ERS.

(In thousands)

NOTE 7 RETIREMENT PLANS *(continued)*

Net Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions *(continued)*

The components of pension related deferred outflows of resources and deferred inflows of resources at the Measurement Date are as follows:

	2020	2019
Deferred outflows of resources		
Differences between expected and actual experience	$ 10,755	$ 9,914
Net difference between projected and actual investment earnings on pension plan investments	93,681	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	7,160	6,247
Change in assumptions	3,680	12,654
Total	$ 115,276	$ 28,815
Deferred inflows of resources		
Differences between expected and actual experience	$ -	$ 3,379
Net difference between projected and actual investment earnings on pension plan investments	-	12,921
Change in assumption	3,177	-
Changes in proportion and difference between employer contributions and proportionate share of contributions	1,557	1,050
Total	$ 4,734	$ 17,350

(In thousands)

NOTE 7 RETIREMENT PLANS *(continued)*

Net Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions *(continued)*

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be reflected as pension expense or reduction of pension expense, in the statements of revenue, expenses, and changes in net position as follows:

2021	$ 19,870
2022	27,976
2023	34,934
2024	27,762
Net of deferred outflows and inflows - amortized	$ 110,542

Actuarial Assumptions

NHCC's net pension liability at the Measurement Date was determined by using an actuarial valuation as of April 1, 2019 and 2018, with update procedures used to roll forward the total pension liability to March 31, 2020 and 2019. The 2020 and 2019 actuarial valuation used the following actuarial assumptions:

	2020	2019
Actuarial cost method	Entry Age Normal	Entry Age Normal
Inflation rate	2.5%	2.5%
Salary increases	4.5% indexed by service	4.2% indexed by service
Investment rate of return, including inflation	6.8% compounded annually, net of investment expenses	7% compounded annually, net of investment expenses
Cost of living adjustments	1.3% annually	1.3% annually
Decrements	Developed from the 2015 experience study for the period April 1, 2010 through March 31, 2015	Developed from the 2015 experience study for the period April 1, 2010 through March 31, 2015
Mortality improvement	Society of Actuaries Scale MP-2014	Society of Actuaries Scale MP-2014

(In thousands)

NOTE 7 RETIREMENT PLANS *(continued)*

Actuarial Assumptions *(continued)*

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined in accordance with Actuarial Standard of Practice (ASOP) No. 27, *Selection of Economic Assumptions for Measuring Pension Obligations.* ASOP No. 27 provides guidance on the selection of an appropriate assumed investment rate of return. Consideration was given to expected future real rates of return (expected returns, net of pension plan investment expense and inflation) for equities and fixed income as well as historical investment data and plan performance. Best estimates of arithmetic real rates of return for each major asset class including target asset allocation at the Measurement Date are summarized below:

	2020 ERS	
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	36.00%	4.05%
International equity	14.00%	6.15
Private equity	10.00%	6.75
Real estate	10.00%	4.95
Absolute return strategies	2.00%	3.25
Opportunistic portfolio	3.00%	4.65
Real assets	3.00%	5.95
Bonds and mortgages	17.00%	0.75
Cash	1.00%	0.00
Inflation-indexed bonds	4.00%	0.50
	100.00%	

The 2020 real rate of return is net of the long-term inflation assumption of 2.5%.

(In thousands)

NOTE 7 RETIREMENT PLANS *(continued)*

Actuarial Assumptions *(continued)*

Long-Term Expected Rate of Return (continued)

	2019 ERS	
Asset Class	**Target Allocation**	**Long-Term Expected Real Rate of Return**
Domestic equity	36.00%	4.55%
International equity	14.00%	6.35
Private equity	10.00%	7.50
Real estate	10.00%	5.55
Absolute return strategies	2.00%	3.75
Opportunistic portfolio	3.00%	5.68
Real assets	3.00%	5.29
Bonds and mortgages	17.00%	1.31
Cash	1.00%	(0.25)
Inflation-indexed bonds	4.00%	1.25
	100.00%	

The 2019 real rate of return is net of the long-term inflation assumption of 2.5%.

Discount Rate

The discount rate used to calculate the total pension liability was 6.8% and 7.0% at December 31, 2020 and 2019, respectively. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, ERS's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

(In thousands)

NOTE 7 RETIREMENT PLANS *(continued)*

Actuarial Assumptions *(continued)*

Discount Rate Sensitivity

NHCC's proportionate share of the net pension liability calculated using the respective discount rate, as well as what NHCC's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate are as follows:

	2020		2019	
	Rate	**Amount**	**Rate**	**Amount**
1% decrease	5.80%	$ 48,599	6.00%	$ 220,104
Current discount rate	6.80%	26,481	7.00%	50,342
1% increase	7.80%	6,109	8.00%	(92,270)

Deferred Pension Contributions

NYSRSSL Chapter 57 of the Laws of 2010 authorized the New York State and local employers to amortize over ten years at 2.85% (2018), 2.33% (2017), 3.21% (2016), 3.15% (2015), 3.67% (2014) and 3.00% (2013) interest, the portion of their annual bill that exceeded 14.9%, 15.1%, 14.5%, 13.5%, 12.5% and 11.5% of payroll for its 2018, 2017, 2016, 2015, 2014 and 2013 pension bills, respectively. There was no deferral of pension contributions in 2020 and 2019. Total amount due at December 31, 2020 related to these deferred pension contributions is approximately $25,481, of which $5,552 is included in current liabilities and $19,929 included as part of other long-term liabilities. Total amount due at December 31, 2019 related to these deferred pension contributions is approximately $36,042, of which $5,191 is included in current liabilities and $30,851 included as part of other long-term liabilities (see Note 13).

NOTE 8 HEALTH INSURANCE PLAN

Employees of the Corporation are provided health care benefits in accordance with New York State Health Insurance Rules and Regulations administered by the New York State Department of Civil Service (the NYSHIP plan). The Corporation's union contract and ordinances require the Corporation to provide all eligible enrollees with either the NYSHIP plan or other equivalent health insurance. The plan offers comprehensive benefits through an indemnity insurance plan with managed care features, consisting of hospital, medical, health, substance abuse and prescription drug programs. For the years ended December 31, 2020 and 2019, expenses related to health insurance benefits for active and retired employees totaled approximately $80,893 and $81,093, respectively.

(In thousands)

NOTE 9 POSTEMPLOYMENT RETIREMENT HEALTHCARE BENEFIT PLAN

Substantially all employees are eligible for health insurance benefits upon retirement from the Corporation, subject to years of service requirements. Eligible retirees of the Corporation are provided health care benefits in accordance with the NYSHIP plan. The New York State Department of Civil Service administers the plan and has the authority to establish and amend the benefit provisions offered. The NYSHIP plan, considered an agent multiple-employer defined benefit plan, is not a separate entity or trust and does not issue stand-alone financial statements. The Corporation recognizes OPEB other than pension expenses on an accrual basis.

There are no postemployment employee contributions required for the NYSHIP plan. The Corporation contributes a proportionate amount of the health insurance premiums for all employees who retire. The Corporation's responsibility is based on the proportion of time the individual was employed by the Corporation compared to the time employed by the County. The Corporation funds such expenditures as incurred. Subsequent to the dates of the actuarial valuation (December 31, 2019 and 2018), the Corporation paid approximately $16,760 and $15,070 during 2020 and 2019, respectively, relative to these benefits, which have been reflected as employee benefits in the accompanying statements of revenue, expenses and changes in net position at December 31, 2020 and 2019.

The following employees were covered by the benefit terms at the measurement date as of December 31, 2019 and 2018:

	2020	2019
Retired employees	1,932	1,620
Active employees	2,513	2,494
	4,445	4,114

Total OPEB Liability

The Corporation's total OPEB liability at the measurement date was determined by using an actuarial valuation as of December 31, 2019 and 2018, using the following actuarial assumptions:

	2019	2018
Inflation rate	3.50% per year	3.50% per year
Salary increases	3.50% per year	3.50% per year
Discount rate	2.74% per year	4.10% per year
Healthcare cost trend rates	Pre-Medicare: 3.25% to 8.0%; Medicare: 3.25% to 4.39%	Pre-Medicare: 2.75% to 3.50%; Medicare: 6.84% to 3.50%
Rate of Mortality	MP-2014 Factor	MP-2014 Factor

(In thousands)

NOTE 9 POSTEMPLOYMENT RETIREMENT HEALTHCARE BENEFIT PLAN *(continued)*

Total OPEB Liability *(continued)*

There were no significant changes in actuarial assumptions or other inputs, as of the December 31, 2019 and 2018 measurement dates described above, which affected the measurement of the total OPEB liability since the prior measurement date as of December 31, 2017 other than the change in liability valuation method from Projected Unit Credit to Entry Age Normal to reflect GASB No. 75 requirements.

In accordance with GASB No. 75, the actuarial valuation of OPEB also includes the value of sick leave that will be converted to reduce the retiree's share of health insurance premiums.

The following table shows the components of the Corporation's annual OPEB cost for the years ended December 31, 2020 and 2019, the amount actually contributed to the plan, and changes in the net OPEB obligation.

Balance, at December 31, 2019	$ 565,081
Changes for the year	
Service cost	25,409
Interest cost	23,896
Differences between expected/actual	71,070
Changes in assumptions	6,299
Benefit payments	(15,491)
Net change	111,183
Balance, at December 31, 2020	$ 676,264
Balance, at December 31, 2018	$ 599,460
Changes for the year	
Service cost	28,313
Interest cost	21,350
Changes in assumptions	(69,643)
Benefit payments	(14,399)
Net change	(34,379)
Balance, at December 31, 2019	$ 565,081

Discount Rate

The discount rate used to calculate the total post retirement liability was 2.74% and 4.10% for the years ended December 31, 2020 and 2019, respectively. The discount rate was based upon the 20-year bond buyer rate as published by the Bond Buyer 20-Bond GO Index.

(In thousands)

NOTE 9 POSTEMPLOYMENT RETIREMENT HEALTHCARE BENEFIT PLAN *(continued)*

Discount Rate Sensitivity

The Corporation's total OPEB liability calculated using the current discount rate, as well as what the OPEB liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate as of December 31, 2020 and 2019 follows:

	2020		2019	
	Rate	Amount	Rate	Amount
1% decrease	1.74%	$ 788,149	3.10%	$ 654,990
Current discount rate	2.74%	676,265	4.10%	565,082
1% increase	3.74%	586,176	5.10%	492,118

Healthcare Cost Trend Rate Sensitivity

The Corporation's total OPEB liability calculated using the current discount rate, as well as what the OPEB liability would be if it were calculated using a healthcare cost trend rate that is l% lower or l% higher than the current rate as of December 31, 2020 and 2019 are as follows:

	2020		2019	
	Rate	Amount	Rate	Amount
1% decrease	(1.00)%	$ 574,598	(1.00)%	$ 479,335
Healthcare cost trend rate	0.00 %	676,265	0.00 %	565,082
1% increase	1.00 %	805,503	1.00 %	673,742

(In thousands)

NOTE 9 POSTEMPLOYMENT RETIREMENT HEALTHCARE BENEFIT PLAN *(continued)*

OPEB Expense and Deferred Inflows of Resources

For the years ended December 31, 2020 and 2019, the Corporation recognized OPEB expense of $51,905 and $39,463, respectively. The components of postretirement-related deferred outflows of resources and deferred inflows of resources at the measurement dates are as follows:

	2020	2019
Deferred outflows of resources		
Differences between expected and actual experience	$ 59,270	$ -
Changes in assumptions	12,747	9,849
	$ 72,017	$ 9,849
Deferred inflows of resources		
Differences between expected and actual experience	$ 2,864	$ 3,864
Changes in assumptions	46,441	58,041
	$ 49,305	$ 61,905

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEBs will be recognized as an increase in OPEB expense as follows:

Year Ending	Amount
2021	$ 2,600
2022	2,600
2023	2,985
2024	1,159
2025	13,368

(In thousands)

NOTE 10 PROFESSIONAL AND OTHER INSURANCE LIABILITIES

For the policy years ended September 29, 2007 to 2020, the Captive issued hospital professional and employee benefits policies on a claims-made basis and commercial general liability policies on an occurrence basis. The Captive's liability on the hospital professional and employee benefits policies is $7,000 per person ($10,000 for policy years prior to 2008) with no aggregate limit and $1,000 per claim up to an aggregate of $1,000, respectively. An excess buffer limit of $3,000 per person/$3,000 in the aggregate was introduced above the $7,000 per person primary limit on the hospital professional policy for the September 29, 2012 renewal. During 2015, the Captive entered into a commutable agreement with the Corporation, initiating a $1,000 deductible limit on all open claims as of December 31, 2015. The liability on commercial general policies is $1,000 per occurrence, except for fire damages, where the limit is $50 for any one fire, and medical payment, where the limit is $5 for any one person, up to an aggregate of $3,000.

At December 31, 2020 and 2019, the Captive was in compliance with its minimum capital requirement.

In April 2016, the respective boards of NHCC and NHCC, Ltd., the Captive, agreed to make certain changes to the Insurance Program as follows: NHCC would have, retain and be responsible for the first $1,000 of losses for all hospital professional liability claims made from 1999 to the present, and would have, retain and be responsible for the first $1,000 of losses for all hospital professional liability claims on a going forward basis. NHCC, Ltd., would be responsible for reimbursing NHCC under the terms and conditions of hospital's professional liability excess coverage attaching at $1,000 for all open claims from 1999 and forward.

The Captive's activity in the loss reserves and loss adjustment expenses is summarized as follows:

	2020	2019
Balance, at beginning of year	$ 35,967	$ 41,295
Incurred related to		
Current year	2,762	(1,078)
Total incurred	2,762	(1,078)
Paid related to		
Prior years	(2,700)	(4,250)
Balance, at end of year	$ 36,029	$ 35,967

Losses and loss adjustment expenses for incurred claims for prior years reflect changes in estimates of the ultimate settlement of such losses.

NOTE 10 PROFESSIONAL AND OTHER INSURANCE LIABILITIES *(continued)*

Insurance reserves and the related insurance losses and loss adjustment expenses, recorded through the Captive, are recorded on an undiscounted basis at December 31, 2020 and 2019.

In addition to the insurance coverage purchased from the Captive, the Corporation purchases umbrella and other coverage from commercial insurers. For the years ended December 31, 2020 and 2019, insurance expense totaled $1,077 and $954, respectively.

NOTE 11 COMMITMENTS AND CONTINGENCIES

Collective Bargaining Agreement

Substantially all of the Corporation’s employees are union employees who are covered under the terms of the collective bargaining agreement with the Civil Service Employees Association. A contract was ratified in November 2019, effective January 1, 2019, and expires on December 31, 2022.

Litigation and Claims

The Corporation is involved in litigation and claims which are not considered unusual to the Corporation’s business. It is the opinion of management that such claims will not have a material adverse effect on the accompanying financial statements.

(In thousands)

NOTE 12 OTHER OPERATING REVENUE

Other operating revenue consists of the following for the years ended December 31, 2020 and 2019:

	2020	2019
Other non-patient-related County billings	$ 36,919	$ 38,121
Grant funding	2,092	4,674
Health Center - LIFQHC staffing reimbursement	7,531	7,969
Medical staff housing	1,149	1,127
Equity investment in LLC	5,381	3,675
Cafeteria	476	744
Parking	605	576
Clerkship fees	1,947	2,002
DSRIP	38,060	27,061
VBP/QIP Program	11,667	20,000
CARES Act	40,853	-
Anesthesia staffing reimbursement	-	1,433
Other miscellaneous revenue	7,645	10,179
	$ 154,325	$ 117,561

NOTE 13 LONG-TERM LIABILITIES

A schedule of changes in the Corporation's long-term liabilities for 2020 and 2019 follows:

	Balance December 31, 2019	Additions	Deductions	Balance December 31, 2020	Amounts Due Within One Year
Long-term debt	$ 172,987	$ 447	$ (16,267)	$ 157,167	$ 16,725
Self-insurance liability	82,442	22,309	(17,222)	87,529	11,845
Accrued vacation and sick leave	73,148	30,505	(23,351)	80,302	8,030
Third-party liabilities	66,779	14,680	-	81,459	21,633
Postemployment health insurance	565,081	111,183	-	676,264	17,921
Accrued pension benefits	86,007	160,841	(62,180)	184,668	34,394
Interest rate swap agreements	18,623	3,183	-	21,806	-
Total noncurrent liabilities	$ 1,065,067	$ 343,148	$ (119,020)	$ 1,289,195	$ 110,548

(In thousands)

NOTE 13 LONG-TERM LIABILITIES *(continued)*

	Balance December 31, 2018	Additions	Deductions	Balance December 31, 2019	Amounts Due Within One Year
Long-term debt	$ 187,976	$ 301	$ (15,290)	$ 172,987	$ 16,082
Self-insurance liability	95,195	6,660	(19,413)	82,442	10,689
Accrued vacation and sick leave	69,261	27,902	(24,015)	73,148	7,315
Third-party liabilities	76,341	-	(9,562)	66,779	32,542
Postemployment health insurance	599,460	-	(34,379)	565,081	14,974
Accrued pension benefits	65,598	51,643	(31,234)	86,007	16,018
Interest rate swap agreements	16,111	2,512	-	18,623	-
Total noncurrent liabilities	$ 1,109,942	$ 89,018	$ (133,893)	$ 1,065,067	$ 97,620

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

NASSAU HEALTH CARE CORPORATION
(A Component Unit of the County of Nassau, New York)
Schedule of Changes in Net OPEB Liability and Related Ratios
Required Supplementary Information (Unaudited)
Year Ended December 31, 2020
(In thousands)

The schedule that follows is required supplementary information and is presented as of and for the Corporation's fiscal year ended December 31, 2020 and 2019, using a measurement date of December 31, 2019:

As of and for the Years Ended December 31, 2020 and 2019

	2020	**2019**
Total OPEB liability		
Service cost	$ 25,409	$ 28,313
Interest	23,896	21,350
Changes of assumptions	6,299	(69,641)
Differences between expected and actual experience	71,070	-
Benefit payments	(15,491)	(14,399)
Net change in total OPEB liability	111,183	(34,377)
Total OPEB liability, beginning	565,082	599,459
Total OPEB liability, ending	$ 676,265	$ 565,082
Plan net position as a percentage of OPEB liability	0.00%	0.00%
Covered employee payroll	$ 175,135	$ 180,513
Net OPEB liability as a percentage of covered employee payroll	386.14%	313.04%

Changes in benefit terms: There were no significant legislative changes in benefits for December 31, 2020 and 2019.

The "Schedule of Changes in Net OPEB Liability and Related Ratios" presented above is to illustrate the required 10-year trend of information. However, until we can compile a full 10-year trend of information, we are presenting the information for which information was available.

NASSAU HEALTH CARE CORPORATION
(A Component Unit of the County of Nassau, New York)
Schedule of Proportionate Share of the Net Pension Liability - Last 10 Years* (Unaudited)
December 31, 2020
(In thousands)

Reporting Fiscal Year (Measurement Date, March 31,)	Corporation's Proportion of the Net Pension Liability %	Corporation's Proportion of the Net Pension Liability $	Corporation's Covered Employee Payroll	Corporation's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015 (2015)	0.775%	$ 26,166	$ 197,147	13.27%	97.90%
2016 (2016)	0.720%	$ 115,578	$ 209,773	55.10%	90.70%
2017 (2017)	0.730%	$ 68,606	$ 217,123	31.60%	94.70%
2018 (2018)	0.721%	$ 23,266	$ 220,450	10.55%	98.24%
2019 (2019)	0.711%	$ 50,342	$ 221,503	22.73%	96.27%
2020 (2020)	0.690%	$ 26,481	$ 229,683	11.53%	86.39%

Schedule of Employer Contributions - Last 10 Years* (Unaudited)

Reporting Fiscal Year	Contractually Required Contribution	Contributions in Relation to the Contractually Required Contribution	Contribution Deficiency (Excess)	Corporation's Covered Employee Payroll	Contributions as a Percentage of Employee Covered Payroll
2015	$ 37,630	$ 30,890	$ 6,740	$ 197,147	15.67%
2016	$ 37,232	$ 33,979	$ 3,253	$ 209,773	16.20%
2017	$ 37,785	$ 34,897	$ 2,888	$ 217,123	16.07%
2018	$ 37,550	$ 36,711	$ 839	$ 220,450	16.65%
2019	$ 37,318	$ 37,318	$ -	$ 221,503	16.85%
2020	$ 37,691	$ 37,691	$ -	$ 229,683	16.41%

* These schedules are intended to show information for 10 years. Additional years will be displayed as they become available.

SUPPLEMENTARY INFORMATION

NASSAU HEALTH CARE CORPORATION
(A Component Unit of the County of Nassau, New York)
Combining Schedule of Net Position
As of December 31, 2020
(In thousands)

	Operational Divisions			Blended Component Units				
	NUMC	AHP	FPP	NHCC, Ltd.	Nassau Healthcare Foundation	Long Island Medical Foundation	Eliminations	Total
ASSETS								
Current assets								
Cash and cash equivalents	$ 162,348	$ 31,390	$ -	$ -	$ -	$ -	$ (8,920)	$ 184,818
Patient accounts receivable, net	26,054	5,725	3,403	-	-	-	-	35,182
Inventories	11,913	176	-	-	-	-	-	12,089
Prepaid expenses	7,819	1,465	-	-	-	-	-	9,284
Other receivables	39,230	2,185	-	-	-	-	-	41,415
Due from third-party payors	4,021	-	-	-	-	-	-	4,021
Assets restricted as to use, required for current liabilities	13,870	3,104	232	45,529	-	-	-	62,735
Due from Nassau County	33,859	1,041	-	-	-	-	-	34,900
Due from other funds, net	7,332	(21,462)	6,597	-	-	-	7,533	-
Total current assets	306,446	23,624	10,232	45,529	-	-	(1,387)	384,444
Assets whose use is limited, net of current portion	-	-	-	-	5,228	1,402	-	6,630
Capital assets - net	132,304	15,711	-	-	4	-	-	148,019
Other assets	34,727	-	-	-	105	-	-	34,832
Total assets	473,477	39,335	10,232	45,529	5,337	1,402	(1,387)	573,925
DEFERRED OUTFLOWS OF RESOURCES								
Deferred charge on refunding	23,976	4,834	-	-	-	-	-	28,810
Pension and OPEB related	154,872	32,421	-	-	-	-	-	187,293
Total deferred outflows of resources	178,848	37,255	-	-	-	-	-	216,103

NASSAU HEALTH CARE CORPORATION
(A Component Unit of the County of Nassau, New York)
Combining Schedule of Net Position *(continued)*
As of December 31, 2020
(In thousands)

	Operational Divisions			Blended Component Units				
	NUMC	AHP	FPP	NHCC, Ltd.	Nassau Healthcare Foundation	Long Island Medical Foundation	Eliminations	Total
LIABILITIES								
Current liabilities								
Current portion of long-term debt	$ 13,208	$ 3,517	$ -	$ -	$ -	$ -	$ -	$ 16,725
Accounts payable and accrued expenses	195,614	38,904	12	43	-	-	-	234,573
Accrued salaries and related withholdings	16,215	2,707	3,088	-	-	-	-	22,010
Current portion of postemployment health insurance liability	14,874	3,047	-	-	-	-	-	17,921
Current portion of vacation and sick leave	6,263	1,767	-	-	-	-	-	8,030
Current portion of estimated self-insurance liability	11,845	-	-	-	-	-	-	11,845
Current portion of accrued pension benefits	28,788	5,606	-	-	-	-	-	34,394
Current portion of estimated liability to third-party payors	21,633	-	-	-	-	-	-	21,633
Other current liabilities	118,225	(11,726)	-	(7,232)	(1)	-	7,455	106,721
Interest payable	484	129	-	-	-	-	-	613
Total current liabilities	427,149	43,951	3,100	(7,189)	(1)	-	7,455	474,465
Noncurrent liabilities								
Long-term debt	111,083	29,359	-	-	-	-	-	140,442
Estimated liability to third-party payors, net	55,983	3,343	500	-	-	-	-	59,826
Estimated postemployment health insurance liability	546,425	111,918	-	-	-	-	-	658,343
Estimated self-insurance liability	39,655	-	-	36,029	-	-	-	75,684
Estimated fair value of interest rate swap agreements	18,147	3,659	-	-	-	-	-	21,806
Accrued vacation and sick leave	56,366	15,906	-	-	-	-	-	72,272
Accrued pension benefits	125,779	24,495	-	-	-	-	-	150,274
Total liabilities	1,380,587	232,631	3,600	28,840	(1)	-	7,455	1,653,112
DEFERRED INFLOWS OF RESOURCES								
Pension and OPEB related	44,829	9,210	-	-	-	-	-	54,039
Total deferred inflows of resources	44,829	9,210	-	-	-	-	-	54,039
NET POSITION								
Net investment in capital assets	84,085	9,379	-	8,920	-	-	(8,920)	93,464
Restricted	-	-	-	-	-	1,402	-	1,402
Unrestricted	(857,176)	(174,630)	6,632	7,769	5,338	-	78	(1,011,989)
Total net position	$ (773,091)	$ (165,251)	$ 6,632	$ 16,689	$ 5,338	$ 1,402	$ (8,842)	$ (917,123)

NASSAU HEALTH CARE CORPORATION
(A Component Unit of the County of Nassau, New York)
Combining Schedule of Net Position
As of December 31, 2019
(In thousands)

	Operational Divisions			Blended Component Units				
	NUMC	AHP	FPP	NHCC, Ltd.	Nassau Healthcare Foundation	Long Island Medical Foundation	Eliminations	Total
ASSETS								
Current assets								
Cash and cash equivalents	$ 22,452	$ 3,099	$ -	$ -	$ -	$ -	$ (8,920)	$ 16,631
Patient accounts receivable, net	18,796	8,217	4,462	-	-	-	-	31,475
Inventories	8,664	142	-	-	-	-	-	8,806
Prepaid expenses	973	108	-	10	-	-	-	1,091
Other receivables	64,784	806	-	-	-	-	-	65,590
Due from third-party payors	5,645	1,669	-	-	-	-	-	7,314
Assets restricted as to use, required for current liabilities	56,439	11,690	194	48,021	-	-	-	116,344
Due from Nassau County	28,959	1,041	-	-	-	-	-	30,000
Due from other funds, net	(26,472)	17,914	5,881	-	-	-	2,677	-
Total current assets	180,240	44,686	10,537	48,031	-	-	(6,243)	277,251
Assets whose use is limited, net of current portion	-	-	-	-	5,255	1,511	-	6,766
Capital assets - net	135,180	15,696	-	-	5	-	-	150,881
Other assets	33,080	-	-	-	80	-	-	33,160
Total assets	348,500	60,382	10,537	48,031	5,340	1,511	(6,243)	468,058
DEFERRED OUTFLOWS OF RESOURCES								
Deferred change in fair value of swaps	312	64	-	-	-	-	-	376
Deferred charge on refunding	22,275	4,490	-	-	-	-	-	26,765
Pension and OPEB related	31,942	6,722	-	-	-	-	-	38,664
Total deferred outflows of resources	54,529	11,276	-	-	-	-	-	65,805

NASSAU HEALTH CARE CORPORATION
(A Component Unit of the County of Nassau, New York)
Combining Schedule of Net Position *(continued)*
As of December 31, 2019
(In thousands)

	Operational Divisions			Blended Component Units				
	NUMC	AHP	FPP	NHCC, Ltd.	Nassau Healthcare Foundation	Long Island Medical Foundation	Eliminations	Total
LIABILITIES								
Current liabilities								
Current portion of long-term debt	$ 12,691	$ 3,391	$ -	$ -	$ -	$ -	$ -	$ 16,082
Accounts payable and accrued expenses	143,429	27,411	13	116	-	-	-	170,969
Accrued salaries and related withholdings	14,897	2,524	3,392	-	-	-	-	20,813
Current portion of postemployment health insurance liability	12,415	2,559	-	-	-	-	-	14,974
Current portion of vacation and sick leave	5,684	1,631	-	-	-	-	-	7,315
Current portion of estimated self-insurance liability	10,689	-	-	-	-	-	-	10,689
Current portion of accrued pension benefits	13,689	2,329	-	-	-	-	-	16,018
Current portion of estimated liability to third-party payors	32,542	-	-	-	-	-	-	32,542
Other current liabilities	19,829	(12,025)	-	(2,377)	(3)	-	2,599	8,023
Interest payable	404	107	-	(23)	-	-	-	488
Total current liabilities	266,269	27,927	3,405	(2,284)	(3)	-	2,599	297,913
Noncurrent liabilities								
Long-term debt	124,029	32,876	-	-	-	-	-	156,905
Estimated liability to third-party payors, net	28,848	4,889	500	-	-	-	-	34,237
Estimated postemployment health insurance liability	456,083	94,024	-	-	-	-	-	550,107
Estimated self-insurance liability	35,786	-	-	35,967	-	-	-	71,753
Estimated fair value of interest rate swap agreements	15,498	3,125	-	-	-	-	-	18,623
Accrued vacation and sick leave	51,154	14,679	-	-	-	-	-	65,833
Accrued pension benefits	59,811	10,178	-	-	-	-	-	69,989
Total liabilities	1,037,478	187,698	3,905	33,683	(3)	-	2,599	1,265,360
DEFERRED INFLOWS OF RESOURCES								
Pension and OPEB related	65,695	13,560	-	-	-	-	-	79,255
Total deferred inflows of resources	65,695	13,560	-	-	-	-	-	79,255
NET POSITION								
Net investment in capital assets	86,961	9,365	-	8,920	-	-	(8,920)	96,326
Restricted	-	-	-	-	-	1,511	-	1,511
Unrestricted	(787,105)	(138,965)	6,632	5,428	5,343	-	78	(908,589)
Total net position	$ (700,144)	$ (129,600)	$ 6,632	$ 14,348	$ 5,343	$ 1,511	$ (8,842)	$ (810,752)

NASSAU HEALTH CARE CORPORATION
(A Component Unit of the County of Nassau, New York)
Combining Schedule of Revenues, Expenses and Changes in Net Position
For the Year Ended December 31, 2020
(In thousands)

	Operational Divisions			Blended Component Units				
	NUMC	AHP	FPP	NHCC, Ltd.	Nassau Healthcare Foundation	Long Island Medical Foundation	Eliminations	Total
OPERATING REVENUE								
Net patient service revenue	$ 375,607	$ 49,785	$ 25,618	$ -	$ -	$ -	$ (10,871)	$ 440,139
Other revenue	151,672	580	-	4,855	1,839	253	(4,874)	154,325
Total operating revenues	527,279	50,365	25,618	4,855	1,839	253	(15,745)	594,464
OPERATING EXPENSES								
Salaries	236,062	38,441	12,640	-	215	96	-	287,454
Employee benefits - pension	27,486	3,693	-	-	7	-	-	31,186
Employee benefits - other	90,454	17,558	564	-	33	8	-	108,617
Supplies and other expenses	169,184	10,691	12,414	2,872	1,674	258	(15,745)	181,348
Depreciation and amortization	17,688	713	-	-	2	-	-	18,403
	540,874	71,096	25,618	2,872	1,931	362	(15,745)	627,008
Income (loss) before OPEB expense and NYS Actuarial Pension Adjustment - GASB 68	(13,595)	(20,731)	-	1,983	(92)	(109)	-	(32,544)
Employee benefits - OPEB	(30,223)	(6,190)	-	-	-	-	-	(36,413)
NYS Actuarial Pension Adjustment - GASB 68	(27,489)	(5,831)	-	-	-	-	-	(33,320)
Operating (loss) income	(71,307)	(32,752)	-	1,983	(92)	(109)	-	(102,277)
NONOPERATING ACTIVITIES								
Interest income	1,261	157	-	358	87	-	-	1,863
Interest expense	(7,166)	(3,056)	-	-	-	-	-	(10,222)
Total nonoperating activities, net	(5,905)	(2,899)	-	358	87	-	-	(8,359)
Capital contributions	4,265	-	-	-	-	-	-	4,265
Change in net position	(72,947)	(35,651)	-	2,341	(5)	(109)	-	(106,371)
Net position, beginning of year	(700,144)	(129,600)	6,632	14,348	5,343	1,511	(8,842)	(810,752)
Net position, end of year	$ (773,091)	$ (165,251)	$ 6,632	$ 16,689	$ 5,338	$ 1,402	$ (8,842)	$ (917,123)

NASSAU HEALTH CARE CORPORATION
(A Component Unit of the County of Nassau, New York)
Combining Schedule of Revenues, Expenses and Changes in Net Position
For the Year Ended December 31, 2019
(In thousands)

	Operational Divisions			Blended Component Units				
	NUMC	AHP	FPP	NHCC, Ltd.	Nassau Healthcare Foundation	Long Island Medical Foundation	Eliminations	Total
OPERATING REVENUE								
Net patient service revenue	$ 390,356	$ 52,168	$ 27,460	$ -	$ -	$ -	$ (12,498)	$ 457,486
Other revenue	118,250	677	-	6,054	1,788	601	(9,809)	117,561
Total operating revenue	508,606	52,845	27,460	6,054	1,788	601	(22,307)	575,047
OPERATING EXPENSES								
Salaries	223,052	35,919	13,238	-	1,325	88	-	273,622
Employee benefits - pension	27,575	3,409	-	-	12	-	-	30,996
Employee benefits - other	89,929	17,378	517	-	214	8	-	108,046
Supplies and other expenses	157,008	11,895	13,855	(1,400)	5,851	330	(22,307)	165,232
Depreciation and amortization	17,144	742	-	-	2	-	-	17,888
	514,708	69,343	27,610	(1,400)	7,404	426	(22,307)	595,784
Income (loss) before OPEB expense and NYS actuarial pension adjustment - GASB 68	(6,102)	(16,498)	(150)	7,454	(5,616)	175	-	(20,737)
Employee benefits - OPEB	(32,754)	(6,709)	-	-	-	-	-	(39,463)
NYS actuarial pension adjustment - GASB 68	(3,113)	(660)	-	-	-	-	-	(3,773)
Operating (loss) income	(41,969)	(23,867)	(150)	7,454	(5,616)	175	-	(63,973)
NONOPERATING ACTIVITIES								
Interest income	858	107	-	673	120	1	-	1,759
Interest expense	(5,382)	(2,894)	-	-	-	-	-	(8,276)
Total nonoperating activities, net	(4,524)	(2,787)	-	673	120	1	-	(6,517)
Capital contributions	6,705	-	-	-	-	-	-	6,705
Change in net position	(39,788)	(26,654)	(150)	8,127	(5,496)	176	-	(63,785)
Net position, beginning of year	(660,356)	(102,946)	6,782	6,221	10,839	1,335	(8,842)	(746,967)
Net position, end of year	$ (700,144)	$ (129,600)	$ 6,632	$ 14,348	$ 5,343	$ 1,511	$ (8,842)	$ (810,752)

MITCHELL TITUS

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Directors
Nassau Health Care Corporation

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Nassau Health Care Corporation (Corporation) as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements and have issued our report thereon dated June 17, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Corporation's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2020-001 and 2020-002 that we consider to be significant deficiencies.

80 Pine Street
New York, NY 10005
T +1 212 709 4500
F +1 212 709 4680
mitchelltitus.com

MITCHELL TITUS

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Corporation’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests did not disclose instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.* However, we noted certain matters that we have reported to management of the Corporation in a separate letter dated June 17, 2021.

Nassau Health Care Corporation’s Responses to Findings

The Corporation’s responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The Corporation’s responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Corporation’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mitchell & Titus, LLP

June 17, 2021

2020-001 Additional Comprehensive Review Needed for Policies and Procedures over Financial Close Process

Condition

Certain year-end balances were not properly stated.

Context

During the audit, we noted the following:

- At year end, we noted there was a bank account with and reconciled difference of approximately $121,000.
- Certain year-end accruals were not corrected prior to or during the audit.
- The long-term debt was not properly classified on the face of the financial statements in accordance with GASB No. 1. Per GASB No. 1, if there are provisions that make debt “callable,” the debt is required to be presented on the accelerated terms. While the footnote presentation was proper, the financial statement presentation between current and non-current debt was misclassified by $8,461,000.

Criteria

Accounting principles generally accepted in the United States require that management establish policies and procedures to ensure that proper internal controls exist to prevent, detect and correct misstatements in financial statements due to fraud or error. Common procedures should include written policies and procedures, periodic reconciliations of subsidiary ledgers and certain financial accounts, as well as review of accounts, reconciliations and financial statements by varying levels of management.

Cause

Management oversight.

Effect

Lack of regular review and update of detailed written financial close procedures could result in undetected financial statement misstatements due to error or fraud.

2020-001 Additional Comprehensive Review Needed for Policies and Procedures over Financial Close Process *(continued)*

Recommendation

Management should ensure proper reviews are completed during the financial close and that rationale for presentation decisions are documented.

Views of Responsible Official and Planned Corrective Action

Management agrees that, regardless of materiality, all bank accounts should have a completely reconciled balance at year end. Management will ensure that all bank accounts are reconciled monthly without exception.

The long-term debt of the Corporation consists of variable rate demand bonds which require Letters of Credit for liquidity. The Corporation is currently in the process of remarketing the variable rate bonds to fixed rate instruments which will negate the need for Letters of Credit.

2020-002 Evaluation of Going Concern

Condition

Management has not developed a formal plan to address the ongoing Going Concern at the Corporation.

Context

The Corporation has experienced recurring operating losses, a working capital deficit and has a total negative net position of $917,123 and $810,752 as of December 31, 2020 and 2019, respectively, and is dependent on the continuation of federal, state and local subsidies, certain of which have or are scheduled to end or be reduced. These matters raise substantial doubt about the Corporation's ability to continue as a going concern.

Criteria

U.S. GAAP requires management to evaluate the organization's ability to continue as a going concern. Specifically, when relevant conditions or events, considered in the aggregate indicate that the organization will be unable to meet its obligations as they become due within one year after the issuance date of the financial statements, and therefore raise substantial doubt about the organization's ability to continue. As such management should discuss and prepare a plan to mitigate and address these conditions and events.

Cause

Going concern continues to be an issue due to the Corporation's mission to serve the indigent and individuals with limited resources. Management and the Board have not been able to develop a strategic plan to address the deficits, while it continues to serve its community.

2020-002 Evaluation of Going Concern *(continued)*

Effect

Lack of a plan to address the financial condition of the Corporation may result in additional cumulative losses and eventually failure of the Corporation to meet its obligations as they become due.

Recommendation

We recommend that management and the Board develop plans to mitigate and/or address the factors that contribute to its inability to continue as a going concern. The plan at a minimum should include cash flow projections and corrective actions (quantitative and qualitative) with responsibilities and a timeline. The plan should cover the period from the financial statement date through twelve months subsequent to the issuance date.

Views of Responsible Official and Planned Corrective Action

In order to address the Going Concern uncertainty, the Board of Directors has established a Strategic Planning Committee of the Board to evaluate current operations and determine the future delivery of care to the Communities that the Corporation serves.