



## Onondaga Civic Development Corporation

335 MONTGOMERY STREET FLOOR 2M SYRACUSE, NY 13202  
PHONE 315.435.3770 • FAX: 315.435.3669 • ONGOVED.COM

### Regular Meeting Agenda July 18, 2023

8:30 AM Call to Order the Finance Committee  
8:35 AM Call to Order the Governance Committee  
8:45 AM Call to Order the Regular Meeting of the Agency

1. Approval Minutes: March 7, 2023 Regular Meeting Minutes
2. Treasurer's Report
3. Payment of Bills
4. Conflict of Interest

#### Action Items

1. **Crouse Health Hospital, Refinancing Project Series 2023**  
**Crouse Health Hospital a New York not-for-profit corporation has submitted an application requesting revenue bonds in a principal amount not to exceed \$90,000,000.**

#### **Board Action Requested:**

- a. A resolution of the Board approving the Project and authorizing the issuance of the Bonds in an amount not to exceed \$90,000,000 and the execution and delivery of the documents in connection therewith.

**Representative:** Matthew Wells, Crouse Health Hospital Legal Counsel, Bond, Schoeneck & King, PLLC

2. **Country Club Associates, LLC**  
**Country Club Associates, LLC a New York not-for-profit corporation has submitted an application requesting revenue bonds in the principal amount not to exceed \$ 7,000,000.**

#### **Board Action Requested:**

- a. A resolution of the Board approving the Project, authorizing the issuance of the Bonds in an amount not to exceed \$7,000,000 and the execution and delivery of the documents in connection therewith.

**Representative:** Eliot Reed, Principal, Country Club Associates, LLC

3. **Hancock Air Park-Lawn and Landscape Contract Update**

**Representative:** Robert Petrovich, President and CEO, OCDC

#### Adjourn

**ONONDAGA CIVIC DEVELOPMENT CORPORATION**  
**Regular Meeting Minutes**  
**March 7, 2023**

The Regular meeting of the Onondaga Civic Development Corporation convened on Tuesday, March 7, 2023 at 335 Montgomery Street, Floor 2M, Syracuse, New York, 13202 in the large conference room on the 1<sup>st</sup> floor.

Michael LaFlair called the meeting to order at 8:42 am with the following:

**PRESENT:**

Michael LaFlair  
Kimberly Townsend  
Mitch Latimer  
Virginia Biesiada O'Neill  
Vincent Cioci

**ABSENT:**

Alison Miller

**ALSO PRESENT:**

Robert M. Petrovich, President/CEO  
Nancy Lowery, Secretary  
Nate Stevens, Treasurer  
Alexis Rodriguez, Assistant Treasurer, OCDC  
Svetlana Dyer, Assistant Secretary  
Karen Doster, Recording Secretary  
Christopher Andreucci, Harris Beach PLLC  
Matthew Pelligra, Office of Economic Development  
Mike Lisson, Grossman St. Amour

**APPROVAL OF REGULAR MEETING MINUTES – JANUARY 17, 2023**

Nancy Lowery stated the agenda should read January 17, 2023 minutes. She stated the January 17, 2023 minutes were included in the meeting material package sent to the Board for review.

Upon a motion by Virginia Biesiada O'Neill, seconded by Mitch Latimer, the OCDC Board approved the regular meeting minutes of January 17, 2023. Motion was carried unanimously.

**TREASURER'S REPORT**

Alexis Rodriguez gave a brief review of the Treasurer's Report for the month ending February 2023.

Upon a motion by Vincent Cioci, seconded by Kimberly Townsend, the OCDC Board approved the Treasurer's Report for the month ending February 2023. Motion was carried unanimously.

#### PAYMENT OF BILLS

Alexis Rodriguez gave a brief review of the Payment of Bills, Schedule #108.

Upon a by Mitch Latimer, seconded by Virginia Biesiada O'Neill, the OCDC Board approved the Payment of Bills schedule #108 with General Expenses being \$98,646.38. Motion was carried unanimously.

#### CONFLICT OF INTEREST

Nancy Lowery stated based upon the items on the agenda today a conflict of interest is not necessary.

#### AUDIT FROM GROSSMAN ST AMOUR

Upon a motion by Mitch Latimer, seconded by Virginia Biesiada O'Neill, the OCDC Board approved a resolution accepting the 2022 Annual Audit of the Onondaga Civic Development Corporation. Motion was carried unanimously.

#### APPOINTMENT OF ASSISTANT SECRETARY

Robert Petrovich stated he is proposing the appointment of Svetlana Dyer who is new to our team and doing a great job as Assistant Secretary as a back up to Nancy Lowery.

Upon a motion by Mitch Latimer, seconded by Vincent Cioci, the OCDC Board approved a resolution appointing Svetlana Dyer as Assistant Secretary to the Onondaga Civic Development Corporation. Motion was carried unanimously.

### APPOINTMENT OF ASSISTANT TREASURER

Robert Petrovich stated he is proposing the appointment of Alexis Rodriguez as Assistant Treasurer as a back up to Nate Stevens. He stated she is doing a great job for us and he endorses that appointment.

Upon a motion by Virginia Biesiada O'Neill, seconded by Mitch Latimer, the OCDC Board approved a resolution appointing Alexis Rodriguez as Assistant Treasurer to the Onondaga Civic Development Corporation. Motion was carried unanimously.

### ADJOURN

Upon a motion by Michael LaFlair, the OCDC Board adjourned the meeting at 8:46 am. Motion was carried unanimously.

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Nancy Lowery, Secretary



**ONONDAGA CIVIC DEVELOPMENT CORPORATION**  
 335 MONTGOMERY STREET, 2ND FLOOR, SYRACUSE, NY 13202  
 PHONE: 315.435.3770 • FAX: 315.435.3669

June 30, 2023

Revenue / Expense / Income	Current Period	Year to date	2023 Budget Amount	Current YTD Change to Budget
Operating/Non-Op Revenue	1,314	18,648	415,854	(397,206)
Administrative Expense	6,387	37,726	133,110	(95,384)
Operating/Program Expense	8,767	13,556	282,744	(269,188)
Net Ordinary Income	(13,840)	(32,633)	-	(32,633)

Current Assets	Current YTD	Prior YTD
Total Cash	470,942	611,572
Less Pass Through Received		
Available Cash	470,942	611,572
Receivables	20,996	307,633
Other	-	
Total	491,938	919,204

Receivables	
0-120 days	
> 120 days	20,996
Total	20,996

# Onondaga Civic Development Corporation

## Profit and Loss

June 2023

	TOTAL
Income	
45000 Non-Operating Revenue	
45030 Interest	
45030.1 Bank Interest	813.92
<b>Total 45030 Interest</b>	<b>813.92</b>
<b>Total 45000 Non-Operating Revenue</b>	<b>813.92</b>
46400 Operating Revenue	
46405 Project Income	
46410 Application Fees	500.00
<b>Total 46405 Project Income</b>	<b>500.00</b>
<b>Total 46400 Operating Revenue</b>	<b>500.00</b>
<b>Total Income</b>	<b>\$1,313.92</b>
GROSS PROFIT	<b>\$1,313.92</b>
Expenses	
62000 Operating Expenses	
63000 Administrative Expense	6,387.27
65010 Office Expense	1,223.98
65010.1 Copier	460.44
<b>Total 65010 Office Expense</b>	<b>1,684.42</b>
65060 Accounting/Audit	5,225.00
65070 Insurance	1,857.00
<b>Total 62000 Operating Expenses</b>	<b>15,153.69</b>
<b>Total Expenses</b>	<b>\$15,153.69</b>
NET OPERATING INCOME	<b>\$ -13,839.77</b>
NET INCOME	<b>\$ -13,839.77</b>

# Onondaga Civic Development Corporation

## Balance Sheet

As of June 30, 2023

	TOTAL
<b>ASSETS</b>	
Current Assets	
Bank Accounts	
100.5 M&T M-M Savings	320,700.18
101 Petty Cash	9.13
102 First Niagara Checking	5,881.09
103 M&T Checking	144,351.93
<b>Total Bank Accounts</b>	<b>\$470,942.33</b>
Accounts Receivable	
300 A/R General	0.00
301 A/R Pass thru receivable	50.00
<b>Total 300 A/R General</b>	<b>50.00</b>
<b>Total Accounts Receivable</b>	<b>\$50.00</b>
Other Current Assets	
450 Loans Rec.	
451 Quasi Equity Rec	
451.2 Sly Tech	7,395.75
<b>Total 451 Quasi Equity Rec</b>	<b>7,395.75</b>
455 CoVid 19 Loans	
455.1 Brasserie	6,250.00
455.5 ReFit	4,500.00
455.91 Via Mondo	2,800.00
<b>Total 455 CoVid 19 Loans</b>	<b>13,550.00</b>
456 Syracuse Studios Loan	250,000.00
<b>Total 450 Loans Rec.</b>	<b>270,945.75</b>
<b>Total Other Current Assets</b>	<b>\$270,945.75</b>
<b>Total Current Assets</b>	<b>\$741,938.08</b>
Fixed Assets	
15000 Furniture and Equipment	11,975.00
<b>Total Fixed Assets</b>	<b>\$11,975.00</b>
<b>TOTAL ASSETS</b>	<b>\$753,913.08</b>

# Onondaga Civic Development Corporation

## Balance Sheet

As of June 30, 2023

	TOTAL
<b>LIABILITIES AND EQUITY</b>	
Liabilities	
Current Liabilities	
Accounts Payable	
600 Accounts Payable	0.00
600.2 Mileage Reimbursement	-63.07
600.3 OED Contract	37,725.98
<b>Total 600 Accounts Payable</b>	<b>37,662.91</b>
<b>Total Accounts Payable</b>	<b>\$37,662.91</b>
<b>Total Current Liabilities</b>	<b>\$37,662.91</b>
<b>Total Liabilities</b>	<b>\$37,662.91</b>
Equity	
31500 Reserve for Contracts	296,575.00
31700 Reserved for Micro Loan loss	54,200.00
31725 Downtown Comm GIS Pre-payment	1,500.00
<b>Total 31500 Reserve for Contracts</b>	<b>352,275.00</b>
31600 Equity - Unreserved	-296,574.77
32000 Unrestricted Net Assets	693,183.02
Net Income	-32,633.08
<b>Total Equity</b>	<b>\$716,250.17</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$753,913.08</b>



**ONONDAGA CIVIC DEVELOPMENT CORPORATION**  
**PAYMENT OF BILLS - SCHEDULE #109**  
**July 18, 2023**

**GENERAL EXPENSES**

1.	<u>TOSHIBA FINANCIAL SERVICES*</u> Inv#497260794	\$	320.65
2.	<u>TOSHIBA FINANCIAL SERVICES**</u> Inv#499763738	\$	236.03
3.	<u>TOSHIBA FINANCIAL SERVICES***</u> Inv#502052228	\$	191.00
4.	<u>GROSSMAN ST. AMOUR CPA'S PLLC*****</u> Inv#86137, 2022 Audit Final Billing	\$	5,200.00
5.	<u>TOSHIBA FINANCIAL SERVICES*****</u> Inv#504491077	\$	460.44
6.	<u>PHILADELPHIA INSURANCE COMPANIES*****</u> Inv#2005704391, D&O Insurance	\$	1,857.00
<b>Total</b>		<b>\$</b>	<b>8,265.12</b>

\*Ratification of Check dated April 4, 2023

\*\*Ratification of Check dated April 8, 2023

\*\*\*Ratification of Check dated May 31, 2023

\*\*\*\*Ratification of Check dated June 13, 2023

\*\*\*\*\*Ratification of Checks dated June 29, 2023

MATTHEW N. WELLS  
[mwells@bsk.com](mailto:mwells@bsk.com)  
P: 315.218.8174  
F: 315.218.8474

June 12, 2023

**HAND DELIVERED**

Onondaga Civic Development Corporation  
335 Montgomery Street  
2<sup>nd</sup> Floor  
Syracuse, New York 13202  
ATTN: Ms. Nancy Lowery

Re: Crouse Health Hospital, Inc. Refinancing Project, Series 2023

Dear Nancy:

Enclosed please find the completed Financing Application of Crouse Health Hospital, Inc. in connection with the proposed refinancing of Hospital indebtedness. Included with the application are the requested ancillary documents and a check in the amount of \$500 payable to the Onondaga Civic Development Corporation.

Please let us know if you need anything else. We are looking forward to working with you on this transaction.

Very truly yours,

BOND, SCHOENECK & KING, PLLC



Matthew N. Wells

MNW/cma  
Enclosures



# Onondaga Civic Development Corporation

335 Montgomery Street, 2nd Floor

Syracuse, NY 13202

Phone: 315-435-3770

Fax: 315-435-3669

c/o Onondaga County  
Department of Economic Development

*Financing Application*

## Onondaga Civic Development Corporation Financing Application

### INSTRUCTIONS

1. Fill in all blanks, using "none", "not applicable" or "N/A" where the question is not appropriate to the Project, which is the subject of this Application (the "Project"). If you have any questions about this application, please call the Onondaga Civic Development Corporation (OCDC), c/o Onondaga County Department of Economic Development at (315) 435-3770.
2. If an estimate is given as the answer to a question, put "(est.)" after the figure or answer, which is estimated.
3. If more space is needed to answer any specific question, attach a separate sheet.
4. When completed, return this application by mail or fax to OCDC at the address indicated on the cover page of this Application. A signed application may also be submitted electronically in PDF format to Nancy Lowery (nancylowery@ongov.net), however the application will not be considered by the OCDC until the application fee has been received.
5. The OCDC will not give final approval for this Application until OCDC receives a completed NYS Full Environmental Assessment Form concerning the Project, which is the subject of this Application. The form is available on [ongov.net](http://ongov.net).
6. Please note that Article 6 of the Public Officers Law declares that all records in the possession of the OCDC (with certain limited exceptions) are open to public inspection and copying. If the Applicant feels that there are elements of the Project which are in the nature of trade secrets which, if disclosed to the public or otherwise widely disseminated, would cause substantial injury to the Applicant's competitive position, this Applicant may identify such elements in writing and request that such elements be kept confidential. In accordance with Article 6 of the Public Officers Law, the OCDC may also redact personal, private, and/or proprietary information from publicly disseminated documents.
7. The Applicant will be required to pay the OCDC Application fee and, if accepted as a project of the OCDC, all administrative fees as stated below, as well as legal fees of the OCDC.
8. A complete application consists of the following:
  - A. The Application
  - B. Attachment II - Preliminary or Existing Plans and Sketches
  - C. Attachment III - Financial Information
  - D. Attachment IV - NYS Full Environmental Assessment Form
  - E. A check payable to the Onondaga Civic Development Corporation in the amount of \$500.00
  - F. Proof of 501(c)(3) status

Please answer all questions by filling in the blanks. Use attachments as necessary.

#### I. APPLICANT INFORMATION

Organization Name:	Crouse Health Hospital, Inc.			
Mailing Address:	736 Irving Ave			
City:	Syracuse	State:	NY	Zip: 13210
Phone:	315-470-7589	Fax:	315-470-2919	
Contact Person:	Kevin Randall, CFO			
Email Address:	kevinrandall@crouse.org			
FED ID Number:	16-0960470			

#### A. Board Chair, CEO, CFO

Name	Title	Business Address	Phone	Email
Patrick Mannion	Board Chair	736 Irving Ave	315-727-9579	Paxmannion@gmail.com
Seth Kroneberg, MD	CEO	736 Irving Ave	315-470-7317	sethkroneberg@crouse.org
Kevin Randall	CFO	736 Irving Ave	315-470-7589	kevinrandall@crouse.org

#### B. Applicant's Counsel

Name:	Matthew Wells, Esq.			
Firm:	Bond, Schoeneck & King, PLLC			
Mailing Address:	One Lincoln Center, 18th Floor			
City:	Syracuse	State:	NY	Zip: 13202
Phone:	315-218-8174	Fax:	315-218-8474	
Email Address:	mwells@bsk.com			

C. Applicant's Accountant

Name:	Michael Schoell		
Firm:	Freed Maxick		
Mailing Address:	424 Main Street, Suite 800		
City:	Buffalo	State:	NY
		Zip:	14202
Phone:	716-362-6207	Fax:	716-847-0069
Email Address:	Michael.Schoell@freedmaxick.com		

II. Project Information

- A. Describe the proposed acquisitions, construction or reconstruction, including buildings, site improvements and equipment. Also, indicate square feet by usage (e. g., office, classrooms), and type of construction. Attach a copy of preliminary plans or sketches, and/or floor plan of existing facility (Attachment II):

N/A - financing of outstanding indebtedness

- B. Location of Project, including city, town or village within which it is located. Attach a map showing location of project (Attachment II):

Syracuse, New York

C. Utilities on Site:

Water: ☒ Yes ☐ No

Electric: ☒ Yes ☐ No

Gas: ☒ Yes ☐ No

Sanitary/Storm Sewer: ☒ Yes ☐ No

D. Owner of the Project (land, building, improvements and/or personal property):

Applicant

If other than Applicant, by what means will the applicant utilize the facility:

N/A

E. Zoning of Project Site

Current Zoning

n/a

Proposed Zoning

Unchanged

F. Are any local land use approvals required:

If yes, please describe:

☐

Yes

☒

No

N/A

G. Principal use of Project upon completion:

Hospital

H. Estimated Project Costs. Give an accurate estimate of the following costs:

Land	N/A
Building Construction	N/A
Site Work	N/A
Legal Fees (other than Company's Attorneys)	N/A
Engineering Fees	N/A
Financial Charges	N/A
Machinery & Equipment	N/A
OCDC Fee	500.00
Other (Specify) Bond Refinancing	84,750,000.00
Estimated Total Cost	84,750,500.00

I. Estimated value of Tax Exempt Bonds that Applicant is requesting OCDC issue:

Amount: \$84,750,000

J. Project Schedule. Give an estimate of the project completion date:

Completion Date: July 31, 2023

K. Organization Financial Information Attachment

1. Copies of two most recent financial statements
2. Copy of most recent Annual Report
3. Strategic Plan

L. Employment and Payroll Information

1. Estimate how many full time equivalent (FTE) jobs will be added as a result of this project: n/a

M. Environmental Information

1. The OCDC must make a determination of environmental significance for the project. A completed NYS Full Environmental Assessment Form must be submitted.

III. Representations By The Applicant

The Applicant understands and agrees with the OCDC as follows:

A. Annual Report on Outstanding Bonds: The Applicant understands and agrees that, if the Project receives any Financial Assistance from the OCDC, the Applicant agrees to file, or cause to be filed, with the OCDC, on an annual basis, any information regarding bonds, if any, issued by the OCDC for the project that is requested by the Comptroller of the State of New York. Initial KR

B. Absence of Conflicts of Interest: The Applicant has received from the OCDC a list of the members, officers, and employees of the OCDC (Appendix A). No member, officer, or employee of the OCDC has an interest, whether direct or indirect, in any transaction contemplated by this Application, except as hereinafter described:

Initial KR

C. Fees: The OCDC Application should be submitted with a non-refundable \$500.00 Application Fee to the Onondaga Civic Development Corporation 335 Montgomery Street, 2nd Floor, Syracuse, New York 13202. The OCDC will collect a 1% (.01) administrative fee at the time of closing based on the value of the bonds issued. Initial KR

D. The OCDC reserves the right to ask for additional information as it deems necessary to complete its review of your application. Initial KR



The Applicant and the individual executing this Application on behalf of the Applicant acknowledge that the OCDC will rely on the representations made herein when acting on this Application and hereby represent that the statements made herein do not contain any untrue statement of a material fact and do not omit to state a material fact necessary to make the statements contained herein not misleading.

☒ I have read paragraph 6 of the instructions and understand that the applicant must identify in writing to OCDC any information it deems proprietary and requests not be made publicly available.

☐ Please check here if you have marked information as confidential/proprietary.

Name of Organization: Crouse Health Hospital, Inc

Name: Kevin Randall

By: 

Date: 6/12/2023

#### IV. Hold Harmless Agreement

Applicant hereby releases Onondaga Civic Development Corporation and the members, board of directors, officers, servants, agents and employees thereof (the "OCDC") from, agrees that the OCDC shall not be liable for and agrees to indemnify, defend and hold the OCDC harmless from and against any and all liability arising from or expense incurred by (A) the OCDC's examination and processing of, and action pursuant to or upon, the attached Application, regardless of whether or not the Application or the Project described therein or the tax-exemptions and other assistance requested therein are favorably acted upon by the OCDC, (B) the OCDC's acquisition, construction and/or installation of the Project described therein and (C) any further action taken by the OCDC with respect to the Project, including without limiting the generality of the foregoing, all causes of action and attorneys' fees and any other expenses incurred in defending any suits or actions which may arise as a result of any of the foregoing. If, for any reason, the Applicant fails to conclude or consummate necessary negotiations, or fails, within a reasonable or specified period of time, to take reasonable, proper or requested action, or withdraws, abandons, cancels or neglects the Application, or if the OCDC or the Applicant are unable to reach final agreement with the respect to the Project, then, and in the event, upon presentation of an invoice itemizing the same, the Applicant shall pay to the OCDC, its agents or assigns, all costs incurred by the OCDC in the process of the Application, including attorneys' fees, if any.

Name of Organization: Crouse Health Hospital, Inc.

By: 

Name: Kevin Randall

Title: CFO

Date: 6/12/2023

## APPENDIX A

### CONFLICT OF INTEREST STATEMENT

List of corporation board members and staff

#### Corporation Board Members

1. Michael LaFlair
2. Alison Miller
3. Mitchell Latimer
4. Kevin Kuehner
5. Virginia Biesiada O'Neill
6. Vincent Cioci

#### Corporation Officers/Staff (Employees)

1. Robert M. Petrovich
2. Nancy Lowery
3. Nathaniel Stevens
4. Karen Doster
5. Alexis Rodriguez

#### Corporation Legal Counsel and Auditor

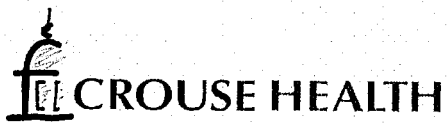
1. Christopher Andreucci, Esq., Harris Beach, PLLC Law Firm
2. Michael Lisson, CPA, Grossman St. Amour CPAs, PLLC



**Crouse Hospital OCDC Application**  
**Attachment II**

This application is related to the financing out outstanding indebtedness. Legal Description and Tax Map to be provided with Title Report.





## **Crouse Hospital OCDC Application**

### **Attachment III**

1. Copies of two most recent financial statements- please reference 2021 and 2022 audits
2. Copy of most recent annual report- please reference 2022 audit
3. Strategic Plan- described below

### *Crouse Hospital Strategic Plan*

Refinancing Crouse Hospital's outstanding indebtedness would allow for additional cash flow that could be invested into operations and workforce needs of the health system.



# **CROUSE HEALTH SYSTEM, INC. AND AFFILIATES**

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS  
AND SUPPLEMENTAL INFORMATION**

**December 31, 2021 and 2020**

**CROUSE HEALTH SYSTEM, INC. AND AFFILIATES**  
**CONTENTS**  
**December 31, 2021 and 2020**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Crouse Health System, Inc. and Affiliates

### Opinion

We have audited the consolidated financial statements of Crouse Health System, Inc. and Affiliates (the "System"), which comprise the consolidated balance sheets as of December 31, 2021 and 2020, the related consolidated statements of operations and changes in net assets, and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively, the financial statements).

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

### Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States (GAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the System and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Emphasis of Matter

As discussed in Note 1, the System elected a voluntary change in accounting principle related to recognition of actuarial gains and losses for defined benefit and post-retirement benefit plans. The change in accounting principle was adopted retrospectively to the beginning of the earliest period presented and resulted in a restatement of the December 31, 2020 consolidated financial statements. Our opinion is not modified with respect to this matter.

### Responsibilities of Management for the Consolidated Financial Statements

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

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

### Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material

misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the System's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the System's ability to continue as a going concern for a reasonable period of time.

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

#### **Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated [DATE] on our consideration of the System's internal controls 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 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 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 System's internal control over financial reporting and compliance.

*Freed Maxick CPAs, P.C.*

Buffalo, New York  
May 13, 2022

**CROUSE HEALTH SYSTEM, INC. AND AFFILIATES**  
**CONSOLIDATED BALANCE SHEETS**  
December 31, 2021 and 2020

<b>ASSETS</b>	<b>2021</b>	<b>As Restated 2020</b>
<b>Current assets:</b>		
Cash and cash equivalents	\$ 42,475,809	\$ 33,502,670
Patient accounts receivable	53,226,896	50,966,244
Inventories	10,792,832	12,544,468
Prepaid expenses and other current assets	9,645,364	10,660,997
Investments	15,834,373	10,042,662
Current portion of assets limited as to use	5,303,805	3,749,792
Total current assets	137,279,079	121,466,833
<b>Noncurrent assets:</b>		
Assets limited as to use	16,690,944	35,548,915
Funds held in trust by others	1,724,968	1,608,537
Property and equipment, net	116,799,697	118,716,633
Interest in net assets of Crouse Health Foundation, Inc.	35,966,496	32,509,484
Other long-term assets	1,176,538	1,892,224
Total assets	\$ 309,637,722	\$ 311,742,626
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current liabilities:</b>		
Current portion of long-term obligations	\$ 8,350,000	\$ 3,546,250
Accrued interest payable	348,632	353,450
Accounts payable and accrued expenses	52,111,795	39,223,358
Accrued vacation payable	6,160,450	5,808,840
Accrued salaries and wages payable	16,057,397	14,377,258
Current portion of liabilities to third-party payors	23,390,169	27,456,652
Current portion of estimated self-insurance costs	5,871,996	4,278,996
Current portion of accrued postretirement liability	564,039	741,153
Total current liabilities	112,854,478	95,785,957
<b>Noncurrent liabilities:</b>		
Long-term obligations, net	95,896,423	77,798,156
Third-party payors, net	5,238,011	20,286,819
Estimated self-insurance costs, net	15,497,687	15,806,587
Accrued pension liability	-	108,739,604
Asset retirement obligation	3,067,566	2,929,965
Accrued postretirement liability, net	6,726,799	9,749,374
Other liabilities	388,895	4,747,048
Total liabilities	239,669,859	335,843,510
<b>Net assets (deficit):</b>		
Without donor restrictions	32,276,399	(58,218,905)
With donor restrictions	37,691,464	34,118,021
Total net assets (deficit)	69,967,863	(24,100,884)
Total liabilities and net assets	\$ 309,637,722	\$ 311,742,626

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

**CROUSE HEALTH SYSTEM, INC. AND AFFILIATES**  
**CONSOLIDATED STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS**  
For the Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>As Restated 2020</u>
<b>Operating revenues:</b>		
Net patient service revenue	\$ 474,613,163	\$ 426,018,904
Other operating revenue	32,331,188	43,669,448
<b>Total operating revenues</b>	<u>506,944,351</u>	<u>469,688,352</u>
<b>Operating expenses:</b>		
Salaries and wages	241,342,183	215,834,878
Employee benefits	56,902,244	50,331,577
Professional and physician fees	19,583,608	18,782,041
Medical supplies and pharmaceuticals	92,051,026	82,617,052
Purchased services	42,151,537	35,446,714
Depreciation	18,788,100	19,385,127
Interest expense	3,823,842	3,903,141
Insurance	7,032,444	7,076,691
Repairs and maintenance	9,371,549	8,781,286
Utilities	4,448,322	4,469,720
Other expenses	42,731,145	32,652,481
Cash receipts assessment tax	2,124,145	2,058,203
<b>Total operating expenses</b>	<u>540,350,145</u>	<u>481,338,911</u>
<b>Loss from operations</b>	(33,405,794)	(11,650,559)
<b>Nonoperating revenues (expenses):</b>		
Net income (loss) from equity investments	48,391	(2,573,560)
Other components of net periodic pension cost	3,400,453	(6,279,351)
Gain on sale of long-lived assets	28,291,173	49,174
Pension settlement	80,611,723	-
Other income	72,000	72,000
<b>Total nonoperating revenues (expenses), net</b>	<u>112,423,740</u>	<u>(8,731,737)</u>
<b>Excess (deficiency) of revenues over expenses</b>	<u>\$ 79,017,946</u>	<u>\$ (20,382,296)</u>

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

**CROUSE HEALTH SYSTEM, INC. AND AFFILIATES**  
**CONSOLIDATED STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS**  
**(CONTINUED)**  
**For the Years Ended December 31, 2021 and 2020**

	<u>2021</u>	<u>As Restated 2020</u>
<b>Net assets without donor restrictions:</b>		
Excess (deficiency) of revenues over expenses	\$ 79,017,946	\$ (20,382,296)
Contributions for property acquisitions	6,303,060	3,102,610
Postretirement changes other than net periodic costs	(265,391)	(265,391)
Grant revenue	5,439,689	4,337,847
<b>Change in net assets without donor restrictions</b>	<u>90,495,304</u>	<u>(13,207,230)</u>
<b>Net assets with donor restrictions:</b>		
Increase in interest in net assets of Crouse Health Foundation, Inc.	3,457,012	1,137,337
Increase in funds held in trust for others	116,431	76,338
<b>Increase in net assets with donor restrictions</b>	<u>3,573,443</u>	<u>1,213,675</u>
<b>Change in net assets</b>	94,068,747	(11,993,555)
<b>Net assets (deficit) - beginning of year</b>	<u>(24,100,884)</u>	<u>(12,107,329)</u>
<b>Net assets (deficit) - end of year</b>	<u>\$ 69,967,863</u>	<u>\$ (24,100,884)</u>

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

**CROUSE HEALTH SYSTEM, INC. AND AFFILIATES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
For the Years Ended December 31, 2021 and 2020

	2021	As Restated 2020
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 94,068,747	\$ (11,993,555)
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation	18,788,100	19,385,127
Gain on sale long-lived assets	(28,291,173)	(49,174)
Amortization	300,695	300,511
Contributions for property acquisitions	(6,303,060)	(3,102,610)
Grant revenue	(5,439,689)	(4,337,847)
Gain on pension settlement	(80,611,723)	-
Pension and postretirement changes other than net periodic costs	265,391	5,986,399
Net unrealized gain on investments	1,428,868	272,203
Change in interest in net assets of Crouse Health Foundation, Inc.	(3,457,012)	(1,137,337)
(Gain) loss from related organizations	(48,391)	2,573,560
Change in funds held in trust by others	(116,431)	(76,338)
Goodwill impairment	1,085,000	-
Changes in operating assets and liabilities:		
Patient accounts receivable	(2,260,652)	1,179,081
Inventories, prepaid expenses and other current assets	3,406,346	(3,725,544)
Accounts payable and accrued expenses	14,915,368	(626,059)
Estimated self-insurance costs	1,284,100	1,931,617
Accrued pension and postretirement liability	(3,465,080)	(1,574,759)
Liabilities to third-party payors	(19,115,291)	32,787,392
Asset retirement obligation	137,601	138,282
Other liabilities	(4,358,153)	4,365,308
<b>Net cash (used in) provided by operating activities</b>	<b>(17,786,439)</b>	<b>42,296,257</b>
<b>Cash flows from investing activities:</b>		
Purchases of property and equipment	(6,447,314)	(2,109,248)
Increase in short-term investments, net	(5,791,711)	(10,042,662)
Decrease (increase) in assets limited as to use, net	20,498,087	(15,034,291)
Proceeds from sale of property and equipment	29,500,000	49,174
Contribution to related organization	(960,000)	(375,000)
<b>Net cash provided by (used in) investing activities</b>	<b>36,799,062</b>	<b>(27,512,027)</b>
<b>Cash flows from financing activities:</b>		
Payments on notes payable	(81,250)	-
Principal payments on long-term debt	(3,465,000)	(3,378,750)
Pension settlement payments, net of discount	(1,870,237)	-
Principal payments on capital lease obligations	-	(13,617)
<b>Net cash used in financing activities</b>	<b>(5,416,487)</b>	<b>(3,392,367)</b>
<b>Net increase in cash, cash equivalents and restricted cash</b>	<b>13,596,136</b>	<b>11,391,863</b>
<b>Cash, cash equivalents and restricted cash - beginning of year</b>	<b>33,633,893</b>	<b>22,242,030</b>
<b>Cash, cash equivalents and restricted cash - end of year</b>	<b>\$ 47,230,029</b>	<b>\$ 33,633,893</b>
<b>Supplemental disclosure of cash flow information:</b>		
Interest paid, net of capitalized interest	\$ 3,500,447	\$ 3,539,530

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

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Organization:** Crouse Health Hospital, Inc., d/b/a Crouse Hospital (the "Hospital"), is a voluntary, not-for-profit, acute care regional hospital located in Syracuse, New York with a service area encompassing the counties of Central New York State. The Hospital provides a full spectrum of inpatient and ambulatory medical, surgical and emergency care services. The Hospital primarily provides services to the residents of Central New York and its admitting physicians are primarily practitioners in the local area. In addition, the Hospital operates a college of nursing.

In January 2015, Crouse Health Network, LLC ("CHN") was formed for the purpose of creating a clinically integrated network to develop a team of primary care and specialty physicians to actively participate in a stream-lined care delivery model. The Hospital is the sole member of CHN, and all activity for the years ended December 31, 2021 and 2020 is accounted for within the Hospital.

Crouse Medical Practice, PLLC ("PLLC"), a tax-exempt professional service limited liability company, was formed to further the Hospital's charitable purposes through the provision of professional medical services of physicians. The Hospital's Chief Medical Officer is the sole member of the PLLC. By contract with the Hospital, he is not entitled to any financial benefits, nor detriments, of ownership; his interest is nominal only.

Crouse Health System, Inc. ("CHS"), a not-for-profit organization, is the parent corporation and sole member of the Hospital. The Hospital, PLLC and CHS are consolidated for financial statement purposes and are together described as the "System". The Hospital is also affiliated with Crouse Health Foundation, Inc. (the "Foundation"), a separate not-for-profit corporation that solicits and manages gifts and bequests on behalf of the Hospital.

In 2013, the System entered into an affiliation agreement with Community Memorial Hospital ("CMH"), whereby the System would be granted certain governance powers of CMH. However, the System does not have a financial interest in CMH, nor is it responsible for CMH obligations. Accordingly, the System does not consolidate or record a financial interest in CMH. In the ordinary course, the System provides certain services to CMH, which are valued and billed on an arms-length basis, totaling \$2,930,133 and \$3,139,309 for the years ended December 31, 2021 and 2020, respectively.

**Basis of Accounting:** The accompanying consolidated financial statements are prepared in conformity with accounting principles generally accepted in the United State of America (US GAAP).

**Principles of Consolidation:** The consolidated financial statements include the accounts of the System. All significant intercompany transactions have been eliminated upon consolidation.

**Change in Accounting Principle:** During the year ended December 31, 2021, the System elected a voluntary change in accounting principle related to recognition of actuarial gains and losses for defined benefit pension and postretirement benefits plans on the basis that it is preferable. In accordance with Accounting Standards Codification (ASC) 715, *Compensation – Retirement Benefits*, the System elected to immediately recognize actuarial gains and losses in the consolidated statement of operations in the year in which they occur. Prior to this change in accounting policy, actuarial gains and losses were recognized in the statement of operations by amortizing such gains and losses (subject to a corridor) over the estimated average future service period of active employees in the plans. The System applied the change in accounting principle retrospectively to the beginning of the earliest period presented January 1, 2020, resulting in the recognition of unrecognized net actuarial losses of approximately \$101,391,000 in net assets without donor restrictions, effective January 1, 2020.

# 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The following table presents the impact of the change in accounting principle on the System's consolidated statements of operations and changes in net assets for the year ended December 31, 2020:

	As Previously Reported	Impact of Change	As Restated
<b>Effect on Consolidated Statement of Operations:</b>			
Other components of net periodic pension cost	(558,343)	(5,721,008)	(6,279,351)
Excess (deficiency) of revenues over expenses	(14,661,288)	(5,721,008)	(20,382,296)
<b>Effect on Consolidated Statement of Changes in Net Assets:</b>			
Pension and postretirement change other than net periodic costs	(5,986,399)	5,721,008	(265,391)

**Recently Issued Accounting Pronouncements:** In February 2016, the FASB issued Accounting Update (ASU) 2016-02, *Leases*. This ASU requires lessees to recognize assets and liabilities on the balance sheet for leases with lease terms greater than twelve months. The recognition, measurement and presentation of expenses and cash flows arising from a lease by a lessee primarily will depend on its classification as a finance or operating lease. This amends current guidance that requires only capital leases to be recognized on the lessee balance sheet. ASU 2016-02 will also require additional disclosures on the amount, timing and uncertainty of cash flows arising from leases. The System adopted the ASU effective January 1, 2022.

**Use of Estimates:** The preparation of consolidated financial statements in conformity with US GAAP 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 consolidated financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates made by the System include, but are not limited to, estimated fair value of investment securities, third-party payor contractual adjustments and allowances, assumptions used in determining pension and postretirement benefit costs and insurance reserves.

**Classification of Net Assets:** The consolidated financial statements have been prepared in conformity with the disclosure and display requirements of US GAAP. US GAAP requires that the resources be classified for reporting purposes between two classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

**Net Assets without Donor Restrictions:** Net assets without donor restrictions are resources available to support operations. The only limits on the use of these net assets are the broad limits resulting from the nature of the System, the environment in which it operates, and whose use is limited by agreement between the System and a third-party other than a donor or grantor.

**Net Assets with Donor Restrictions:** Net assets with donor restrictions are resources that relate to gifts of cash and other assets received with donor stipulations that limit the use of the donated assets, the System's interest in the net assets of the Foundation, and funds held in trust by others. Some donor-imposed restrictions are temporary in nature and when a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the consolidated statements of operations and changes in net assets as net assets released from restriction. Donor-restricted contributions whose restrictions are met within the same year as received are reflected as contributions without donor restrictions in the accompanying consolidated financial statements. Other donor-imposed restrictions are perpetual in nature and relate to funds held in trust by others and the System's restricted interest in the Foundation resulting from donors who stipulate that their donated resources be maintained in perpetuity. The System is permitted to use or expend part of all of the income derived from the donated assets unless otherwise restricted by the donor.



# 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Patients Accounts Receivable:** Patients accounts receivable consists of amounts due from government programs, commercial insurance companies, private pay patients, and other group insurance programs. Concentrations of patient accounts receivable at December 31, 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Medicare	31%	31%
Medicaid	29	30
Excellus BlueCross/BlueShield	16	14
Commercial insurance	7	7
Health Maintenance Organizations	3	2
Self-pay	11	10
All other	<u>3</u>	<u>6</u>
	<u>100%</u>	<u>100%</u>

**Net Patient Service Revenue:** The System's net patient service revenue is reported at the amount that reflects the consideration to which the System expects to be entitled in exchange for providing patient care. These amounts are due from patients, third-party payors (including health insurers and government programs), and others, and include an estimate of variable consideration for retroactive revenue adjustments due to settlement of audits, reviews, and investigations. Generally, the System bills the patients and third-party payors several days after the services are performed and or the patient is discharged from the facility. Revenue is recognized as performance obligations are satisfied.

Performance obligations are determined based on the nature of the services provided by the System. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected (or actual) charges. The System believes that this method provides a reasonable representation of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Generally, performance obligations satisfied over time relate to inpatient services. The System measures the performance obligation from admission into the System to the point when it is no longer required to provide services to that patient, which is generally at the time of discharge. Revenue for performance obligations satisfied at a point in time is recognized when goods or services are provided, and the System does not believe it is required to provide additional goods or services to the patient.

The System is utilizing the portfolio approach practical expedient for contracts related to net patient service revenue. The System accounts for the contracts within each portfolio as a collective group, rather than individual contracts, based on the payment pattern expected in each portfolio category and the similar nature of and characteristics of the patients within each portfolio. The portfolios consist of major payor classes for inpatient revenue and outpatient revenue.

Most of the the System's services are rendered to patients with third-party coverage. Reimbursement under these programs for all payors is based on a combination of prospectively determined rates, discounted charges and historical costs. Amounts received under Medicare and Medicaid programs are subject to review and final determination by program intermediaries or their agents, and the contracts the System has with commercial payors also provide for retroactive audit and review of claims. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered, and such amounts are adjusted in future periods as adjustments become known or as years are no longer subject to such audits, review, and investigations.

Agreements with third-party payors typically provide for payments at amounts less than established charges. Generally, patients who are covered by third-party payors are responsible for related deductibles and coinsurance, which vary in amount. The System also provides services to uninsured patients, and offers those uninsured patients a discount, either by policy or law, from standard charges.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

The System estimates the transaction price for patients with deductibles and coinsurance and from those who are uninsured based on historical experience and current market conditions. The initial estimate of the transaction price is determined by reducing the standard charge by explicit price concessions provided to third-party payors, discounts provided to uninsured patients in accordance with the System's policy, and implicit price concessions provided to uninsured patients. Explicit price concessions are based on contractual agreements, discount policies and historical experiences. Implicit price concessions represent differences between amounts billed and the estimated consideration the System expects to receive from patients which are determined based on historical collection experience, current trends and other factors. Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to net patient service revenue in the period of the change. Adjustments arising from a change in the transaction price were not significant in the year ended December 31, 2021 or 2020.

Net patient service revenue recognized in the period from these major payor sources, is as follows for the years ended December 31:

	<u>2021</u>	<u>2020</u>
Medicare	33%	33%
Medicaid	21	21
Excellus BlueCross/BlueShield	29	31
Commercial insurance	9	9
Health Maintenance Organizations	2	1
Self-pay	2	1
All other	4	4
	<u>100%</u>	<u>100%</u>

**Medicare:** Inpatient acute care services rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic and other factors. The Hospital also receives reimbursement under a prospective payment system for certain medical outpatient services, based on service groups, called ambulatory payment classifications ("APCs"). Other outpatient services are based upon a fee schedule and or actual costs.

The Hospital's Medicare cost report has been audited and settled by the Medicare fiscal intermediary through December 31, 2018.

**Medicaid and Other:** Under the New York Health Care Reform Act ("NYHCRA"), hospitals are authorized to negotiate reimbursement rates for inpatient acute care services with all other non-Medicare payors except for Medicaid, Workers Compensation and No-Fault, which are regulated by New York State. These negotiated rates may take the form of rates per discharge, reimbursed costs, and discounted charges or as per diem payments. Reimbursement rates for non-Medicare payors regulated by New York State are determined on a prospective basis. These rates also vary according to a patient classification system defined by NYHCRA that is based on clinical, diagnostic, and other factors. Outpatient services are paid under various reimbursement methodologies, including prospective determined rates, cost reimbursement, fee schedules, and charges.

In addition, under NYHCRA, all non-Medicare payors are required to make surcharge payments for the subsidization of indigent care and other health care initiatives. The percentage amount of the surcharge varies by payor and applies to a broad array of health care services. Surcharges collected by the System do not represent revenue to the System and accordingly are not included in the System's consolidated statements of operations and changes in net assets. Surcharges are included in patient accounts receivables and the offset is in third-party payors liabilities. Surcharges are generally received and paid to the state in the same month. Also, certain payors are required to fund a pool for graduate medical education expenses through surcharges on payments to hospitals for inpatient services or through voluntary election to pay a covered lives assessment directly to the New York State Department of Health. The System is required to prepare and file various reports on actual and allowable costs annually. Management believes that adequate provisions have been made in the consolidated financial statements for prior and current years' estimated settlements. The difference between the amount estimated and the actual final settlement is recorded as an adjustment to net patient service revenue in the year the final settlement is determined.

## **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

During the years ended December 31, 2021 and 2020, the System recognized an increase of approximately \$249,000 and a decrease of approximately \$511,000, respectively, in net patient service revenue as a result of changes in estimates and as a result of final settlements with third-party payors and the government.

**Charity Care:** The New York State Public Health Law requires all hospitals to implement financial aid policies and procedures for their patients. The law also requires hospitals to develop and make publicly available a summary of its financial aid policies and procedures. The System provides health care services to all patients based on medical need, not on the ability to pay for services. For patients who meet certain criteria under the System's charity care policy, the System provides care to these patients without charge or at amounts less than its established rates. Because the System does not pursue collection of amounts determined to qualify for charity care, they are not reported as revenue. The System maintains records to identify and monitor the level of charity care it provides.

**Excess (deficiency) of Revenues over Expenses:** The consolidated statement of operations and changes in net assets includes excess (deficiency) of revenues over expenses, commonly referred to as the "performance indicator". Changes in net assets without donor restrictions which are excluded from excess (deficiency) of revenues over expenses, consistent with industry practice, include contributions for property acquisitions, and pension and postretirement changes other than net periodic costs.

**Gifts and Donations:** Unconditional promises to give cash and other assets are reported at fair value at the date the promise is received. Gifts and donations are reported as support with donor restrictions if they are received with donor stipulations that limit the use of the donated assets.

**Collective Bargaining Agreements:** The Hospital has approximately 74% of its employees working under three collective bargaining agreements, which are set to expire on April 30, 2023.

**Cash and Cash Equivalents:** The System considers all highly liquid debt instruments with original maturities of three months or less to be cash equivalents. Cash equivalents are also comprised of certificates of deposit and money market funds. At December 31, 2021 and 2020, the System has cash and cash equivalents in major financial institutions which exceed Federal Depository Insurance Limits. These financial institutions have strong credit ratings and management believes the credit risks relating to those deposits are minimal.

The reconciliation of cash, cash equivalents and restricted cash within the consolidated balance sheets that comprise the amount reported on the consolidated statements of cash flows at December 31, is as follows:

	<u>2021</u>	<u>2020</u>
<b>Financial assets:</b>		
Cash and cash equivalents	\$ 42,475,809	\$ 33,502,670
Assets limited as to use	4,754,220	131,223
Cash, cash equivalents and restricted cash	<u>\$ 47,230,029</u>	<u>\$ 33,633,893</u>

**Inventories:** Inventories consist of drugs and other supplies and are valued at lower of cost (first-in, first-out) or net realizable value.

**Assets Limited as to Use:** Assets limited as to use primarily include assets held by trustees under indenture agreements and designated assets set aside by the Board of Directors, over which the board retains control and may, at its discretion, subsequently use for other purposes. Amounts required to meet current liabilities of the System have been classified as current in the consolidated balance sheets at December 31, 2021 and 2020.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Investments and Investment Income:** Investment securities are recorded at fair value based on quoted market prices. Investment income or loss (including unrealized and realized gains and losses on investments, interest and dividends) is included in the excess (deficiency) of revenues over expenses unless the income or loss is restricted by donor or law.

**Funds Held in Trust by Others:** Funds held in trust by others represent investments held in perpetuity in which the income is received by the System for general operating purposes. Funds held in trust by others are recognized at the estimated fair value of the assets, which approximates the present value of the future cash flows when the irrevocable trust is established or the System is notified of its existence.

**Property and Equipment:** Property and equipment are recorded at cost. Property and equipment donated for System operations are recorded at fair value on the date of receipt. Repairs and maintenance are expensed as incurred. Equipment acquired via capital leases are stated at the lower of the present value of minimum lease payments at the beginning of the lease term or fair value at the inception of the lease. Depreciation of property and equipment, including amortization of equipment held under capital leases, is calculated on the straight-line method over the shorter period of the lease term or the estimated useful life of the asset, which ranges from 15 to 50 years for buildings and fixed equipment and 3 to 10 years for all other assets. Interest is capitalized during the period of construction on significant projects.

The System analyzes its assets for impairment whenever events or changes in circumstances indicate the carrying amount of a respective asset that the System expects to hold and use may not be recoverable. If this review indicates that the remaining useful life of the long-lived assets has been reduced, the System adjusts the depreciation on that asset to facilitate full cost recovery over its revised estimated remaining useful life. No such adjustments were made during the years ended December 31, 2021 or 2020.

**Debt Issuance Costs:** Debt issuance costs are presented as a reduction of the carrying amount of long-term debt rather than as an asset and amortized over the life of the related obligation. Amortization of debt issuance costs is reported as interest expense in the consolidated statements of operations and changes in net assets.

**Other Long-Term Assets:** Other long-term assets include investments in related organizations (Note 4) and goodwill related to the acquisition of the primary care practice. During the year ended December 31, 2021, the System determined the carrying value of the goodwill exceeded the fair value and impaired the full value of the goodwill. The system recorded an impairment loss of \$1,085,000 in other expense in the consolidated statements of operations and changes in net assets. No impairment was recorded during December 31, 2020.

**Asset Retirement Obligation:** The Hospital accrues for asset retirement obligations, primarily asbestos related removal costs, in the period in which they are incurred if sufficient information is available to reasonably estimate the fair value of the obligation. Included in the accompanying consolidated balance sheets at December 31, 2021 and 2020, relative to asset retirement obligations are long-term liabilities of \$3,067,566 and \$2,929,965, respectively, which represents the present value of the expected future costs of removal and disposal activities. Upon settlement of the liability, the Hospital will recognize a gain or loss for any difference between the settlement amount and liability recorded. The following is a summary of the components of the asset retirement obligation for the years ended December 31:

	<u>2021</u>	<u>2020</u>
Change in asset retirement obligation:		
Asset retirement obligation at beginning of year	\$ 2,929,965	\$ 2,791,683
Asset retirement costs	(4,173)	(1,663)
Accretion expense	<u>141,774</u>	<u>139,945</u>
Asset retirement obligation at end of year	<u>\$ 3,067,566</u>	<u>\$ 2,929,965</u>

## **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Interest in Net Assets of Crouse Health Foundation, Inc.:** The Hospital recognizes an interest in the net assets of the Foundation. The Foundation, a not-for-profit organization, accepts contributions from donors and agrees to transfer those assets, the return on investment of those assets, or both, to the Hospital, as specified by the donor. As the Hospital and the Foundation are financially interrelated, the Hospital is required to recognize its interest in the net assets of the Foundation and adjust that interest for the change in net assets.

The Foundation is a separate not-for-profit organization with its own board of trustees and finances separate from those of the Hospital. The Foundation board approves the timing and amount of transfers to the Hospital. The Foundation's contributions have consisted principally of donations to the Hospital for use as specified by donors and amounted to \$1,453,056 and \$3,522,871 during the years ended December 31, 2021 and 2020, respectively. The Foundation reimbursed the Hospital for administrative expenses of approximately \$709,000 and \$791,000 during the years ended December 31, 2021 and 2020, respectively. At December 31, 2021 and 2020, the Hospital has a receivable from the Foundation of \$214,952 and \$899,279, included in prepaid expenses and other current assets. Interest in the net assets of the Foundation is reflected as net assets without donor restrictions and net assets with donor restrictions on the Hospital's consolidated balance sheets.

In December 2021, the Foundation renewed a letter of credit in the amount of \$977,549 through December 31, 2022. This letter of credit was obtained by the Foundation on behalf of the student nursing program at Crouse Hospital, to fulfill a requirement imposed by the U.S. Department of Education.

A summary of the assets, liabilities, net assets and changes in net assets of the Foundation is as follows for the years ended December 31:

	<u>2021</u>	<u>2020</u>
Cash, investments and other assets	\$ <u>36,778,618</u>	\$ <u>33,421,639</u>
Liabilities	\$ <u>812,122</u>	\$ <u>912,155</u>
Net assets:		
Without donor restrictions	\$ 10,376,522	\$ 9,495,630
With donor restrictions	<u>25,589,974</u>	<u>23,013,854</u>
Total net assets	\$ <u>35,966,496</u>	\$ <u>32,509,484</u>
Change in net assets	\$ <u>3,457,012</u>	\$ <u>1,137,337</u>

**Income Taxes:** CHS and the Hospital are not-for-profit corporations and CHS, PLLC and the Hospital are exempt from federal income taxes on related income. Management believes these entities are no longer subject to examination by Federal and State taxing authorities for years prior to 2019.

**Subsequent Events:** The System evaluated its December 31, 2021 consolidated financial statements for subsequent events through the date the consolidated financial statements were issued. Subsequent to December 31, 2021, the System announced publicly its intent to affiliate with SUNY Upstate Medical University pending regulatory approval.

## **2. COVID-19 PANDEMIC**

The COVID-19 pandemic has significantly impacted the operations and finances of the System during 2020 and into 2021. Such impacts stem primarily from public health measures instituted by federal, state and local governments to slow the spread of the disease and preserve sufficient medical facility capacity to treat COVID-19 outbreaks and surges. The System has adapted its operations accordingly and has taken various and proactive actions to maintain liquidity and mitigate the financial impacts of the pandemic. The pandemic is ongoing and the ultimate financial impact of COVID-19 on the System's consolidated financial statements cannot be determined at this time.

## **2. COVID-19 PANDEMIC (CONTINUED)**

On March 27, 2020, the federal government enacted the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) that in part provides relief funds to hospitals and other health care providers on the front lines of the COVID-19 response. This funding is to be used to support health care related expenses or lost revenue attributable to COVID-19.

During the years ending December 31, 2021 and 2020, the Hospital and CMP received an aggregate of approximately \$6,530,000 and \$9,460,000, respectively, of provider relief funds. The System recognized the funds received in other operating revenue in the consolidated statements of operations and changes in net assets. The System accounted for the provider relief funding in accordance with ASC 958-605 as an in-substance conditional government grant.

In April 2020, Centers for Medicare & Medicaid Services (CMS) introduced the Medicare Accelerated and Advance Payment Program to provide short-term liquidity to medical service providers. The System received advances amounting to approximately \$29,000,000. The repayment terms associated with the advances allows providers 29 months after the receipt of the funds before interest would accrue. Through the year ended December 31, 2021, CMS has recouped approximately \$15,000,000 through its repayment terms. As of December 31, 2021 and 2020 advances outstanding amounted to \$14,000,000 and \$29,000,000 which are recorded as current and non-current liabilities to third-party payors, respectively.

The CARES Act also permitted employers to defer the payment of the employer's portion of social security taxes incurred between March 27, 2020 and December 31, 2020. As of December 31, 2021 and 2020, the System's recognized a liability for deferred payroll tax payments of approximately \$4,320,000 and \$8,600,000, respectively, in the consolidated balance sheets. The remaining deferral of approximately \$4,320,000 is expected to be repaid during the year ended December 31, 2022.

During 2020 the System applied for and received a \$10,000,000 loan from the Small Business Administration Paycheck Protection Program (PPP) which was forgivable in full if the System used the funds to make qualifying payroll payments to employees during 2020. The System made sufficient qualifying payroll payments in 2020 to qualify for loan forgiveness. During the year ending December 31, 2020, the System accounted for this loan pursuant to Accounting Standards Codification section 958-605 as an in-substance conditional government grant. Accordingly, as the System believed it had satisfied the forgiveness criteria it recognized the full loan as other operating income in the accompanying consolidated statements of operations and changes in net assets for the year ending December 31, 2020. As of the date of these financial statements the System has not received forgiveness for the PPP loan.

Additionally, the System submits claims to Federal Emergency Management Association (FEMA) to reimburse certain costs eligible for a 75 percent federal cost share not otherwise provided for by other CARES Act funding. The System received and recognized in other operating revenues approximately \$3,554,000 of funding during the year ended December 31, 2021.

## **3. LIQUIDITY AND AVAILABILITY**

Financial assets available for general expenditure that is, without donor or other restrictions limiting their use, within one year are as follows for the year ended December 31:

	<u>2021</u>	<u>2020</u>
<b>Financial assets:</b>		
Cash and cash equivalents	\$ 42,475,809	\$ 33,502,670
Patient accounts receivable	53,226,896	50,966,244
Investments	15,834,373	10,042,662
Long-term assets limited as to use	16,690,944	35,548,915
 Financial assets available to meet general expenditures within one year	 <u>\$ 128,228,022</u>	 <u>\$ 130,060,491</u>

### **3. LIQUIDITY AND AVAILABILITY (CONTINUED)**

The System's assets limited as to use are designated by the Board of Directors, which the board retains control and may, at its discretion, subsequently use for other purposes. Current portion of assets limited as to use have been established to meet current liabilities and as such are not deemed to be available for general expenditure. The System maintains a line of credit for \$5,000,000. There were no outstanding borrowings on this line of credit as of December 31, 2021.

### **4. INVESTMENTS IN RELATED ORGANIZATIONS**

At December 31, 2021 and 2020, the Hospital has investments in two related organizations, respectively. A summary of the significant transactions between the Hospital and these related organizations are as follows:

**Plaza Corporation of Central New York, Inc. and Affiliates:** The Hospital is a corporate member of Plaza Corporation of Central New York, Inc. ("Plaza Corp."), a New York not-for-profit corporation, together with one other local hospital, which is also a corporate member. Both corporate members have equal rights under the Plaza Corp. by-laws. Plaza Corp. is the sole corporate member of the following controlled subsidiaries: Iroquois Nursing Home, Inc. ("Iroquois"), a 160-bed skilled nursing facility, Plaza Nursing Home Company, Inc. ("Plaza Nursing") d/b/a the Cottages at Garden Grove, a skilled nursing community ("Cottages at Garden Grove") with 153 beds, and Enriched Resources for the Independent Elderly, Inc., a New York not-for-profit corporation.

**Laboratory Alliance of Central New York:** The Hospital is a corporate member of Laboratory Alliance of Central New York ("LACNY"), a for-profit, limited liability company, with one other local hospital at equal ownership percentages. LACNY provides laboratory services to its members and other regional healthcare providers. As the Hospital has the ability to exercise significant influence but not control, the investment is recorded under the equity method and is included in other long-term assets on the accompanying consolidated balance sheets. At December 31, 2021 and 2020, the Hospital's investment amounted to approximately \$1,176,538 and \$168,000, respectively. The investment is inclusive of a receivable due of approximately \$570,000 in the form of cash advances and a working capital loan.

The Hospital's share of LACNY's income (loss) approximated \$48,000 and \$(2,574,000) for the years ended December 31, 2021 and 2020, respectively, and is included in net loss from equity investments in the accompanying consolidated statements of operations and changes in net assets.

### **5. ASSETS LIMITED AS TO USE AND SHORT-TERM INVESTMENTS**

Assets limited as to use and short-term investments are comprised of the following for the years ended December 31:

	<u>2021</u>	<u>2020</u>
Board Designated	\$ 17,240,529	\$ 39,005,915
Pension settlement escrow	4,500,415	-
Other restricted funds	<u>253,805</u>	<u>292,792</u>
	21,994,749	39,298,707
Less: Current portion	<u>(5,303,805)</u>	<u>(3,749,792)</u>
Noncurrent assets limited as to use	<u>\$ 16,690,944</u>	<u>\$ 35,548,915</u>
Short-term investments	<u>\$ 15,834,373</u>	<u>\$ 10,042,662</u>

Investment (loss) income included in other operating revenue in the consolidated statements of operations and changes in net assets was approximately \$(227,000) and \$1,081,000 for the years ended December 31, 2021 and 2020, respectively.

**CROUSE HEALTH SYSTEM, INC. AND AFFILIATES**  
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**December 31, 2021 and 2020**

**5. ASSETS LIMITED AS TO USE AND SHORT-TERM INVESTMENTS (CONTINUED)**

The composition of assets limited as to use and short-term investments, at fair value, are as follows for the years ended December 31:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 4,754,220	\$ 131,223
U.S. Treasury obligations	3,963,400	2,772,761
U.S. Government agency bonds	399,136	914,745
Fixed Income	5,314,709	3,480,326
Municipal bonds	-	181,348
Corporate and foreign bonds	<u>23,397,657</u>	<u>41,860,966</u>
Total assets limited as to use and short-term investments	<u>\$ 37,829,122</u>	<u>\$ 49,341,369</u>

**6. FAIR VALUE MEASUREMENTS**

Assets and liabilities recorded at fair value in the balance sheets are categorized based upon the level of judgment associated with the inputs used to measure their fair value. Hierarchical levels are directly related to the amount of subjectivity associated with the inputs to fair valuation of these assets and liabilities as follows:

Level 1 - Valuation based on quoted prices in active markets for identical assets or liabilities that the Hospital has the ability to access. Such valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgment.

Level 2 - Valuations based on quoted prices in active markets for similar assets or liabilities, quoted prices in markets that are not active or for which all significant inputs are observable, directly, or indirectly.

Level 3 - Valuations are based on inputs that are unobservable and significant to the overall fair value measurement. These are generally company generated inputs and are not market based inputs.

The following tables present assets limited as to use, investments, and funds held by trust for others that are measured and recognized at fair value on a recurring basis:

<u>Description</u>	<u>Level 1</u>	<u>2021 Level 2</u>	<u>Total</u>
Cash and cash equivalents	\$ 4,754,220	\$ -	\$ 4,754,220
U.S. Treasury obligations	3,963,400	-	3,963,400
U.S. Government agency bonds	399,136	-	399,136
Fixed income	5,314,709	-	5,314,709
Corporate and foreign bonds	-	23,397,657	23,397,657
Funds held in trust by others	<u>1,168,929</u>	<u>556,039</u>	<u>1,724,968</u>
Total	<u>\$ 15,600,394</u>	<u>\$ 23,953,696</u>	<u>\$ 39,554,090</u>

<u>Description</u>	<u>Level 1</u>	<u>2020 Level 2</u>	<u>Total</u>
Cash and cash equivalents	\$ 131,223	\$ -	\$ 131,223
U.S. Treasury obligations	2,772,761	-	2,772,761
U.S. Government agency bonds	914,745	-	914,745
Fixed income	3,480,326	-	3,480,326
Municipal bonds	-	181,348	181,348
Corporate and foreign bonds	-	41,860,966	41,860,966
Funds held in trust by others	<u>1,036,225</u>	<u>572,312</u>	<u>1,608,537</u>
Total	<u>\$ 8,335,280</u>	<u>\$ 42,614,626</u>	<u>\$ 50,949,906</u>

There were no significant transfers into or out of Level 1 or 2. There were no Level 3 investments as of December 31, 2021 and 2020.



**CROUSE HEALTH SYSTEM, INC. AND AFFILIATES**  
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**December 31, 2021 and 2020**

**7. PROPERTY AND EQUIPMENT**

Property and equipment is comprised of the following at December 31:

	<u>2021</u>	<u>2020</u>
Land and land improvements	\$ 3,293,306	\$ 3,644,852
Buildings and fixed equipment	258,000,917	254,249,084
Major movable equipment	158,401,976	152,034,547
Leased facilities and equipment under capital leases	16,520,515	16,520,515
Construction in progress	101,079	4,460,434
	<u>436,317,793</u>	<u>430,909,432</u>
Less: Accumulated depreciation	<u>(319,518,096)</u>	<u>(312,192,799)</u>
Total property and equipment, net	<u>\$ 116,799,697</u>	<u>\$ 118,716,633</u>

Depreciation expense approximated \$18,788,000 and \$19,385,000 for the years ended December 31, 2021 and 2020, respectively.

The System received a grant in the amount of \$16,325,000 to fund the purchase of property and construction of a new addiction treatment services facility. The System is accounting for the grant as a non-exchange contribution and recognized grant revenue of approximately \$5,440,000 and \$4,338,000, during the years ended December 31, 2021 and 2020, respectively, as a change in net assets without donor restrictions.

During the year ended December 31, 2021, the System sold certain commercial real estate for a purchase price of \$32,500,000. The System received cash proceeds of \$29,500,000 and recognized a gain on sale of asset of \$28,291,173. The System also recognized a receivable of \$3,000,000 the receipt of which is contingent upon the satisfaction of certain requirements by December 31, 2022. As such, the System deferred revenue associated with the receivable in the consolidated balance sheet for the year ended December 31, 2021.

**8. LONG-TERM OBLIGATIONS**

Long-term obligations are as follows at December 31:

	<u>2021</u>	<u>2020</u>
Bonds payable, Series 2019A	\$ 21,190,000	\$ 22,450,000
Bonds payable, Series 2019C	5,210,000	5,370,000
Bonds payable, Series 2017A	17,365,000	17,415,000
Note payable, Series 2017C Note	1,750,000	1,831,250
Bonds payable, Series 2016A	10,595,000	11,175,000
Bonds payable, Series 2016B	8,100,000	8,550,000
Bonds payable, Series 2016C	16,354,242	17,319,241
Pension settlement payable	<u>28,000,000</u>	<u>-</u>
	108,564,242	84,110,491
Less: deferred financing costs	(2,575,463)	(2,766,085)
Less: discount	<u>(1,742,356)</u>	<u>-</u>
	104,246,423	81,344,406
Less: current portion of long-term obligations	<u>(8,350,000)</u>	<u>(3,546,250)</u>
Long-term obligations, net	<u>\$ 95,896,423</u>	<u>\$ 77,798,156</u>

Onondaga Civic Development Corporation ("OCDC") issued tax-exempt Series 2019A Bonds in the amount of \$22,915,000. The bonds held by People's United Muni Finance Corp. bear annual fixed interest at a rate of 4.44% with interest payments due on the first business day of each calendar month commencing April 1, 2019. Beginning January 1, 2020, principal payments are due annually on the first business day of each year. The Series 2019A OCDC Bonds are subject to optional, mandatory sinking fund, extraordinary and special mandatory redemption prior to their final maturity on January 1, 2035.

## 8. LONG-TERM OBLIGATIONS (CONTINUED)

Series 2019C OCDC Bonds (taxable) issued in the amount of \$5,485,000 are held by Siemens Financial Services, Inc. and bear annual fixed interest at 6.26% with interest payments due on each January 1 and July 1 commencing July 1, 2019. Beginning January 1, 2020, principal payments are due annually on the first business day of each year. The Series 2019C OCDC Bonds are subject to optional, mandatory sinking fund, extraordinary and special mandatory redemption prior to their final maturity on January 1, 2027.

Series 2017A Tax-Exempt Revenue Refunding Bonds issued through Syracuse Local Development Corporation ("SLDC") in the amount of \$17,465,000 are payable annually beginning January 1, 2020 maturing January 1, 2033. The Series 2017A Bonds are held by Siemens Public, Inc. and bear an annual fixed interest rate of 3.85%, payable semi-annually, commencing January 1, 2018.

The Hospital also entered into a note payable with HSBC Bank USA, National Association ("HSBC") (the "Series 2017C Note") in the amount of \$2,000,000 during the year ended December 31, 2017. The funds from the Series 2017C Note were used to repay the Hospital's previously outstanding line of credit. The Series 2017C Note is payable monthly beginning February 1, 2018 maturing December 28, 2022 with interest calculated at the LIBOR rate plus the applicable LIBOR rate margin for each LIBOR interest period. The interest rate at December 31, 2021 and 2020 was 3.34% and 3.96%, respectively.

During 2016, SLDC issued Series 2016A Bonds in the amount of \$12,800,000 payable in annual installments beginning January 1, 2017 maturing January 1, 2042. The Series 2016A Bonds, held by Berkshire Bank, bear annual fixed interest at a rate of 3.84%, payable monthly commencing on April 1, 2016. The bonds are subject to mandatory tender on March 9, 2023.

The Series 2016B Bonds issued by SLDC in the amount of \$9,820,000 are payable in annual installments beginning January 1, 2017 maturing January 1, 2042. The Series 2016B Bonds, held by Key Government Finance, Inc. ("KGF"), an affiliate of KeyBank National Association ("KeyBank"), bear annual fixed interest at a rate of 4.37%, payable monthly commencing on April 1, 2016. The bonds are subject to mandatory tender on February 1, 2023.

The Series 2016C Bonds issued by SLDC in the amount of \$20,000,000 are payable in annual installments beginning January 1, 2017 maturing January 1, 2042. The Series 2016C Bonds are held by KeyBank and bear annual interest at a variable rate calculated as 67% multiplied by the sum of the LIBOR Flex Rate plus 2.75%, payable monthly commencing April 1, 2016. The annual interest rate at December 31, 2021 and 2020 was 2.27%. The bonds are subject to mandatory tender on March 9, 2027.

The Hospital's obligations at December 31, 2021 related to the 2019 OCDC Bonds, 2017A Bonds, 2017C Note, and Series 2016 Bonds are secured pursuant to an amended and restated master trust indenture dated September 1, 2003, that was subsequently amended and supplemented, between the Hospital and The Bank of New York Mellon (the "Master Trustee") and are secured by a pledge of the Hospital's gross receipts and mortgage and security agreements in favor of the Master Trustee from the Hospital.

As conditions of the above borrowings, the Hospital is subject to various covenants, including maintaining a minimum debt service coverage ratio, maintaining a minimum required amount of days cash on hand, obtaining approval of certain additional borrowings, restrictions on capital expenditures, and cross-default provisions. The Hospital was in compliance with these financial covenant requirements as of December 31, 2021 and 2020.

On July 12, 2021, the Hospital entered an arrangement with the Pension Benefit Guaranty Corporation ("PBGC") to terminate and settle its outstanding pension obligation in the amount of \$30,000,000. In accordance with the settlement agreement, the Hospital was required to make an initial payment of \$750,000 within 10 days of the effective date and 117 fixed monthly payments of \$250,000 beginning August 15, 2021 and maturing May 15, 2031. Terms of the settlement allow the Hospital to elect to defer any installment, except for the final installment, and such deferrals are due on the maturity date. At no time may the Hospital have more than nine cumulative deferrals outstanding, totaling a maximum of \$2,250,000. As of December 31, 2021, the Hospital has no deferrals.

## 8. LONG-TERM OBLIGATIONS (CONTINUED)

The Hospital discounted the liability at a rate of 1.38%. The discount is amortized into the consolidated statements of operations and changes in net assets as interest expense through the maturity date of the obligation. The System recognized interest expense of \$154,763 associated with the discount during the year ended December 31, 2021.

Future minimum payments under all long-term obligations are as follows as of December 31, 2021:

	Long-Term Debt	Note Payable	Pension Settlement	Total
2022	\$ 3,600,000	\$ 1,750,000	\$ 3,000,000	\$ 8,350,000
2023	3,760,000	-	3,000,000	6,760,000
2024	3,930,000	-	3,000,000	6,930,000
2025	3,555,000	-	3,000,000	6,555,000
2026	3,715,000	-	3,000,000	6,715,000
Thereafter	60,254,242	-	13,000,000	73,254,242
	78,814,242	1,750,000	28,000,000	108,564,242
Deferred financing costs	(2,555,088)	(20,375)	-	(2,575,463)
Discount	-	-	(1,742,356)	(1,742,356)
Long-term obligations	\$ 76,259,154	\$ 1,729,625	\$ 26,257,644	\$ 104,246,423

The above table does not reflect lenders' ability to call debt at certain times prior to maturity.

## 9. EMPLOYEE BENEFITS

On July 2, 2020, the Hospital filed a distress termination application with the PBGC. On December 30, 2020, Crouse and PBGC entered into an Agreement for Appointment of Trustee and Termination of the Plan ("Agreement"). Under the Agreement: (i) the Plan was terminated; (ii) September 7, 2020, was established as the Plan's termination date; and (iii) PBGC was appointed statutory trustee of the Plan.

Effective July 12, 2021, the Hospital settled its pension obligation with PBGC resulting in pension settlement gain of \$80,611,723 in the consolidated statements of operations and changes in net assets for the year ended December 31, 2021. The Hospital was required to fund and maintain an escrow account in the amount of \$4,500,000. In the event of repayment default with the terms of the settlement agreement, see Note 8, PBGC may direct the escrow agent to disburse up to \$2,500,000. If a distribution from the account occurs, the Hospital is required to replenish the escrow account within 30 days. As of December 31, 2021, the balance of the escrow account is \$4,500,000 and included in the consolidated balance sheet as an asset limited as to use.

In 2005, the Hospital started a defined contribution plan covering all nonunion employees. This plan consists of the employee deferral, a Hospital match and allocation of annual discretionary contribution. The Hospital match is 25% of each \$1 that the employee contributes up to the first 6% of their salary. The annual profit sharing is based on years of service and ranges from 1% for a new hire to 4% for an employee with greater than 20 years of service.

For the years ended December 31, 2021 and 2020, the Hospital contributed approximately \$1,277,000 and \$1,149,000, respectively, in discretionary contributions. The employer matching contributions for the plan were approximately \$759,000 and \$653,000 for the years ended December 31, 2021 and 2020, respectively. Effective January 1, 2017, a new 401(k) Defined Contribution Plan was established to provide for an annual Hospital contribution for bargaining unit employees equal to 3.5% of compensation. As of December 31, 2021 and 2020 contributions approximated \$3,434,000 and \$3,332,000, respectively.

**9. EMPLOYEE BENEFITS (CONTINUED)**

In addition, the Hospital sponsors a plan that provides postretirement medical benefits and term life insurance. The Hospital's policy is to fund the cost of medical and life insurance benefits as incurred. The medical benefit is provided to all employees. Eligibility for participation in medical benefits is age 62 and 20 years of service unless as of July 1, 2016, an employee met age 55 and 15 years of service which results in eligibility at age 60 and 20 years of service. The amount of the benefit equals a percentage of the premium based on union/non-union affiliation. The life insurance benefit of \$3,500 is available to all retirees at age 55 and 20 years of service. Employees retiring after June 1, 2019, are not eligible for life insurance benefits.

A summary of the pension and postretirement plans' funded status and amounts recognized in the System's consolidated balance sheets for the years ended December 31, 2021 and 2020 are as follows (using a measurement date of December 31):

	<b>2021</b>	<b>2020</b>	
	<b>Postretirement</b>	<b>Pension</b>	<b>Postretirement</b>
	<b>Benefits</b>	<b>Benefits</b>	<b>Benefits</b>
<b>Change in benefit obligations:</b>			
Benefit obligation at beginning of year	\$ 10,490,527	\$ 317,912,547	\$ 10,880,630
Service cost	319,242	-	398,217
Interest cost	250,645	12,648,415	373,643
Plan participants' contributions	159,431	-	186,427
Actuarial loss (gain)	(3,385,707)	31,494,100	(1,041,788)
Benefits paid	<u>(543,300)</u>	<u>(17,293,979)</u>	<u>(306,602)</u>
Benefit obligation at end of year	\$ <u>7,290,838</u>	\$ <u>344,761,083</u>	\$ <u>10,490,527</u>
	<b>2021</b>	<b>2020</b>	
	<b>Postretirement</b>	<b>Pension</b>	<b>Postretirement</b>
	<b>Benefits</b>	<b>Benefits</b>	<b>Benefits</b>
<b>Change in plan assets:</b>			
Fair value of plan assets at beginning of year	\$ -	\$ 213,974,686	\$ -
Actual return on plan assets	-	36,929,628	-
Employer contribution	383,869	2,411,144	120,175
Plan participants' contributions	159,431	-	186,427
Benefits paid	<u>(543,300)</u>	<u>(17,293,979)</u>	<u>(306,602)</u>
Fair value of plan assets at end of year	\$ <u>-</u>	\$ <u>236,021,479</u>	\$ <u>-</u>
Funded status	\$ <u>(7,290,838)</u>	\$ <u>(108,739,604)</u>	\$ <u>(10,490,527)</u>

Amounts recognized in the consolidated balance sheets, including net assets without donor restrictions, consist of:

	<b>2021</b>	<b>2020</b>	
	<b>Postretirement</b>	<b>Pension</b>	<b>Postretirement</b>
	<b>Benefits</b>	<b>Benefits</b>	<b>Benefits</b>
Current liabilities	\$ (564,039)	\$ -	\$ (741,153)
Noncurrent liabilities	(6,726,799)	(108,739,604)	(9,749,374)
Net assets without donor restrictions	(742,898)	-	(1,008,289)

9. EMPLOYEE BENEFITS (CONTINUED)

	2021 Postretirement Benefits	2020 Pension Benefits	2020 Postretirement Benefits
<b>Components of net periodic benefit costs for the year ended:</b>			
Service cost	\$ 319,242	\$ -	\$ 398,217
Interest cost	250,645	12,648,415	373,643
Expected return on plan assets	-	(14,396,194)	-
Amortization of prior service credit	(265,391)	-	(265,391)
Recognition of net (gain) /loss	<u>(3,385,707)</u>	<u>13,670,729</u>	<u>(5,751,851)</u>
Net periodic benefit cost	\$ <u>(3,081,211)</u>	\$ <u>11,922,950</u>	\$ <u>(5,245,382)</u>
	2021 Postretirement Benefits	2020 Pension Benefits	2020 Postretirement Benefits
<b>Weighted average assumptions to determine benefit obligations:</b>			
Discount rate	3.88%	3.31%	3.46%
Salary increases	N/A	N/A	N/A
Expected return on plan assets	N/A	7.00%	N/A
<b>Weighted average assumptions to determine net periodic benefit cost:</b>			
Discount rate	3.46%	4.11%	4.09%
Salary increases	N/A	N/A	N/A
Expected return on plan assets	N/A	7.00%	N/A

The weighted average annual assumed rate of increase in the per capita cost of covered benefits (the healthcare trend rate) used to determine the amount recorded for postretirement benefits was 7.00% for the pre-65 medical and prescription drug costs, respectively, for 2021 and are assumed to decrease gradually to 3.78% by the year 2075 and remain at that level thereafter.

**Cash Flows – Contributions:** The Hospital expects to contribute \$564,039 to its postretirement plan in 2022, for the 2022 plan year. The Hospital contributed \$383,869 to its postretirement plan in 2021, for the 2021 plan year.

**Expected Components of Net Periodic Benefit Cost to be Amortized in 2021:** In 2021, for the postretirement plan, \$265,391 of net prior service credit and \$3,385,407 in net gain is estimated to be amortized into net assets without donor restrictions.

**Benefit Payments:** At December 31, 2021, the aggregated future estimated benefit payments, which reflect future service, are as follows:

	Postretirement Benefits
2022	\$ 564,039
2022	\$ 570,003
2023	\$ 509,152
2024	\$ 476,642
2026	\$ 552,315
Years 2027 - 2031	\$ 2,571,457

## 10. COMMITMENTS AND CONTINGENCIES

**Operating Leases:** The System leases various space and equipment for which rental expense was approximately \$9,908,000 and \$8,851,000 for the years ended December 31, 2021 and 2020, respectively.

At December 31, 2021, aggregate future minimum lease payments under real estate rental and equipment operating leases are as follows:

	<u>Rental Agreements</u>
2022	\$ 8,336,775
2022	5,491,407
2023	3,694,729
2024	2,582,518
2026	2,144,088
Years 2027 - 2031	<u>3,763,565</u>
Total minimum lease payments	<u>\$ 26,013,082</u>

**Self-Insurance – Professional Liability:** The Hospital is and has been self-insured for professional and general liability programs for the period subsequent to February 21, 2001 for up to \$2,000,000 per claim and \$6,000,000 in annual aggregate and has claims-made coverage in excess of the self-insured amounts with limits of \$10,000,000 per claim and \$10,000,000 in aggregate. Effective July 1, 2021, the Hospital has a per claim and aggregate buffer of \$1,000,000.

The Hospital provides for professional and general liability losses based on the actuarially determined present value of liabilities resulting from asserted and unasserted incidents. Liabilities for asserted and unasserted claims under the professional and general liability programs were discounted by 1.28% and 1.42% and amounted to \$11,423,000 and \$10,992,000 at December 31, 2021 and 2020, respectively.

**Self-Insurance – Workers Compensation:** The Hospital is and has been self-insured for workers compensation claims for up to \$600,000 per occurrence during the years ended December 31, 2021 and 2020.

The Hospital provides for workers compensation losses based on the actuarially determined present value of liabilities resulting from asserted and unasserted incidents. Liabilities for asserted and unasserted claims under the workers compensation program through July 6, 2001 and subsequent to August 31, 2002 were discounted by 1.69% and 1.76%, annually, and amounted to \$9,125,000 and \$8,272,000 at December 31, 2021 and 2020, respectively.

In 2012, the Hospital adopted the principles of insurance claim and recovery accounting for workers compensation claims. This requires liability claims and anticipated insurance recoveries to be reported on a gross basis versus the previous practice of netting the recoveries against liability claims. The insurance claims receivable as calculated by the System's actuaries was approximately \$1,670,000 and \$1,250,000 as of December 31, 2021 and 2020, along with corresponding increase to the accrued workers compensation. This amount was determined to be non-current based on the projected future payments on workers compensation liability claims as determined by the actuaries.

**Self-Insurance – Health Insurance:** The Hospital is self-insured for its risk of loss related to costs to insure its employee health benefits coverage. Liabilities for asserted and unasserted claims approximated \$822,000 at December 31, 2021 and 2020.

**Litigation:** Although the Hospital is party to certain claims and litigation, in the opinion of management, the final outcome of these are not reasonably expected to have a material adverse effect on its financial position or results of operations.

## 10. COMMITMENTS AND CONTINGENCIES (CONTINUED)

**Industry:** The healthcare industry is subject to numerous laws and regulations of federal, state and local governments. Compliance with these laws and regulations is subject to future government review and interpretation as well as regulatory actions unknown or unasserted at this time. Recently, government activity has increased with respect to investigations and allegations concerning possible violations by healthcare providers of fraud and abuse statutes and regulations, which could result in the imposition of significant fines and penalties as well as significant repayments for patient services previously billed. Compliance with such laws and regulations are subject to future government review and interpretations as well as potential regulatory actions. In the opinion of management, such laws and regulations are not expected to have a material adverse effect on its financial position or results of operations.

## 11. NET ASSETS WITH DONOR RESTRICTIONS

The System's net assets with donor restrictions relate to the System's interest in the Foundation's net assets without donor restrictions and with donor restrictions subject to expenditure for specific purpose. The net assets without donor restrictions of the Foundation are listed as net assets with donor restriction on the System's consolidated financial statements as they have not yet been appropriated for expenditure and therefore have an implicit time restriction. The following net assets are considered net assets with donor restrictions and are held for the following purposes for the years ended December 31:

	<u>2021</u>	<u>2020</u>
Net assets without donor restrictions of the Foundation	\$ 10,376,522	\$ 9,495,630
Net assets with donor restrictions of the Foundation subject to expenditure for specific purpose:		
Education and scholarships	1,186,811	1,168,209
Construction and renovation	1,807,992	1,109,775
Patient care	741,200	581,721
Equipment acquisition	398,132	357,487
Kienzle Family Maternity Center	69,661	53,390
Other purposes	<u>8,421,941</u>	<u>7,833,317</u>
	<u>12,625,737</u>	<u>11,103,899</u>
	<u>\$ 23,002,259</u>	<u>\$ 20,599,529</u>

The following net assets with donor restrictions relate to the System's interest in the Foundation and funds held in trust by others that are to be held in perpetuity for the following purposes for the years ended December 31:

	<u>2021</u>	<u>2020</u>
Jabez Abell Trust	\$ 1,724,968	\$ 1,608,537
Net assets with donor restrictions of the Foundation subject to Foundation spending policy and appropriation:		
Kienzle Family Maternity Center	1,589,746	1,555,041
Education scholarships	2,318,768	2,221,160
Equipment acquisitions	1,936,559	1,792,072
Surgical center	1,022,318	1,000,000
Other purposes	<u>6,096,846</u>	<u>5,341,682</u>
	<u>12,964,237</u>	<u>11,909,955</u>
	<u>\$ 14,689,205</u>	<u>\$ 13,518,492</u>

# **11. NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)**

Net assets with donor restrictions subject to expenditure for specific purpose are those funds whose use has been limited by donors to a specific time period and/or purpose. Net assets with donor restrictions subject to expenditure for specific purpose are available for the funding of healthcare services and capital acquisitions. Net assets with donor restrictions subject to Foundation spending policy and appropriation have been restricted by donors to be held in perpetuity and the income is expendable to support various healthcare services. Resources arising from the results of operations or assets set aside by the Board of Trustees are not considered to be donor restricted.

The System has interpreted the New York State Prudent Management of Institutional Funds Act ("NYPMIFA") as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulation to the contrary. As a result of this interpretation, the System classifies as net assets with donor restrictions subject to Foundation spending policy and appropriation (a) the original value of the gifts donated to the permanent endowment, and (b) the original value of subsequent gifts to the permanent endowment. The remaining portion of the donor-restricted endowment fund that is not classified in net assets with donor restrictions subject to Foundation spending policy and appropriation is classified as net assets with donor restrictions subject to expenditure for specific purpose until those amounts are appropriated for expenditure by the System in a manner consistent with the standard of prudence prescribed by the State.

To satisfy its long-term rate-of-return objectives, the System, through the Foundation, relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The System, through the Foundation, targets a diversified asset allocation to maintain a minimum average annual real total return, net of all investment management fees, of 5%, as measured over rolling ten-year periods. Real total return is defined as the sum of capital appreciation (or loss) and current income (interest and dividends) adjusted for inflation as measured by the CPI-U index.

All earnings on net assets with donor restrictions for which there is no donor restriction pertaining to their use are recorded as net assets with donor restrictions subject to expenditure for specific purpose until such time as the funds are expended or appropriated for expenditure by the Foundation's Board of Trustees.

Changes in the Foundation's endowment composition by type of fund as of December 31:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, January 1, 2020	\$ 10,557,618	\$ 19,359,282	\$ 29,916,900
Investment return:			
Interest and dividends	300,480	422,390	722,870
Net appreciation (realized and unrealized)	<u>1,158,784</u>	<u>1,819,638</u>	<u>2,978,422</u>
Total investment income	1,459,264	2,242,028	3,701,292
Contributions	241,186	77,299	318,485
Appropriation of endowment assets for expenditure	<u>(60,029)</u>	<u>(665,910)</u>	<u>(725,939)</u>
Endowment net assets, December 31, 2020	<u>\$ 12,198,039</u>	<u>\$ 21,012,699</u>	<u>\$ 33,210,738</u>
Endowment net assets, January 1, 2021	\$ 12,198,039	\$ 21,012,699	\$ 33,210,738
Investment return:			
Interest and dividends	-	697,676	697,676
Net appreciation (realized and unrealized)	<u>619,267</u>	<u>926,910</u>	<u>1,546,177</u>
Total investment income	619,267	1,624,586	2,243,853
Contributions	-	984,073	984,073
Appropriation of endowment assets for expenditure	<u>(34,911)</u>	<u>(677,238)</u>	<u>(712,149)</u>
Endowment net assets, December 31, 2021	<u>\$ 12,782,395</u>	<u>\$ 22,944,120</u>	<u>\$ 35,726,515</u>



## 12. FUNCTIONAL EXPENSES

Consistent with US GAAP the System provides an analysis of expenses by both natural and functional classification. Natural expenses are defined by their nature such as salaries, rent, supplies, etc. Functional expenses are classified by the type of activity for which expenses were incurred, for example, management and general and direct program costs. Expenses were allocated by function using a reasonable and consistent approach that was primarily based on the percentage of staffing costs directly attributable by function.

The table below presents by both their nature and their function for the year ended December 31, 2021:

	<u>Healthcare Services</u>	<u>Management and General</u>	<u>Total</u>
Salaries and wages	\$ 227,278,079	\$ 14,064,104	\$ 241,342,183
Employee benefits	44,756,725	12,145,519	56,902,244
Professional and physician fees	17,450,413	2,133,195	19,583,608
Medical supplies and pharmaceuticals	92,051,026	-	92,051,026
Purchased services	38,517,124	3,634,413	42,151,537
Depreciation	11,573,568	7,214,532	18,788,100
Interest expense	3,823,842	-	3,823,842
Insurance	2,747,643	4,284,801	7,032,444
Repairs and maintenance	6,777,458	2,594,091	9,371,549
Utilities	3,430,867	1,017,455	4,448,322
Other expenses	27,665,824	15,065,321	42,731,145
Cash receipts assessment tax	2,124,145	-	2,124,145
	<u>\$ 478,196,714</u>	<u>\$ 62,153,431</u>	<u>\$ 540,350,145</u>

The table below presents by both their nature and their function for the year ended December 31, 2020:

	<u>Healthcare Services</u>	<u>Management and General</u>	<u>Total</u>
Salaries and wages	\$ 200,310,116	\$ 15,524,762	\$ 215,834,878
Employee benefits	39,601,978	10,729,599	50,331,577
Professional and physician fees	16,000,024	2,782,017	18,782,041
Medical supplies and pharmaceuticals	82,617,052	-	82,617,052
Purchased services	33,525,220	1,921,494	35,446,714
Depreciation	11,910,375	7,474,752	19,385,127
Interest expense	3,903,141	-	3,903,141
Insurance	2,661,801	4,414,890	7,076,691
Repairs and maintenance	6,493,328	2,287,958	8,781,286
Utilities	3,440,505	1,029,215	4,469,720
Other expenses	21,228,809	11,423,672	32,652,481
Cash receipts assessment tax	2,058,203	-	2,058,203
	<u>\$ 423,750,552</u>	<u>\$ 57,588,359</u>	<u>\$ 481,338,911</u>



## INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTAL INFORMATION

To Board of Directors of  
Crouse Health System, Inc. and Affiliates

We have audited the consolidated financial statements of Crouse Health System, Inc. and Affiliates (the "System") as of and for the years then ended December 31, 2021 and 2020 and our report thereon, which contains an unmodified opinion on those consolidated financial statement. See page 1. Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating balance sheets, consolidating statements of operations and changes in net assets and the Disclosure of Charity Care for the years ended December 31, 2021 and 2020 are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. The information, except for that portion marked "unaudited," has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. The information marked "unaudited" has not been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements, and accordingly, we do not express an opinion or provide any assurance on it. In our opinion, except for that portion marked "unaudited", the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

*Freed Maxick CPAs, P.C.*

Buffalo, New York  
May 13, 2022

CROUSE HEALTH SYSTEM, INC. AND AFFILIATES  
CONSOLIDATING BALANCE SHEET  
December 31, 2021

	CHS	Crouse Hospital	PLLC	Eliminations	2021 Consolidated
<b>ASSETS</b>					
<b>Current assets:</b>					
Cash and cash equivalents	\$ 44	\$ 41,279,965	\$ 1,195,800	\$ -	\$ 42,475,809
Patient accounts receivable	-	50,245,296	2,981,600	-	53,226,896
Inventories	-	10,617,489	175,343	-	10,792,832
Prepaid expenses and other current assets	-	8,500,407	1,144,957	-	9,645,364
Investments	-	15,834,373	-	-	15,834,373
Current portion of assets limited as to use Due from affiliates	-	5,303,805	-	-	5,303,805
Total current assets	178,810 178,854	- 131,781,335	- 5,497,700	(178,810) (178,810)	- 137,279,079
<b>Noncurrent assets:</b>					
Assets limited as to use	-	16,690,944	-	-	16,690,944
Funds held in trust by others	-	1,724,968	-	-	1,724,968
Property and equipment, net	1,747,650	114,303,275	748,772	-	116,799,697
Interest in net assets of Crouse Health Foundation, Inc.	-	35,966,496	-	-	35,966,496
Other long-term assets	-	1,176,538	-	-	1,176,538
<b>Total assets</b>	<b>\$ 1,926,504</b>	<b>\$ 301,643,556</b>	<b>\$ 6,246,472</b>	<b>\$ (178,810)</b>	<b>\$ 309,637,722</b>

CROUSE HEALTH SYSTEM, INC. AND AFFILIATES  
CONSOLIDATING BALANCE SHEET (CONTINUED)  
December 31, 2021

LIABILITIES AND NET ASSETS	CHS		Crouse Hospital		PLLC		Eliminations		2021 Consolidated	
<b>Current liabilities:</b>										
Current portion of long-term obligations			\$	8,350,000	\$	-		\$		8,350,000
Accrued interest payable				348,632		-				348,632
Accounts payable and accrued expenses				48,933,114		3,178,681				52,111,795
Accrued vacation payable				6,160,450		-				6,160,450
Accrued salaries and wages payable				13,453,917		2,603,480				16,057,397
Current portion of liabilities to third-party payors				23,390,169		-				23,390,169
Current portion of estimated self-insurance costs				5,871,996		-				5,871,996
Current portion of accrued postretirement liability				564,039		-				564,039
Due to affiliates				178,810		-		(178,810)		-
Total current liabilities				107,251,127		5,782,161		(178,810)		112,854,478
<b>Noncurrent liabilities:</b>										
Long-term obligations, net				95,896,423		-				95,896,423
Third-party payors, net				5,070,723		167,288				5,238,011
Estimated self-insurance cost, net				15,497,687		-				15,497,687
Asset retirement obligation				3,067,566		-				3,067,566
Accrued postretirement liability, net				6,726,799		-				6,726,799
Other liabilities				253,805		135,090				388,895
Total liabilities				233,764,130		6,084,539		(178,810)		239,669,859
<b>Net assets:</b>										
Without donor restrictions	1,926,504			30,187,962		161,933				32,276,399
With donor restrictions				37,691,464		-				37,691,464
Total net assets	1,926,504			67,879,426		161,933				69,967,863
Total liabilities and net assets	\$ 1,926,504		\$ 301,643,556		\$ 6,246,472		\$ (178,810)		\$	\$ 309,637,722

**CROUSE HEALTH SYSTEM, INC. AND AFFILIATES**  
**CONSOLIDATING STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS**  
**For the Year Ended December 31, 2021**

	CHS	Crouse Hospital	PLLC	Eliminations	2021 Consolidated
<b>Operating revenues:</b>					
Net patient service revenue	\$ -	\$ 438,319,508	\$ 36,293,655	\$ -	\$ 474,613,163
Other operating revenue	-	29,701,409	3,192,644	(562,865)	32,331,188
<b>Total operating revenues</b>	-	468,020,917	39,486,299	(562,865)	506,944,351
<b>Operating expenses:</b>					
Salaries and wages	-	204,594,376	36,747,807	-	241,342,183
Employee benefits	-	50,734,902	6,167,342	-	56,902,244
Professional and physician fees	-	19,207,501	376,107	-	19,583,608
Medical supplies and pharmaceuticals	-	90,179,567	1,871,459	-	92,051,026
Purchased services	-	31,467,004	11,231,194	(546,661)	42,151,537
Depreciation	-	18,479,359	308,741	-	18,788,100
Interest expense	-	3,823,842	-	-	3,823,842
Insurance	-	4,947,163	2,085,281	-	7,032,444
Repairs and maintenance	-	8,858,221	513,328	-	9,371,549
Utilities	-	4,317,675	130,647	-	4,448,322
Other expenses	250	36,832,123	5,914,976	(16,204)	42,731,145
Cash receipts assessment tax	-	2,124,145	-	-	2,124,145
<b>Total operating expenses</b>	250	475,565,878	65,348,882	(562,865)	540,350,145
<b>Loss from operations</b>	(250)	(7,544,961)	(25,860,583)	-	(33,405,794)
<b>Nonoperating revenues (expenses):</b>					
Net gain from equity investments	-	48,391	-	-	48,391
Other components of net periodic pension cost	-	3,400,453	-	-	3,400,453
Gain (loss) on sale long-lived assets	(351,546)	28,642,719	-	-	28,291,173
Pension settlement	-	80,611,723	-	-	80,611,723
Other income	-	72,000	-	-	72,000
<b>Total nonoperating revenues (expenses), net</b>	(351,546)	112,775,286	-	-	112,423,740
<b>Excess (deficiency) of revenues over expenses</b>	(351,796)	105,230,325	(25,860,583)	-	79,017,946
Contributions for property acquisitions	-	6,303,060	-	-	6,303,060
Equity transfer	-	(25,576,117)	25,576,117	-	-
Pension and postretirement changes other than net periodic costs	-	(265,391)	-	-	(265,391)
Grant revenue	-	5,439,689	-	-	5,439,689
<b>Increase (decrease) in net assets without donor restrictions</b>	(351,796)	91,131,566	(284,466)	-	90,495,304
<b>Net assets with donor restrictions:</b>					
Increase in interest in net assets of Crouse Health Foundation, Inc.	-	3,457,012	-	-	3,457,012
Change in funds held in trust for others	-	116,431	-	-	116,431
<b>Increase in net assets with donor restrictions</b>	-	3,573,443	-	-	3,573,443
<b>Increase (decrease) in net assets</b>	(351,796)	94,705,009	(284,466)	-	94,068,747
<b>Net assets (deficit) - beginning of year</b>	2,278,300	(26,825,583)	448,399	-	(24,100,884)
<b>Net assets - end of year</b>	1,926,504	67,879,426	161,933	-	69,967,863

CROUSE HEALTH SYSTEM, INC. AND AFFILIATES  
CONSOLIDATING BALANCE SHEET  
December 31, 2020

	CHS	Crouse Hospital	PLLC	Eliminations	2020 Consolidated
<b>ASSETS</b>					
<b>Current assets:</b>					
Cash and cash equivalents	\$ 44	\$ 32,201,806	\$ 1,300,820	\$ -	\$ 33,502,670
Patient accounts receivable	-	47,673,143	3,293,101	-	50,966,244
Inventories	-	12,359,541	184,927	-	12,544,468
Prepaid expenses and other current assets	-	9,450,296	1,210,701	-	10,660,997
Investments	-	10,042,662	-	-	10,042,662
Current portion of assets limited as to use	-	3,749,792	-	-	3,749,792
Due from affiliates	179,060	-	-	(179,060)	-
Total current assets	179,104	115,477,240	5,989,549	(179,060)	121,466,833
<b>Noncurrent assets:</b>					
Assets limited as to use	-	35,548,915	-	-	35,548,915
Funds held in trust by others	-	1,608,537	-	-	1,608,537
Property and equipment, net	2,099,196	115,954,746	662,691	-	118,716,633
Interest in net assets of Crouse Health Foundation, Inc.	-	32,509,484	-	-	32,509,484
Other long-term assets	-	807,224	1,085,000	-	1,892,224
Total assets	\$ 2,278,300	\$ 301,906,146	\$ 7,737,240	\$ (179,060)	\$ 311,742,626

CROUSE HEALTH SYSTEM, INC. AND AFFILIATES  
CONSOLIDATING BALANCE SHEET (CONTINUED)  
December 31, 2020

LIABILITIES AND NET ASSETS	CHS	Crouse Hospital	PLLC	Eliminations	As Restated 2020 Consolidated
<b>Current liabilities:</b>					
Current portion of long-term obligations	\$ -	\$ 3,546,250	\$ -	-	\$ 3,546,250
Accrued interest payable	-	353,450	-	-	353,450
Accounts payable and accrued expenses	-	35,981,186	3,242,172	-	39,223,358
Accrued vacation payable	-	5,808,840	-	-	5,808,840
Accrued salaries and wages payable	-	12,322,074	2,055,184	-	14,377,258
Current portion of liabilities to third-party payors	-	27,456,652	-	-	27,456,652
Current portion of estimated self-insurance costs	-	4,278,996	-	-	4,278,996
Current portion of accrued postretirement liability	-	741,153	-	-	741,153
Due to affiliates	-	179,060	-	(179,060)	-
Total current liabilities	-	90,667,661	5,297,356	(179,060)	95,785,957
<b>Noncurrent liabilities:</b>					
Long-term obligations, net	-	77,798,156	-	-	77,798,156
Third-party payors, net	-	18,886,819	1,400,000	-	20,286,819
Estimated self-insurance cost, net	-	15,806,587	-	-	15,806,587
Accrued pension liability	-	108,739,604	-	-	108,739,604
Asset retirement obligation	-	2,929,965	-	-	2,929,965
Accrued postretirement liability, net	-	9,749,374	-	-	9,749,374
Other liabilities	-	4,153,563	593,485	-	4,747,048
Total liabilities	-	328,731,729	7,290,841	(179,060)	335,843,510
<b>Net assets (deficit):</b>					
Without donor restrictions	2,278,300	(60,943,604)	446,399	-	(58,218,905)
With donor restrictions	-	34,118,021	-	-	34,118,021
Total net assets (deficit)	2,278,300	(26,825,583)	446,399	-	(24,100,884)
Total liabilities and net assets (deficit)	\$ 2,278,300	\$ 301,906,146	\$ 7,737,240	\$ (179,060)	\$ 311,742,626

**CROUSE HEALTH SYSTEM, INC. AND AFFILIATES**  
**CONSOLIDATING STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS**  
For the Year Ended December 31, 2020

	CHS	Crouse Hospital	PLLC	Eliminations	As Restated 2020 Consolidated
<b>Operating revenues:</b>					
Net patient service revenue	\$ -	\$ 396,224,755	\$ 29,794,149	\$ -	\$ 426,018,904
Other operating revenue	-	38,802,629	5,408,025	(541,206)	43,669,448
<b>Total operating revenues</b>	-	435,027,384	35,202,174	(541,206)	469,688,352
<b>Operating expenses:</b>					
Salaries and wages	-	183,102,155	32,732,723	-	215,834,878
Employee benefits	-	44,785,164	5,546,413	-	50,331,577
Professional and physician fees	-	18,363,094	418,947	-	18,782,041
Medical supplies and pharmaceuticals	-	80,798,494	1,818,558	-	82,617,052
Purchased services	-	25,922,124	10,048,846	(524,256)	35,446,714
Depreciation	-	18,764,968	620,159	-	19,385,127
Interest expense	-	3,903,141	-	-	3,903,141
Insurance	-	5,013,369	2,063,322	-	7,076,691
Repairs and maintenance	-	8,268,465	512,821	-	8,781,286
Utilities	-	4,373,711	96,009	-	4,469,720
Other expenses	-	27,633,966	5,035,465	(16,950)	32,652,481
Cash receipts assessment tax	-	2,058,203	-	-	2,058,203
<b>Total operating expenses</b>	-	422,986,854	58,893,263	(541,206)	481,338,911
<b>Income (loss) from operations</b>	-	12,040,530	(23,691,089)	-	(11,650,559)
<b>Nonoperating revenues (expenses):</b>					
Net loss from equity investments	-	(2,573,560)	-	-	(2,573,560)
Other components of net periodic pension cost	-	(6,279,351)	-	-	(6,279,351)
Gain on sale of assets	-	49,174	-	-	49,174
Other income	-	72,000	-	-	72,000
<b>Total nonoperating expenses, net</b>	-	(8,731,737)	-	-	(8,731,737)
<b>Excess (deficiency) of revenues over expenses</b>	-	3,308,793	(23,691,089)	-	(20,382,296)
Contributions for property acquisitions	-	-	-	-	3,102,610
Equity transfer	-	3,102,610	-	-	-
Pension and postretirement changes other than net periodic costs	-	(20,786,093)	20,786,093	-	(265,391)
Other	-	(265,391)	-	-	4,337,847
<b>Decrease in net assets without donor restrictions</b>	-	(10,302,234)	(2,904,996)	-	(13,207,230)
<b>Net assets with donor restrictions:</b>					
Increase in interest in net assets of Crouse Health Foundation, Inc.	-	1,137,337	-	-	1,137,337
Change in funds held in trust for others	-	76,338	-	-	76,338
<b>Increase in net assets with donor restrictions</b>	-	1,213,675	-	-	1,213,675
<b>Decrease in net assets</b>	-	(9,088,559)	(2,904,996)	-	(11,993,555)
<b>Net assets (deficit) - beginning of year</b>	2,278,300	(17,737,024)	3,351,395	-	(12,107,329)
<b>Net assets (deficit) - end of year</b>	\$ 2,278,300	\$ (26,825,583)	\$ 446,399	\$ -	\$ (24,100,884)



**CROUSE HEALTH SYSTEM, INC. AND AFFILIATES**  
**DISCLOSURE OF CHARITY CARE (UNAUDITED)**  
**December 31, 2021 and 2020**

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**Charity Care**

Of the System's total expenses reported, an estimated \$1,428,730 and \$907,425 arose during the years ended December 31, 2021 and 2020, respectively, from providing services to charity patients. The estimated costs of providing charity services are based on a calculation which applies a ratio of costs to charges to the gross uncompensated charges associated with providing care to charity patients. The ratio of cost to charges is calculated based on the Hospital's total expenses (less provision for uncollectible accounts) divided by gross patient service revenue.



# **CROUSE HEALTH SYSTEM, INC. AND AFFILIATES**

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS  
AND SUPPLEMENTAL INFORMATION**

**December 31, 2022 and 2021**

**CROUSE HEALTH SYSTEM, INC. AND AFFILIATES**  
**CONTENTS**  
**December 31, 2022 and 2021**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Crouse Health System, Inc. and Affiliates

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the consolidated financial statements of Crouse Health System, Inc. and Affiliates (the "System"), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, the related consolidated statements of operations and changes in net assets, and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively, the financial statements).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the System as of December 31, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States (GAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the System and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Emphasis of Matter

As discussed in Note 1 to the financial statements, as of January 1, 2022, the System adopted the new accounting guidance ASC 842, Leases. Also as disclosed in Note 1, the System was the recipient of a rate add-on that resulted in a significant source of new revenue.

As discussed in Note 15 to the financial statements, the System was seeking an affiliation with SUNY Upstate Medical University (the "University"). Subsequent to December 31, 2022, the System withdrew its application with New York State to merge with the University.

#### Responsibilities of Management for the Financial Statements

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

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

## Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and GAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the System's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the System's ability to continue as a going concern for a reasonable period of time.

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

## Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated May 4, 2023 on our consideration of the System's internal controls 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 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 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 System's internal control over financial reporting and compliance.

*Freed Maxick CPAs, P.C.*

Buffalo, New York  
May 4, 2023

**CROUSE HEALTH SYSTEM, INC. AND AFFILIATES**  
**CONSOLIDATED BALANCE SHEETS**  
December 31, 2022 and 2021

<b>ASSETS</b>	<b>2022</b>	<b>2021</b>
<b>Current assets:</b>		
Cash and cash equivalents	\$ 37,216,857	\$ 42,475,809
Restricted cash	2,200,989	-
Patient accounts receivable	59,350,612	53,226,896
Inventories	12,125,567	10,792,832
Prepaid expenses and other current assets	12,051,286	9,645,364
Investments	1,823,078	15,834,373
Current portion of assets limited as to use	3,740,897	5,303,805
Total current assets	128,509,286	137,279,079
<b>Noncurrent assets:</b>		
Assets limited as to use	18,464,683	16,690,944
Funds held in trust by others	1,399,496	1,724,968
Property and equipment, net	104,377,692	116,799,697
Interest in net assets of Crouse Health Foundation, Inc.	28,131,063	35,966,496
Operating leases - right of use assets	26,961,527	-
Other long-term assets	330,803	1,176,538
Total assets	\$ 308,174,550	\$ 309,637,722
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current liabilities:</b>		
Current portion of long-term obligations	\$ 11,120,000	\$ 5,350,000
Current portion of pension settlement liability	3,000,000	3,000,000
Accrued interest payable	343,528	348,632
Accounts payable and accrued expenses	60,668,244	52,111,795
Accrued vacation payable	6,266,749	6,160,450
Accrued salaries and wages payable	19,375,555	16,057,397
Current portion of liabilities to third-party payors	14,530,428	23,390,169
Current portion of estimated self-insurance costs	4,277,946	5,871,996
Current portion of accrued postretirement liability	454,690	564,039
Current portion of operating lease liabilities	8,410,309	-
Total current liabilities	128,447,449	112,854,478
<b>Noncurrent liabilities:</b>		
Long-term obligations, net	61,726,285	72,638,779
Pension settlement liability	20,603,252	23,257,644
Long-term operating lease liabilities, net	18,601,170	-
Third-party payors, net	1,599,514	5,238,011
Estimated self-insurance costs, net	16,906,272	15,497,687
Asset retirement obligation	3,198,476	3,067,566
Accrued postretirement liability, net	5,311,804	6,726,799
Other liabilities	375,570	388,895
Total liabilities	256,769,792	239,669,859
<b>Net assets:</b>		
Without donor restrictions	21,874,199	32,276,399
With donor restrictions	29,530,559	37,691,464
Total net assets	51,404,758	69,967,863
Total liabilities and net assets	\$ 308,174,550	\$ 309,637,722

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

**CROUSE HEALTH SYSTEM, INC. AND AFFILIATES**  
**CONSOLIDATED STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS**  
For the Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<b>Operating revenues:</b>		
Net patient service revenue	\$ 546,611,343	\$ 474,613,163
Other operating revenue	20,157,758	32,331,188
<b>Total operating revenues</b>	<u>566,769,101</u>	<u>506,944,351</u>
<b>Operating expenses:</b>		
Salaries and wages	246,393,125	241,342,183
Employee benefits	55,893,245	56,902,244
Professional and physician fees	25,337,411	19,583,608
Medical supplies and pharmaceuticals	97,193,972	92,051,026
Purchased services	44,845,158	42,151,537
Depreciation	19,018,893	18,788,100
Interest expense	4,055,768	3,823,842
Insurance	6,896,872	7,032,444
Repairs and maintenance	10,085,216	9,371,549
Utilities	4,616,184	4,448,322
Other expenses	67,291,304	42,731,145
Cash receipts assessment tax	2,284,124	2,124,145
<b>Total operating expenses</b>	<u>583,911,272</u>	<u>540,350,145</u>
<b>Loss from operations</b>	(17,142,171)	(33,405,794)
<b>Nonoperating revenues (expenses):</b>		
Net income (loss) from equity investments	(845,737)	48,391
Other components of net periodic pension cost	1,590,660	3,400,453
Gain on sale of long-lived assets	3,131,404	28,291,173
Pension settlement	-	80,611,723
Other income	72,000	72,000
<b>Total nonoperating revenues, net</b>	<u>3,948,327</u>	<u>112,423,740</u>
<b>Excess (deficiency) of revenues over expenses</b>	<u>\$ (13,193,844)</u>	<u>\$ 79,017,946</u>

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



**CROUSE HEALTH SYSTEM, INC. AND AFFILIATES**  
**CONSOLIDATED STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS (CONTINUED)**  
For the Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<b>Net assets without donor restrictions:</b>		
Excess (deficiency) of revenues over expenses	\$ (13,193,844)	\$ 79,017,946
Contributions for property acquisitions	2,036,638	6,303,060
Postretirement changes other than net periodic costs	(110,272)	(265,391)
Grant revenue	865,278	5,439,689
<b>Change in net assets without donor restrictions</b>	<u>(10,402,200)</u>	<u>90,495,304</u>
<b>Net assets with donor restrictions:</b>		
Increase (decrease) in interest in net assets of Crouse Health Foundation, Inc.	(7,835,433)	3,457,012
Increase (decrease) in funds held in trust for others	(325,472)	116,431
<b>(Decrease) increase in net assets with donor restrictions</b>	<u>(8,160,905)</u>	<u>3,573,443</u>
<b>Change in net assets</b>	<u>(18,563,105)</u>	<u>94,068,747</u>
<b>Net assets (deficit) - beginning of year</b>	<u>69,967,863</u>	<u>(24,100,884)</u>
<b>Net assets - end of year</b>	<u>\$ 51,404,758</u>	<u>\$ 69,967,863</u>

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

**CROUSE HEALTH SYSTEM, INC. AND AFFILIATES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
For the Years Ended December 31, 2022 and 2021

	2022	2021
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ (18,563,105)	\$ 94,068,747
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	19,018,893	18,788,100
Gain on sale long-lived assets	(3,131,404)	(28,291,173)
Amortization	317,320	300,695
Contributions for property acquisitions	(2,036,638)	(6,303,060)
Grant revenue	(865,278)	(5,439,689)
Gain on pension settlement	-	(80,611,723)
Pension and postretirement changes other than net periodic costs	110,272	265,391
Net unrealized gain on investments	2,611,388	1,428,868
Change in interest in net assets of Crouse Health Foundation, Inc.	7,835,433	(3,457,012)
Loss (gain) from related organizations	845,737	(48,391)
Change in funds held in trust by others	325,472	(116,431)
Goodwill impairment	-	1,085,000
Changes in operating assets and liabilities:		
Patient accounts receivable	(6,123,716)	(2,260,652)
Inventories, prepaid expenses and other current assets	(3,738,657)	3,406,346
Operating leases - right of use assets	8,628,026	-
Accounts payable and accrued expenses	11,975,802	14,915,368
Estimated self-insurance costs	(185,465)	1,284,100
Accrued postretirement liability	(1,634,616)	(3,465,080)
Liabilities to third-party payors	(12,498,238)	(19,115,291)
Asset retirement obligation	130,910	137,601
Operating lease liabilities, net	(8,578,074)	-
Other liabilities	(13,325)	(4,358,153)
<b>Net cash used in operating activities</b>	<b>(5,569,263)</b>	<b>(17,786,439)</b>
<b>Cash flows from investing activities:</b>		
Purchases of property and equipment	(3,804,786)	(6,447,314)
Decrease (increase) in short-term investments, net	14,011,295	(5,791,711)
(Increase) decrease in assets limited as to use, net	(2,727,389)	20,498,087
Proceeds from sale of property and equipment	3,131,403	29,500,000
Contribution to related organization	-	(960,000)
<b>Net cash provided by investing activities</b>	<b>10,610,523</b>	<b>36,799,062</b>
<b>Cash flows from financing activities:</b>		
Payments on notes payable	(1,750,000)	(81,250)
Principal payments on long-term debt	(3,600,000)	(3,465,000)
Pension settlement payments, net of discount	(2,654,392)	(1,870,237)
<b>Net cash used in financing activities</b>	<b>(8,004,392)</b>	<b>(5,416,487)</b>
<b>Net increase (decrease) in cash, cash equivalents and restricted cash</b>	<b>(2,963,132)</b>	<b>13,596,136</b>
<b>Cash, cash equivalents and restricted cash - beginning of year</b>	<b>47,230,029</b>	<b>33,633,893</b>
<b>Cash, cash equivalents and restricted cash - end of year</b>	<b>\$ 44,266,897</b>	<b>\$ 47,230,029</b>
<b>Supplemental disclosure of cash flow information:</b>		
Interest paid, net of capitalized interest	\$ 3,722,469	\$ 3,500,447

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

## **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization:** Crouse Health Hospital, Inc., d/b/a Crouse Hospital (the "Hospital"), is a voluntary, not-for-profit, acute care regional hospital located in Syracuse, New York with a service area encompassing the counties of Central New York State. The Hospital provides a full spectrum of inpatient and ambulatory medical, surgical and emergency care services. The Hospital primarily provides services to the residents of Central New York and its admitting physicians are primarily practitioners in the local area. In addition, the Hospital operates a college of nursing.

In January 2015, Crouse Health Network, LLC ("CHN") was formed for the purpose of creating a clinically integrated network to develop a team of primary care and specialty physicians to actively participate in a stream-lined care delivery model. The Hospital is the sole member of CHN, and all activity for the years ended December 31, 2022 and 2021 is accounted for within the Hospital.

Crouse Medical Practice, PLLC ("PLLC"), a tax-exempt professional service limited liability company, was formed to further the Hospital's charitable purposes through the provision of professional medical services of physicians. The Hospital's Chief Medical Officer is the sole member of the PLLC. By contract with the Hospital, he is not entitled to any financial benefits, nor detriments, of ownership; his interest is titular only.

Crouse Health System, Inc. ("CHS"), a not-for-profit organization, is the parent corporation and sole member of the Hospital. The Hospital, PLLC and CHS are consolidated for financial statement purposes and are together described as the "System". The Hospital is also affiliated with Crouse Health Foundation, Inc. (the "Foundation"), a separate not-for-profit corporation that solicits and manages gifts and bequests on behalf of the Hospital.

In 2013, the System entered into an affiliation agreement with Community Memorial Hospital ("CMH"), whereby the System would be granted certain governance powers of CMH. However, the System does not have a financial interest in CMH, nor is it responsible for CMH obligations. Accordingly, the System does not consolidate or record a financial interest in CMH. In the ordinary course, the System provides certain services to CMH, which are valued and billed on an arms-length basis, totaling \$2,595,808 and \$2,930,133 for the years ended December 31, 2022 and 2021, respectively. Effective September 7, 2022, the affiliation was terminated, and the System no longer has governance powers of CMH.

**Basis of Accounting:** The accompanying consolidated financial statements are prepared in conformity with accounting principles generally accepted in the United State of America (US GAAP).

**Principles of Consolidation:** The consolidated financial statements include the accounts of the System. All significant intercompany transactions have been eliminated upon consolidation.

**Use of Estimates:** The preparation of consolidated financial statements in conformity with US GAAP 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 consolidated financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates made by the System include, but are not limited to, estimated fair value of investment securities, third-party payor contractual adjustments and allowances, assumptions used in determining pension and postretirement benefit costs and insurance reserves.

**Classification of Net Assets:** The consolidated financial statements have been prepared in conformity with the disclosure and display requirements of US GAAP. US GAAP requires that the resources be classified for reporting purposes between two classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

**Net Assets without Donor Restrictions:** Net assets without donor restrictions are resources available to support operations. The only limits on the use of these net assets are the broad limits resulting from the nature of the System, the environment in which it operates, and whose use is limited by agreement between the System and a third-party other than a donor or grantor.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Net Assets with Donor Restrictions:** Net assets with donor restrictions are resources that relate to gifts of cash and other assets received with donor stipulations that limit the use of the donated assets, the System's interest in the net assets of the Foundation, and funds held in trust by others. Some donor-imposed restrictions are temporary in nature and when a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the consolidated statements of operations and changes in net assets as net assets released from restriction. Donor-restricted contributions whose restrictions are met within the same year as received are reflected as contributions without donor restrictions in the accompanying consolidated financial statements. Other donor-imposed restrictions are perpetual in nature and relate to funds held in trust by others and the System's restricted interest in the Foundation resulting from donors who stipulate that their donated resources be maintained in perpetuity. The System is permitted to use or expend part of all of the income derived from the donated assets unless otherwise restricted by the donor

**Patients Accounts Receivable:** Patients accounts receivable consists of amounts due from government programs, commercial insurance companies, private pay patients, and other group insurance programs. Concentrations of patient accounts receivable at December 31, 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Medicare	31%	31%
Medicaid	28	29
Excellus BlueCross/BlueShield	17	16
Self-pay	10	11
Commercial insurance	8	7
Health Maintenance Organizations	2	3
All other	4	3
	<u>100%</u>	<u>100%</u>

**Net Patient Service Revenue:** The System's net patient service revenue is reported at the amount that reflects the consideration to which the System expects to be entitled in exchange for providing patient care. These amounts are due from patients, third-party payors (including health insurers and government programs), and others, and include an estimate of variable consideration for retroactive revenue adjustments due to settlement of audits, reviews, and investigations. Generally, the System bills the patients and third-party payors several days after the services are performed and or the patient is discharged from the facility. Revenue is recognized as performance obligations are satisfied.

Performance obligations are determined based on the nature of the services provided by the System. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected (or actual) charges. The System believes that this method provides a reasonable representation of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Generally, performance obligations satisfied over time relate to inpatient services. The System measures the performance obligation from admission into the System to the point when it is no longer required to provide services to that patient, which is generally at the time of discharge.

Revenue for performance obligations satisfied at a point in time is recognized when goods or services are provided, and the System does not believe it is required to provide additional goods or services to the patient.

The System is utilizing the portfolio approach practical expedient for contracts related to net patient service revenue. The System accounts for the contracts within each portfolio as a collective group, rather than individual contracts, based on the payment pattern expected in each portfolio category and the similar nature of and characteristics of the patients within each portfolio. The portfolios consist of major payor classes for inpatient revenue and outpatient revenue.

# **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Most of the System's services are rendered to patients with third-party coverage. Reimbursement under these programs for all payors is based on a combination of prospectively determined rates, discounted charges and historical costs. Amounts received under Medicare and Medicaid programs are subject to review and final determination by program intermediaries or their agents, and the contracts the System has with commercial payors also provide for retroactive audit and review of claims. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered, and such amounts are adjusted in future periods as adjustments become known or as years are no longer subject to such audits, review, and investigations.

Agreements with third-party payors typically provide for payments at amounts less than established charges. Generally, patients who are covered by third-party payors are responsible for related deductibles and coinsurance, which vary in amount. The System also provides services to uninsured patients, and offers those uninsured patients a discount, either by policy or law, from standard charges.

The System estimates the transaction price for patients with deductibles and coinsurance and from those who are uninsured based on historical experience and current market conditions. The initial estimate of the transaction price is determined by reducing the standard charge by explicit price concessions provided to third-party payors, discounts provided to uninsured patients in accordance with the System's policy, and implicit price concessions provided to uninsured patients. Explicit price concessions are based on contractual agreements, discount policies and historical experiences. Implicit price concessions represent differences between amounts billed and the estimated consideration the System expects to receive from patients which are determined based on historical collection experience, current trends and other factors. Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to net patient service revenue in the period of the change. Adjustments arising from a change in the transaction price were not significant in the year ended December 31, 2022 or 2021.

Net patient service revenue recognized in the period from these major payor sources, is as follows for the years ended December 31:

	<u>2022</u>	<u>2021</u>
Medicare	33%	33%
Medicaid	26	21
Excellus BlueCross/BlueShield	24	29
Commercial insurance	6	9
Health Maintenance Organizations	1	2
Self-pay	3	2
All other	7	4
	<u>100%</u>	<u>100%</u>

**Medicare:** Inpatient acute care services rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic and other factors. The Hospital also receives reimbursement under a prospective payment system for certain medical outpatient services, based on service groups, called ambulatory payment classifications ("APCs"). Other outpatient services are based upon a fee schedule and or actual costs. The Hospital's Medicare cost report has been audited and settled by the Medicare fiscal intermediary through December 31, 2019.

**Medicaid and Other:** Under the New York Health Care Reform Act ("NYHCRA"), hospitals are authorized to negotiate reimbursement rates for inpatient acute care services with all other non-Medicare payors except for Medicaid, Workers Compensation and No-Fault, which are regulated by New York State. These negotiated rates may take the form of rates per discharge, reimbursed costs, and discounted charges or as per diem payments. Reimbursement rates for non-Medicare payors regulated by New York State are determined on a prospective basis. These rates also vary according to a patient classification system defined by NYHCRA that is based on clinical, diagnostic, and other factors. Outpatient services are paid under various reimbursement methodologies, including prospective determined rates, cost reimbursement, fee schedules, and charges.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In addition, under NYHCRA, all non-Medicare payors are required to make surcharge payments for the subsidization of indigent care and other health care initiatives. The percentage amount of the surcharge varies by payor and applies to a broad array of health care services. Surcharges collected by the System do not represent revenue to the System and accordingly are not included in the System's consolidated statements of operations and changes in net assets. Surcharges are included in patient accounts receivables and the offset is in third-party payors liabilities. Surcharges are generally received and paid to the state in the same month. Also, certain payors are required to fund a pool for graduate medical education expenses through surcharges on payments to hospitals for inpatient services or through voluntary election to pay a covered lives assessment directly to the New York State Department of Health. The System is required to prepare and file various reports on actual and allowable costs annually. Management believes that adequate provisions have been made in the consolidated financial statements for prior and current years' estimated settlements. The difference between the amount estimated and the actual final settlement is recorded as an adjustment to net patient service revenue in the year the final settlement is determined.

Beginning in December 2021, CMS approved rate add-ons to the Medicaid Managed Care rates of payment for hospitals that qualified as financially distressed. The Hospital qualified for these rate add-ons which relate to certain of the Hospital's inpatient, psychiatric and outpatient services rendered to patients. During the year ended December 31, 2022, the Hospital recognized approximately \$58,320,000 as net patient service revenue in the consolidated statement of activities and changes in net assets related to the add-on. No amounts were recognized for the year ended December 31, 2021. The rate add-on was approved through March 31, 2023.

During the years ended December 31, 2022 and 2021, the System recognized an increase of approximately \$6,024,000 and \$249,000, respectively, in net patient service revenue as a result of changes in estimates and as a result of final settlements with third-party payors and the government.

**Charity Care:** The New York State Public Health Law requires all hospitals to implement financial aid policies and procedures for their patients. The law also requires hospitals to develop and make publicly available a summary of its financial aid policies and procedures. The System provides health care services to all patients based on medical need, not on the ability to pay for services. For patients who meet certain criteria under the System's charity care policy, the System provides care to these patients without charge or at amounts less than its established rates. Because the System does not pursue collection of amounts determined to qualify for charity care, they are not reported as revenue. The System maintains records to identify and monitor the level of charity care it provides.

**Excess (Deficiency) of Revenues over Expenses:** The consolidated statement of operations and changes in net assets includes excess (deficiency) of revenues over expenses, commonly referred to as the "performance indicator". Changes in net assets without donor restrictions which are excluded from excess (deficiency) of revenues over expenses, consistent with industry practice, include contributions and grants for property acquisitions, and pension and postretirement changes other than net periodic costs.

**Gifts and Donations:** Unconditional promises to give cash and other assets are reported at fair value at the date the promise is received. Gifts and donations are reported as support with donor restrictions if they are received with donor stipulations that limit the use of the donated assets.

**Collective Bargaining Agreements:** The Hospital has approximately 73% of its employees working under three collective bargaining agreements, which are set to expire on April 30, 2025.

**Cash, Cash Equivalents and Restricted Cash:** The System considers all highly liquid debt instruments with original maturities of three months or less to be cash equivalents. Cash equivalents are also comprised of certificates of deposit and money market funds. At December 31, 2022 and 2021, the System has cash and cash equivalents in major financial institutions which exceed Federal Depository Insurance Limits. These financial institutions have strong credit ratings and management believes the credit risks relating to those deposits are minimal.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

During the year ended December 31, 2022, New York State announced the New York State Health Care and Mental Hygiene Worker Bonus (the Bonus) which allows for payment of bonuses to workers who meet certain eligibility requirements. Qualified employers were required to claim the bonus on behalf of their eligible employees and pay the employee bonuses within 30 days of receipt of the funds. As of December 31, 2022, the System held \$2,200,989 that was restricted for the payment of the Bonus. The Bonus had no impact on the statements of operations and changes in net assets.

The reconciliation of cash, cash equivalents and restricted cash within the consolidated balance sheets that comprise the amount reported on the consolidated statements of cash flows at December 31, is as follows:

	<u>2022</u>	<u>2021</u>
<b>Financial assets:</b>		
Cash and cash equivalents	\$ 37,216,857	\$ 42,475,809
Restricted cash	2,200,989	-
Assets limited as to use	<u>4,849,051</u>	<u>4,754,220</u>
Cash, cash equivalents and restricted cash	<u>\$ 44,266,897</u>	<u>\$ 47,230,029</u>

**Inventories:** Inventories consist of drugs and other supplies and are valued at lower of cost (first-in, first-out) or net realizable value.

**Assets Limited as to Use:** Assets limited as to use primarily include assets held by trustees under indenture agreements and designated assets set aside by the Board of Directors, over which the board retains control and may, at its discretion, subsequently use for other purposes. Amounts required to meet current liabilities of the System have been classified as current in the consolidated balance sheets at December 31, 2022 and 2021.

**Investments and Investment Income:** Investments in equity securities with readily determinable fair values are presented in the financial statements at fair value. Investments in debt securities, all of which are available-for-sale and have maturities between 2023 and 2026, are also presented in the financial statements at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The cost of specific securities sold is used to compute realized gains and losses on sales.

Investment securities are recorded at fair value based on quoted market prices. Investment income or loss (including unrealized and realized gains and losses on investments, interest and dividends) is included in the excess (deficiency) of revenues over expenses unless the income or loss is restricted by donor or law.

**Funds Held in Trust by Others:** Funds held in trust by others represent investments held in perpetuity in which the income is received by the System for general operating purposes. Funds held in trust by others are recognized at the estimated fair value of the assets, which approximates the present value of the future cash flows when the irrevocable trust is established or the System is notified of its existence.

**Property and Equipment:** Property and equipment are recorded at cost. Property and equipment donated for System operations are recorded at fair value on the date of receipt. Repairs and maintenance are expensed as incurred. Depreciation of property and equipment is calculated on the straight-line method over the estimated useful life of the asset, which ranges from 15 to 50 years for buildings and fixed equipment and 3 to 10 years for all other assets. Interest is capitalized during the period of construction on significant projects.

The System analyzes its assets for impairment whenever events or changes in circumstances indicate the carrying amount of a respective asset that the System expects to hold and use may not be recoverable. If this review indicates that the remaining useful life of the long-lived assets has been reduced, the System adjusts the depreciation on that asset to facilitate full cost recovery over its revised estimated remaining useful life. No such adjustments were made during the years ended December 31, 2022 or 2021.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Leases:** In February 2016, the FASB issued ASC Topic 842, Leases, to increase transparency and comparability among organizations related to their leasing arrangements. The update requires lessees to recognize most leases on their balance sheets as a right-of-use (ROU) asset representing the right to use an underlying asset and a lease liability representing the obligation to make lease payments over the lease term, measured on a discounted basis. Topic 842 also requires additional disclosure of key quantitative and qualitative information for leasing arrangements. Similar to the previous lease guidance, the update retains a distinction between finance leases (similar to capital leases in Topic 840, Leases) and operating leases, with classification affecting the pattern of expense recognition in the income statement. The System adopted Topic 842 on January 1, 2022, using the optional transition method to the modified retrospective approach, which eliminates the requirement to restate the prior-period financial statements. Under this transition provision, the System has applied Topic 842 to reporting periods beginning on January 1, 2022, while prior periods continue to be reported and disclosed in accordance with the System's historical accounting treatment under ASC Topic 840, Leases.

The System elected the "package of practical expedients" under the transition guidance within Topic 842, in which the System does not reassess (1) the historical lease classification, (2) whether any existing contracts at transition are or contain leases, or (3) the initial direct costs for any existing leases. The System has not elected to adopt the "hindsight" practical expedient, and therefore will measure the ROU asset and lease liability using the remaining portion of the lease term upon adoption of ASC 842 on January 1, 2022.

The System determines if an arrangement is or contains a lease at inception, which is the date on which the terms of the contract are agreed to, and the agreement creates enforceable rights and obligations. A contract is or contains a lease when (i) explicitly or implicitly identified assets have been deployed in the contract and (ii) The System obtains substantially all of the economic benefits from the use of that underlying asset and directs how and for what purpose the asset is used during the term of the contract. The System also considers whether its service arrangements include the right to control the use of an asset.

The System made an accounting policy election under available Topic 842 not to recognize ROU assets and lease liabilities for leases with a term of 12 months or less. For all other leases, ROU assets and lease liabilities are measured based on the present value of future lease payments over the lease term at the commencement date of the lease (or January 1, 2022, for existing leases upon the adoption of Topic 842). The ROU assets also include any initial direct costs incurred and lease payments made at or before the commencement date and are reduced by any lease incentives. To determine the present value of lease payments, the System made an accounting policy election available to non-public companies to utilize a risk-free rate borrowing rate, which is aligned with the lease term at the lease commencement date (or remaining term for leases existing upon the adoption of Topic 842).

Future lease payments may include fixed rent escalation clauses or payments that depend on an index (such as the consumer price index), which is initially measured using the index or rate at lease commencement. Subsequent changes of an index and other periodic market-rate adjustments to base rent are recorded in variable lease expense in the period incurred. Residual value guarantees or payments for terminating the lease are included in the lease payments only when it is probable, they will be incurred.

The System has made an accounting policy election to account for lease and non-lease components in its contracts as a single lease component for all classes of underlying assets. The non-lease components typically represent additional services transferred to the System such as common area maintenance for real estate, which are variable in nature and recorded in variable lease expense in the period incurred.

Adoption of Topic 842 resulted in the recognition of operating lease ROU assets and lease liabilities of approximately \$28,005,000 at January 1, 2022. The adoption of the new lease standard did not materially impact retained earnings or cash flows and did not result in a cumulative-effect adjustment to the opening balance of retained earnings.

**Debt Issuance Costs:** Debt issuance costs are presented as a reduction of the carrying amount of long-term debt rather than as an asset and amortized over the life of the related obligation. Amortization of debt issuance costs is reported as interest expense in the consolidated statements of operations and changes in net assets.



**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Other Long-Term Assets:** Other long-term assets include investments in related organizations (Note 4) and goodwill related to the acquisition of a primary care practice. During the year ended December 31, 2021, the System determined the carrying value of the goodwill exceeded the fair value and recorded an impairment loss of \$1,085,000 in other expense in the consolidated statements of operations and changes in net assets. There was no impairment recorded during the year ended December 31, 2022.

**Asset Retirement Obligation:** The Hospital accrues for asset retirement obligations, primarily asbestos related removal costs, in the period in which they are incurred if sufficient information is available to reasonably estimate the fair value of the obligation. Amounts accrued in the accompanying consolidated balance sheets represents the present value of the expected future costs of removal and disposal activities. Upon settlement of the liability, the Hospital will recognize a gain or loss for any difference between the settlement amount and liability recorded. The following is a summary of the components of the asset retirement obligation for the years ended December 31:

	<u>2022</u>	<u>2021</u>
Change in asset retirement obligation:		
Asset retirement obligation at beginning of year	\$ 3,067,566	\$ 2,929,965
Asset retirement costs	(10,865)	(4,173)
Accretion expense	<u>141,775</u>	<u>141,774</u>
Asset retirement obligation at end of year	<u>\$ 3,198,476</u>	<u>\$ 3,067,566</u>

**Interest in Net Assets of Crouse Health Foundation, Inc.:** The Hospital recognizes an interest in the net assets of the Foundation. The Foundation, a not-for-profit organization, accepts contributions from donors and agrees to transfer those assets, the return on investment of those assets, or both, to the Hospital, as specified by the donor. As the Hospital and the Foundation are financially interrelated, the Hospital is required to recognize its interest in the net assets of the Foundation and adjust that interest for the change in net assets.

The Foundation is a separate not-for-profit organization with its own board of trustees and finances separate from those of the Hospital. The Foundation board approves the timing and amount of transfers to the Hospital. The Foundation's contributions have consisted principally of donations to the Hospital for use as specified by donors and amounted to \$2,022,275 and \$1,453,056 during the years ended December 31, 2022 and 2021, respectively. The Foundation reimbursed the Hospital for administrative expenses of approximately \$524,000 and \$709,000 during the years ended December 31, 2022 and 2021, respectively. At December 31, 2022 and 2021, the Hospital has a receivable from the Foundation of \$196,285 and \$214,952, included in prepaid expenses and other current assets. Interest in the net assets of the Foundation is reflected as net assets without donor restrictions and net assets with donor restrictions on the Hospital's consolidated balance sheets.

In December 2022, the Foundation renewed a letter of credit in the amount of \$977,549 through December 31, 2023. This letter of credit was obtained by the Foundation on behalf of the student nursing program at Crouse Hospital, to fulfill a requirement imposed by the U.S. Department of Education.

A summary of the assets, liabilities, net assets and changes in net assets of the Foundation is as follows for the years ended December 31:

	<u>2022</u>	<u>2021</u>
Cash, investments and other assets	\$ <u>28,371,180</u>	\$ <u>36,778,618</u>
Liabilities	\$ <u>240,117</u>	\$ <u>812,122</u>
Net assets:		
Without donor restrictions	\$ 8,032,460	\$ 10,376,522
With donor restrictions	<u>20,098,603</u>	<u>25,589,974</u>
Total net assets	<u>\$ 28,131,063</u>	<u>\$ 35,966,496</u>
Change in net assets	<u>\$ (7,835,433)</u>	<u>\$ 3,457,012</u>

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Income Taxes:** CHS and the Hospital are not-for-profit corporations and CHS, PLLC and the Hospital are exempt from federal income taxes on related income. Management believes these entities are no longer subject to examination by Federal and State taxing authorities for years prior to 2019.

**2. COVID-19 PANDEMIC**

The COVID-19 pandemic has impacted the operations and finances of the System during 2022 and 2021. Such impacts stem primarily from public health measures instituted by federal, state and local governments to slow the spread of the disease and preserve sufficient medical facility capacity to treat COVID-19 outbreaks and surges. The System has adapted its operations accordingly and has taken various and proactive actions to maintain liquidity and mitigate the financial impacts of the pandemic.

On March 27, 2020, the federal government enacted the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) that in part provides relief funds to hospitals and other health care providers on the front lines of the COVID-19 response. This funding is to be used to support health care related expenses or lost revenue attributable to COVID-19.

During the year ending December 31, 2021, the System received approximately \$6,530,000 of provider relief funds. The System recognized the funds received in other operating revenue in the consolidated statements of operations and changes in net assets. The System accounted for the provider relief funding in accordance with ASC 958-605 as an in-substance conditional government grant. There were no provider relief funds received during the year ended December 31, 2022.

In April 2020, CMS introduced the Medicare Accelerated and Advance Payment Program to provide short-term liquidity to medical service providers. The System received advances amounting to approximately \$29,000,000. The repayment terms associated with the advances allows providers 29 months after the receipt of the funds before interest would accrue. Through the year ended December 31, 2022, CMS has recouped all \$29,000,000 through its repayment terms, and no amounts were outstanding as of December 31, 2022. As of December 31, 2021 advances outstanding amounted to \$14,000,000 which are recorded as current liabilities to third-party payors, respectively.

The CARES Act also permitted employers to defer the payment of the employer's portion of social security taxes incurred between March 27, 2020 and December 31, 2020. As of December 31, 2021, the System recognized a liability for deferred payroll tax payments of approximately \$4,320,000, respectively, in the consolidated balance sheets. The deferral was repaid during the year ended December 31, 2022.

During 2020 the System applied for and received a \$10,000,000 loan from the Small Business Administration Paycheck Protection Program (PPP) which was forgivable in full if the System used the funds to make qualifying payroll payments to employees during 2020. The System made sufficient qualifying payroll payments in 2020 to qualify for loan forgiveness. During the year ended December 31, 2020, the System accounted for this loan pursuant to Accounting Standards Codification section 958-605 as an in-substance conditional government grant. Accordingly, as the System believed it had satisfied the forgiveness criteria it recognized the full loan as other operating income in the accompanying consolidated statements of operations and changes in net assets for the year ended December 31, 2020. As of the date of these financial statements the System has not received forgiveness for the PPP loan.

Additionally, the System applied for reimbursement for qualifying expenses related to COVID-19 under the Federal Emergency Management Association (FEMA). The System received and recognized in other operating revenues approximately \$626,000 and \$3,554,000 of funding during the years ending December 31, 2022 and 2021, respectively. As of December 31, 2022, the System recognized a receivable of approximately \$250,000 in prepaid expenses and other current assets.

### **3. LIQUIDITY AND AVAILABILITY**

Financial assets available for general expenditure that is, without donor or other restrictions limiting their use, within one year are as follows for the year ended December 31:

	<u>2022</u>	<u>2021</u>
<b>Financial assets:</b>		
Cash and cash equivalents	\$ 37,216,857	\$ 42,475,809
Patient accounts receivable	59,350,612	53,226,896
Investments	1,823,078	15,834,373
Long-term assets limited as to use	<u>18,464,683</u>	<u>16,690,944</u>
 Financial assets available to meet general expenditures within one year	 <u>\$ 116,855,230</u>	 <u>\$ 128,228,022</u>

The System's assets limited as to use are designated by the Board of Directors, which the board retains control and may, at its discretion, subsequently use for other purposes. Current portion of assets limited as to use have been established to meet current liabilities and as such are not deemed to be available for general expenditure. The System maintained a line of credit for \$5,000,000, which expired January 26, 2022. There were no outstanding borrowings on this line of credit as of December 31, 2022.

### **4. INVESTMENTS IN RELATED ORGANIZATIONS**

At December 31, 2022 and 2021, the Hospital has investments in two related organizations, respectively. A summary of the significant transactions between the Hospital and these related organizations are as follows:

**Plaza Corporation of Central New York, Inc. and Affiliates:** The Hospital is a corporate member of Plaza Corporation of Central New York, Inc. ("Plaza Corp."), a New York not-for-profit corporation, together with one other local hospital, which is also a corporate member. Both corporate members have equal rights under the Plaza Corp. by-laws. Plaza Corp. is the sole corporate member of the following controlled subsidiaries: Iroquois Nursing Home, Inc. ("Iroquois"), a 160-bed skilled nursing facility, Plaza Nursing Home Company, Inc. ("Plaza Nursing") d/b/a the Cottages at Garden Grove, a skilled nursing community ("Cottages at Garden Grove") with 153 beds, and Enriched Resources for the Independent Elderly, Inc., a New York not-for-profit corporation.

**Laboratory Alliance of Central New York:** The Hospital is a corporate member of Laboratory Alliance of Central New York ("LACNY"), a for-profit, limited liability company, with one other local hospital at equal ownership percentages. LACNY provides laboratory services to its members and other regional healthcare providers. As the Hospital has the ability to exercise significant influence but not control, the investment is recorded under the equity method and is included in other long-term assets on the accompanying consolidated balance sheets. At December 31, 2022 and 2021, the Hospital's investment amounted to approximately \$330,443 and \$1,176,538, respectively. The investment is inclusive of a receivable due of approximately \$570,000 in the form of cash advances and a working capital loan.

The Hospital's share of LACNY's (loss) income approximated (\$846,000) and \$48,000 for the years ended December 31, 2022 and 2021, respectively, and is included in net loss from equity investments in the accompanying consolidated statements of operations and changes in net assets.

## **5. ASSETS LIMITED AS TO USE AND SHORT-TERM INVESTMENTS**

Assets limited as to use and short-term investments are comprised of the following for the years ended December 31:

	<u>2022</u>	<u>2021</u>
Board Designated	\$ 17,356,529	\$ 17,240,529
Pension settlement escrow	4,564,104	4,500,415
Other restricted funds	<u>284,947</u>	<u>253,805</u>
	22,205,580	21,994,749
Less: Current portion	<u>(3,740,897)</u>	<u>(5,303,805)</u>
Noncurrent assets limited as to use	<u>\$ 18,464,683</u>	<u>\$ 16,690,944</u>
Short-term investments	<u>\$ 1,823,078</u>	<u>\$ 15,834,373</u>

Investment income (loss) included in other operating revenue in the consolidated statements of operations and changes in net assets was approximately \$1,563,000 and \$(227,000) for the years ended December 31, 2022 and 2021, respectively.

The composition of assets limited as to use and short-term investments, at fair value, are as follows for the years ended December 31:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 4,849,051	\$ 4,754,220
U.S. Treasury obligations	8,422,545	3,963,400
U.S. Government agency bonds	394,469	399,136
Fixed Income	159,281	5,314,709
Corporate and foreign bonds	<u>10,203,312</u>	<u>23,397,657</u>
Total assets limited as to use and short-term investments	<u>\$ 24,028,658</u>	<u>\$ 37,829,122</u>

## **6. FAIR VALUE MEASUREMENTS**

Assets and liabilities recorded at fair value in the balance sheets are categorized based upon the level of judgment associated with the inputs used to measure their fair value. Hierarchical levels are directly related to the amount of subjectivity associated with the inputs to fair valuation of these assets and liabilities as follows:

Level 1 - Valuation based on quoted prices in active markets for identical assets or liabilities that the Hospital has the ability to access. Such valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgment.

Level 2 - Valuations based on quoted prices in active markets for similar assets or liabilities, quoted prices in markets that are not active or for which all significant inputs are observable, directly, or indirectly.

Level 3 - Valuations are based on inputs that are unobservable and significant to the overall fair value measurement. These are generally company generated inputs and are not market based inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2022 and 2021.

**Cash and cash equivalents:** Stated at cost, which approximates fair value. Cash and short-term investments are classified as Level 1.

**U.S. Treasury obligations:** Valued based on quoted prices in active markets. U.S. treasury obligations are classified as Level 1.

## 6. FAIR VALUE MEASUREMENTS (CONTINUED)

**U.S. Government agency bonds:** Valued based on quoted prices in active markets. U.S. Government and agency obligations are classified as Level 1.

**Fixed income:** Valued at the closing price reported on the active market on which the individual marketable securities are traded. Fixed income is classified as Level 1.

**Corporate and foreign bonds:** Valued based on yields currently available on comparable securities of issuers with similar credit ratings. Government and corporate bonds are classified as Level 2.

**Funds held in trust by others:** Include exchange traded funds and fixed income mutual funds.

The following tables present assets limited as to use, investments, and funds held by trust for others that are measured and recognized at fair value on a recurring basis:

<u>Description</u>	<u>2022</u>		<u>Total</u>
	<u>Level 1</u>	<u>Level 2</u>	
Cash and cash equivalents	\$ 4,849,051	\$ -	\$ 4,849,051
U.S. Treasury obligations	8,422,545	-	8,422,545
U.S. Government agency bonds	394,469	-	394,469
Fixed income	159,281	-	159,281
Corporate and foreign bonds	-	10,203,312	10,203,312
Funds held in trust by others	881,685	517,811	1,399,496
Total	<u>\$ 14,707,031</u>	<u>\$ 10,721,123</u>	<u>\$ 25,428,154</u>

<u>Description</u>	<u>2021</u>		<u>Total</u>
	<u>Level 1</u>	<u>Level 2</u>	
Cash and cash equivalents	\$ 4,754,220	\$ -	\$ 4,754,220
U.S. Treasury obligations	3,963,400	-	3,963,400
U.S. Government agency bonds	399,136	-	399,136
Fixed income	5,314,709	-	5,314,709
Corporate and foreign bonds	-	23,397,657	23,397,657
Funds held in trust by others	1,168,929	556,039	1,724,968
Total	<u>\$ 15,600,394</u>	<u>\$ 23,953,696</u>	<u>\$ 39,554,090</u>

There were no significant transfers into or out of Level 1 or 2. There were no Level 3 investments as of December 31, 2022 and 2021.

## 7. PROPERTY AND EQUIPMENT

Property and equipment is comprised of the following at December 31:

	<u>2022</u>	<u>2021</u>
Land and land improvements	\$ 3,293,306	\$ 3,293,306
Buildings and fixed equipment	255,799,817	258,000,917
Major movable equipment	156,470,264	158,401,976
Leased facilities and equipment under capital leases	-	16,520,515
Construction in progress	101,934	101,079
	<u>415,665,321</u>	<u>436,317,793</u>
Less: Accumulated depreciation	<u>(311,287,629)</u>	<u>(319,518,096)</u>
Total property and equipment, net	<u>\$ 104,377,692</u>	<u>\$ 116,799,697</u>

Depreciation expense approximated \$19,019,000 and \$18,788,000 for the years ended December 31, 2022 and 2021, respectively.

## 7. PROPERTY AND EQUIPMENT (CONTINUED)

In 2019 the System received a grant in the amount of \$16,325,000 to fund the purchase of property and construction of a new addiction treatment services facility. The System is accounting for the grant as a non-exchange contribution and recognized grant revenue of approximately \$865,000 and \$5,440,000, during the years ended December 31, 2022 and 2021, respectively, as a change in net assets without donor restrictions.

During the year ended December 31, 2021, the System sold certain commercial real estate for a purchase price of \$32,500,000. The System received cash proceeds of \$29,500,000 and recognized a gain on sale of asset of \$28,291,173. The System also recognized a receivable of \$3,000,000 in the year ended December 31, 2021 the receipt of which was contingent upon the satisfaction of certain requirements by December 31, 2022. During the year ended December 31, 2022, the System satisfied all requirements and received the remaining \$3,000,000 which is recognized within the gain on sale of long-lived assets on the statement of operations and changes in net assets for the year ended December 31, 2022.

## 8. LONG-TERM OBLIGATIONS

Long-term obligations are as follows at December 31:

	<u>2022</u>	<u>2021</u>
Bonds payable, Series 2019A	\$ 19,855,000	\$ 21,190,000
Bonds payable, Series 2019C	5,070,000	5,210,000
Bonds payable, Series 2017A	17,315,000	17,365,000
Note payable, Series 2017C Note	-	1,750,000
Bonds payable, Series 2016A	9,995,000	10,595,000
Bonds payable, Series 2016B	7,630,000	8,100,000
Bonds payable, Series 2016C	<u>15,349,240</u>	<u>16,354,242</u>
	75,214,240	80,564,242
Less: deferred financing costs	(2,367,955)	(2,575,463)
Less current portion:		
2016B bonds subject to mandatory tender	(7,360,000)	-
Scheduled current maturities	<u>(3,760,000)</u>	<u>(5,350,000)</u>
Total current portion	(11,120,000)	(5,350,000)
Long-term obligations, net	<u>\$ 61,726,285</u>	<u>\$ 72,638,779</u>

Onondaga Civic Development Corporation ("OCDC") issued tax-exempt Series 2019A Bonds in the amount of \$22,915,000. The bonds held by M&T Bank, as successor in interest to People's United Muni Finance Corp., bear annual fixed interest at a rate of 4.44% with interest payments due on the first business day of each calendar month commencing April 1, 2019. Beginning January 1, 2020, principal payments are due annually on the first business day of each year. The Series 2019A OCDC Bonds are subject to optional, mandatory sinking fund, extraordinary and special mandatory redemption prior to their final maturity on January 1, 2035.

Series 2019C OCDC Bonds (taxable) issued in the amount of \$5,485,000 are held by Siemens Financial Services, Inc. and bear annual fixed interest at 6.26% with interest payments due on each January 1 and July 1 commencing July 1, 2019. Beginning January 1, 2020, principal payments are due annually on the first business day of each year. The Series 2019C OCDC Bonds are subject to optional, mandatory sinking fund, extraordinary and special mandatory redemption prior to their final maturity on January 1, 2027.

Series 2017A Tax-Exempt Revenue Refunding Bonds issued through Syracuse Local Development Corporation ("SLDC") in the amount of \$17,465,000 are payable annually beginning January 1, 2020 maturing January 1, 2033. The Series 2017A Bonds are held by Siemens Public, Inc. and bear an annual fixed interest rate of 3.85%, payable semi-annually, commencing January 1, 2018.

## 8. LONG-TERM OBLIGATIONS (CONTINUED)

The Hospital entered into a note payable with HSBC Bank USA, National Association ("HSBC") (the "Series 2017C Note") in the amount of \$2,000,000 during the year ended December 31, 2017. The funds from the Series 2017C Note were used to repay the Hospital's previously outstanding line of credit. The Series 2017C Note is payable monthly beginning February 1, 2018 maturing December 28, 2022 with interest calculated at the LIBOR rate plus the applicable LIBOR rate margin for each LIBOR interest period. The interest rate during the year ended December 31, 2022 and 2021 was 7.64% and 3.34%, respectively. The note payable matured during the year ended December 31, 2022 and remaining balance was paid off.

During 2016, SLDC issued Series 2016A Bonds in the amount of \$12,800,000 payable in annual installments beginning January 1, 2017 maturing January 1, 2042. The Series 2016A Bonds, held by Berkshire Bank, bear annual fixed interest at a rate of 3.84%, payable monthly commencing on April 1, 2016. The bonds are subject to mandatory tender on September 9, 2025.

The Series 2016B Bonds issued by SLDC in the amount of \$9,820,000 are payable in annual installments beginning January 1, 2017 maturing January 1, 2042. The Series 2016B Bonds, held by Key Government Finance, Inc. ("KGF"), an affiliate of KeyBank National Association ("KeyBank"), bear annual fixed interest at a rate of 4.37%, payable monthly commencing on April 1, 2016. The bonds are subject to mandatory tender on February 1, 2023 and were paid in full as of this date.

The Series 2016C Bonds issued by SLDC in the amount of \$20,000,000 are payable in annual installments beginning January 1, 2017 maturing January 1, 2042. The Series 2016C Bonds are held by KeyBank and bear annual interest at a variable rate calculated as 67% multiplied by the sum of the LIBOR Flex Rate plus 2.75%, payable monthly commencing April 1, 2016. The annual interest rate at December 31, 2022 and 2021 was 5.78% and 2.27%, respectively. The bonds are subject to mandatory tender on March 9, 2027.

The Hospital's obligations at December 31, 2022 related to the Series 2019A and Series 2019C OCDC Bonds and the Series 2017A, Series 2016A, Series 2016B, and Series 2016C Bonds are secured pursuant to an amended and restated master trust indenture dated September 1, 2003, that was subsequently amended and supplemented, between the Hospital and The Bank of New York Mellon (the "Master Trustee") and are secured by a pledge of the Hospital's gross receipts and mortgage and security agreements in favor of the Master Trustee from the Hospital.

As conditions of the above borrowings, the Hospital is subject to various covenants, including maintaining a minimum debt service coverage ratio, maintaining a minimum required amount of days cash on hand, obtaining approval of certain additional borrowings, restrictions on capital expenditures, and cross-default provisions. The Hospital was in compliance with these financial covenant requirements as of December 31, 2022 and 2021.

Future minimum payments under all long-term obligations are as follows as of December 31, 2022:

	<b>Long-Term Obligations</b>
2023	\$ 11,120,000
2024	3,645,000
2025	3,265,000
2026	3,410,000
2027	3,550,000
Thereafter	50,224,240
	<u>\$ 75,214,240</u>

The above table does not reflect lenders' ability to call debt at certain times prior to maturity.

## 9. PENSION SETTLEMENT LIABILITY

On July 2, 2020, the Hospital filed a distress termination application with the PBGC. On December 30, 2020, Crouse and PBGC entered into an Agreement for Appointment of Trustee and Termination of the Plan ("Agreement"). Under the Agreement: (i) the Plan was terminated; (ii) September 7, 2020, was established as the Plan's termination date; and (iii) PBGC was appointed statutory trustee of the Plan.

Effective July 12, 2021, the Hospital settled its pension obligation with PBGC resulting in pension settlement gain of \$80,611,723 in the consolidated statements of operations and changes in net assets for the year ended December 31, 2021. The Hospital was required to fund and maintain an escrow account in the amount of \$4,500,000. In the event of repayment default with the terms of the settlement agreement, PBGC may direct the escrow agent to disburse up to \$2,500,000. If a distribution from the account occurs, the Hospital is required to replenish the escrow account within 30 days. As of December 31, 2022, the balance of the escrow account is approximately \$4,600,000 and included in the consolidated balance sheet as an asset limited as to use (\$4,500,000 - 2021).

On the effective date, the Hospital entered an arrangement with the Pension Benefit Guaranty Corporation ("PBGC") to terminate and settle its outstanding pension obligation in the amount of \$30,000,000. In accordance with the settlement agreement, the Hospital was required to make an initial payment of \$750,000 within 10 days of the effective date and 117 fixed monthly payments of \$250,000 beginning August 15, 2021 and maturing May 15, 2031. Terms of the settlement allow the Hospital to elect to defer any installment, except for the final installment, and such deferrals are due on the maturity date. At no time may the Hospital have more than nine cumulative deferrals outstanding, totaling a maximum of \$2,250,000. As of December 31, 2022, the Hospital has no outstanding deferrals.

The Hospital discounted the liability at the rate of 1.38%. The discount is amortized into the consolidated statements of operations and changes in net assets as interest expense through the maturity date of the obligation. The System recognized interest expenses of \$345,608 and \$154,763 associated with the discount during the years ended December 31, 2022 and 2021.

Pension settlement liability obligations are as follows at December 31:

	<u>2022</u>	<u>2021</u>
Pension settlement liability	\$ 25,000,000	\$ 28,000,000
Less: discount	<u>(1,396,748)</u>	<u>(1,742,356)</u>
	23,603,252	26,257,644
Less: current portion of pension settlement liability	<u>(3,000,000)</u>	<u>(3,000,000)</u>
Pension settlement liability, net	\$ <u>20,603,252</u>	\$ <u>23,257,644</u>

Future minimum payments under the pension settlement liability are as follows as of December 31, 2022:

	<u>Pension Settlement</u>
2023	\$ 3,000,000
2024	3,000,000
2025	3,000,000
2026	3,000,000
2027	3,000,000
Thereafter	<u>10,000,000</u>
	\$ <u>25,000,000</u>



## 10. EMPLOYEE BENEFITS

In 2005, the Hospital started a defined contribution plan covering all nonunion employees. This plan consists of the employee deferral, a Hospital match and allocation of annual discretionary contribution. The Hospital match is 25% of each \$1 that the employee contributes up to the first 6% of their salary. The annual profit sharing is based on years of service and ranges from 1% for a new hire to 4% for an employee with greater than 20 years of service.

For the years ended December 31, 2022 and 2021, the Hospital contributed approximately \$1,250,000, and \$1,283,000, respectively, in discretionary contributions. The employer matching contributions for the plan were approximately \$778,000 and \$759,000 for the years ended December 31, 2022 and 2021, respectively. Effective January 1, 2017, a new 401(k) Defined Contribution Plan was established to provide for an annual Hospital contribution for bargaining unit employees equal to 3.5% of compensation. As of December 31, 2022 and 2021 contributions approximated \$3,076,000 and \$3,434,000, respectively.

In addition, the Hospital sponsors a plan that provides postretirement medical benefits and term life insurance. The Hospital's policy is to fund the cost of medical and life insurance benefits as incurred. The medical benefit is provided to all employees. Eligibility for participation in medical benefits is age 62 and 20 years of service unless as of July 1, 2016, an employee met age 55 and 15 years of service which results in eligibility at age 60 and 20 years of service. The amount of the benefit equals a percentage of the premium based on union/non-union affiliation. The life insurance benefit of \$3,500 is available to all retirees at age 55 and 20 years of service. Employees retiring after June 1, 2019, are not eligible for life insurance benefits.

A summary of the Postretirement plan's funded status and amounts recognized in the System's consolidated balance sheets for the years ended December 31, 2022 and 2021 are as follows (using a measurement date of December 31):

	<b>2022</b>	<b>2021</b>
	<b>Postretirement</b>	<b>Postretirement</b>
	<b>Benefits</b>	<b>Benefits</b>
<b>Change in benefit obligations:</b>		
Benefit obligation at beginning of year	\$ 7,290,838	\$ 10,490,527
Service cost	308,899	318,942
Interest cost	260,199	250,645
Plan participants' contributions	130,097	159,431
Actuarial gain	(1,740,587)	(3,385,407)
Benefits paid	<u>(482,952)</u>	<u>(543,300)</u>
Benefit obligation at end of year	<u>\$ 5,766,494</u>	<u>\$ 7,290,838</u>

During the years ended December 31, 2022 and 2021 the System contributed \$352,855 and \$383,869, respectively, to the postretirement plan. Plan participant contributions amounted to \$130,097 and \$159,431, respectively. Total benefits paid for the years ended December 31, 2022 and 2021 were \$(482,952) and \$(543,300). The postretirement plan had no assets at December 31, 2022 or 2021.

Amounts recognized in the consolidated balance sheets, including net assets without donor restrictions, consist of:

	<b>2022</b>	<b>2021</b>
	<b>Postretirement</b>	<b>Postretirement</b>
	<b>Benefits</b>	<b>Benefits</b>
Current liabilities	\$ (454,690)	\$ (564,039)
Noncurrent liabilities	(5,311,804)	(6,726,799)
Net assets without donor restrictions	(632,626)	(742,898)

10. EMPLOYEE BENEFITS (CONTINUED)

	2022 Postretirement Benefits	2021 Postretirement Benefits
<b>Components of net periodic benefit costs for the year ended:</b>		
Service cost	\$ 308,899	\$ 318,942
Interest cost	260,199	250,645
Amortization of prior service credit	(110,272)	(265,391)
Recognition of net (gain) /loss	<u>(1,740,587)</u>	<u>(3,385,407)</u>
Net periodic benefit cost	\$ <u>(1,281,761)</u>	\$ <u>(3,081,211)</u>
<b>Weighted average assumptions to determine benefit obligations:</b>		
Discount rate	6.28%	3.88%
<b>Weighted average assumptions to determine net periodic benefit cost:</b>		
Discount rate	3.88%	3.46%

The weighted average annual assumed rate of increase in the per capita cost of covered benefits (the healthcare trend rate) used to determine the amount recorded for postretirement benefits was 7.75% for the pre-65 medical and prescription drug costs, respectively, for 2022 and are assumed to decrease gradually to 4.04% by the year 2075 and remain at that level thereafter.

**Cash Flows – Contributions:** The Hospital expects to contribute \$454,690 to its postretirement plan in 2023, for the 2023 plan year. The Hospital contributed \$352,855 to its postretirement plan in 2022, for the 2022 plan year.

**Expected Components of Net Periodic Benefit Cost to be Amortized in 2022:** In 2022, for the postretirement plan, \$110,272 of net prior service credit and \$1,740,587 in net gain is estimated to be amortized into net assets without donor restrictions.

**Benefit Payments:** At December 31, 2022, the aggregated future estimated benefit payments, which reflect future service, are as follows:

	Postretirement Benefits
2023	\$ 454,690
2024	\$ 462,901
2025	\$ 462,466
2026	\$ 553,360
2027	\$ 606,434
Years 2028 - 2032	\$ 2,563,277

11. COMMITMENTS AND CONTINGENCIES

**Self-Insurance – Professional Liability:** The Hospital is and has been self-insured for professional and general liability programs for the period subsequent to February 21, 2001 for up to \$2,000,000 per claim and \$6,000,000 in annual aggregate and has claims-made coverage in excess of the self-insured amounts with limits of \$10,000,000 per claim and \$10,000,000 in aggregate. Effective July 1, 2022, the Hospital has a limit of \$3,000,000 per claim and in annual aggregate and has an aggregate buffer of \$1,000,000.

## 11. COMMITMENTS AND CONTINGENCIES (CONTINUED)

The Hospital provides for professional and general liability losses based on the actuarially determined present value of liabilities resulting from asserted and unasserted incidents. Liabilities for asserted and unasserted claims under the professional and general liability programs were discounted by 1.87% and 1.28% and amounted to approximately \$11,093,000 and \$11,423,000 at December 31, 2022 and 2021, respectively.

**Self-Insurance – Workers Compensation:** The Hospital is and has been self-insured for workers compensation claims for up to \$600,000 per occurrence during the years ended December 31, 2022 and 2021.

The Hospital provides for workers compensation losses based on the actuarially determined present value of liabilities resulting from asserted and unasserted incidents. Liabilities for asserted and unasserted claims under the workers compensation program through July 6, 2001 and subsequent to August 31, 2002 were discounted by 2.13% and 1.69%, annually, and amounted to approximately \$9,269,000 and \$9,125,000 at December 31, 2022 and 2021, respectively.

In 2012, the Hospital adopted the principles of insurance claim and recovery accounting for workers compensation claims. This requires liability claims and anticipated insurance recoveries to be reported on a gross basis versus the previous practice of netting the recoveries against liability claims. The insurance claims receivable as calculated by the System's actuaries was approximately \$1,718,000 and \$1,670,000 as of December 31, 2022 and 2021, along with corresponding increase to the accrued workers compensation. This amount was determined to be non-current based on the projected future payments on workers compensation liability claims as determined by the actuaries.

**Self-Insurance – Health Insurance:** The Hospital is self-insured for its risk of loss related to costs to insure its employee health benefits coverage. Liabilities for asserted and unasserted claims approximated \$822,000 at December 31, 2022 and 2021.

**Litigation:** Although the Hospital is party to certain claims and litigation, in the opinion of management, the final outcome of these are not reasonably expected to have a material adverse effect on its financial position or results of operations.

**Industry:** The healthcare industry is subject to numerous laws and regulations of federal, state and local governments. Compliance with these laws and regulations is subject to future government review and interpretation as well as regulatory actions unknown or unasserted at this time. Recently, government activity has increased with respect to investigations and allegations concerning possible violations by healthcare providers of fraud and abuse statutes and regulations, which could result in the imposition of significant fines and penalties as well as significant repayments for patient services previously billed. Compliance with such laws and regulations are subject to future government review and interpretations as well as potential regulatory actions. In the opinion of management, such laws and regulations are not expected to have a material adverse effect on its financial position or results of operations.

## 12. LEASES

The System leases buildings and equipment under operating lease agreements that have initial terms ranging from 1 to 10 years. Some leases include one or more options to renew, generally at the System's sole discretion, with renewal terms that can extend the lease term. In addition, certain leases contain termination options, where the rights to terminate are held by either the System, the lessor or both parties. These options to extend or terminate a lease are included in the lease terms when it is reasonably certain that the System will exercise that option. The System's operating leases generally do not contain any material restrictive covenants or residual value guarantees.

## 12. LEASES (CONTINUED)

Operating lease cost is recognized on a straight-line basis over the lease term and is reported as other expenses on the consolidated statement of operations and changes in net assets. The components of lease expense are as follows for the year ended December 31, 2022:

Operating lease cost	\$ 8,995,030
Short-term lease cost	<u>1,490,438</u>
Total lease cost	<u>\$ 10,485,468</u>

Total rent expense for operating leases was approximately \$9,930,000 for the year ended December 31, 2021 and is reported as other expenses in the consolidated statement of operations of changes in net assets.

As of December 31, 2022 supplemental cash flow information related to leases includes cash paid for amounts included in measurement of operating lease liabilities of \$8,931,179 and right-of-use assets obtained in exchange for new operating leases were \$7,584,181.

The weighted-average remaining lease terms and discount rates were 4.36 years and 1.39%, respectively, for the year ended December 31, 2022.

The aggregate future lease payments for operating as of December 31, 2022 are as follows:

	<b>Operating Leases</b>
2023	\$ 8,731,387
2024	6,255,902
2025	4,852,346
2026	3,597,704
2027	2,113,607
Thereafter	<u>2,364,953</u>
Total lease payments	\$ 27,915,899
Less imputed interest	<u>(904,420)</u>
Present value of lease liabilities	<u>\$ 27,011,479</u>

Future minimum lease commitments, as determined under Topic 840, for all non-cancellable leases are as follows as of December 31, 2021:

2022	\$ 8,336,775
2023	5,491,407
2024	3,694,729
2025	2,582,518
2026	2,144,088
Thereafter	<u>3,763,565</u>
Total minimum lease payments	<u>\$ 26,013,082</u>

## 13. NET ASSETS WITH DONOR RESTRICTIONS

The System's net assets with donor restrictions relate to the System's interest in the Foundation's net assets without donor restrictions and with donor restrictions subject to expenditure for specific purpose. The net assets without donor restrictions of the Foundation are listed as net assets with donor restriction on the System's consolidated financial statements as they have not yet been appropriated for expenditure and therefore have an implicit time restriction. The following net assets are considered net assets with donor restrictions and are held for the following purposes for the years ended December 31:

**CROUSE HEALTH SYSTEM, INC. AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
December 31, 2022 and 2021

**13. NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)**

	<u>2022</u>	<u>2021</u>
Net assets without donor restrictions of the Foundation	\$ 8,032,460	\$ 10,376,522
Net assets with donor restrictions of the Foundation subject to expenditure for specific purpose:		
Education and scholarships	1,750,490	1,186,811
Construction and renovation	2,644,385	1,807,992
Patient care	1,607,134	741,200
Equipment acquisition	650,594	398,132
Kienzle Family Maternity Center	394,855	69,661
Other purposes	-	8,421,941
	<u>7,047,458</u>	<u>12,625,737</u>
	<u>\$ 15,079,918</u>	<u>\$ 23,002,259</u>

The following net assets with donor restrictions relate to the System's interest in the Foundation and funds held in trust by others that are to be held in perpetuity for the following purposes for the years ended December 31:

	<u>2022</u>	<u>2021</u>
Jabez Abell Trust	\$ 1,399,497	\$ 1,724,968
Net assets with donor restrictions of the Foundation subject to Foundation spending policy and appropriation:		
Kienzle Family Maternity Center	1,555,041	1,589,746
Education scholarships	2,288,903	2,318,768
Equipment acquisitions	1,796,094	1,936,559
Surgical center	1,000,000	1,022,318
Other purposes	6,411,106	6,096,846
	<u>13,051,144</u>	<u>12,964,237</u>
	<u>\$ 14,450,641</u>	<u>\$ 14,689,205</u>

Net assets with donor restrictions subject to expenditure for specific purpose are those funds whose use has been limited by donors to a specific time period and/or purpose. Net assets with donor restrictions subject to expenditure for specific purpose are available for the funding of healthcare services and capital acquisitions. Net assets with donor restrictions subject to Foundation spending policy and appropriation have been restricted by donors to be held in perpetuity and the income is expendable to support various healthcare services. Resources arising from the results of operations or assets set aside by the Board of Trustees are not considered to be donor restricted.

The System has interpreted the New York State Prudent Management of Institutional Funds Act ("NYPMIFA") as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulation to the contrary. As a result of this interpretation, the System classifies as net assets with donor restrictions subject to Foundation spending policy and appropriation (a) the original value of the gifts donated to the permanent endowment, and (b) the original value of subsequent gifts to the permanent endowment. The remaining portion of the donor-restricted endowment fund that is not classified in net assets with donor restrictions subject to Foundation spending policy and appropriation is classified as net assets with donor restrictions subject to expenditure for specific purpose until those amounts are appropriated for expenditure by the System in a manner consistent with the standard of prudence prescribed by the State.

### 13. NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

To satisfy its long-term rate-of-return objectives, the System, through the Foundation, relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The System, through the Foundation, targets a diversified asset allocation to maintain a minimum average annual real total return, net of all investment management fees, of 5%, as measured over rolling ten-year periods. Real total return is defined as the sum of capital appreciation (or loss) and current income (interest and dividends) adjusted for inflation as measured by the CPI-U index.

All earnings on net assets with donor restrictions for which there is no donor restriction pertaining to their use are recorded as net assets with donor restrictions subject to expenditure for specific purpose until such time as the funds are expended or appropriated for expenditure by the Foundation's Board of Trustees.

Changes in the Foundation's endowment composition by type of fund as of December 31:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, January 1, 2021	\$ 10,157,697	\$ 18,730,077	\$ 28,887,774
Investment return:			
Interest and dividends	-	697,676	697,676
Net appreciation (realized and unrealized)	<u>619,267</u>	<u>926,910</u>	<u>1,546,177</u>
Total investment income	<u>619,267</u>	<u>1,624,586</u>	<u>2,243,853</u>
Contributions	-	984,073	984,073
Appropriation of endowment assets for expenditure	<u>(34,911)</u>	<u>(677,238)</u>	<u>(712,149)</u>
Endowment net assets, December 31, 2021	<u>\$ 10,742,053</u>	<u>\$ 20,661,498</u>	<u>\$ 31,403,551</u>
Endowment net assets, January 1, 2022	\$ 10,742,053	\$ 20,661,498	\$ 31,403,551
Investment return:			
Interest and dividends	165,372	388,247	553,619
Net depreciation (realized and unrealized)	<u>(2,244,899)</u>	<u>(3,679,866)</u>	<u>(5,924,765)</u>
Total investment income	<u>(2,079,527)</u>	<u>(3,291,619)</u>	<u>(5,371,146)</u>
Contributions	83,575	-	83,575
Appropriation of endowment assets for expenditure	<u>(339,864)</u>	<u>(2,013,839)</u>	<u>(2,353,703)</u>
Endowment net assets, December 31, 2022	<u>\$ 8,406,237</u>	<u>\$ 15,356,040</u>	<u>\$ 23,762,277</u>

### 14. FUNCTIONAL EXPENSES

Consistent with US GAAP the System provides an analysis of expenses by both natural and functional classification. Natural expenses are defined by their nature such as salaries, rent, supplies, etc. Functional expenses are classified by the type of activity for which expenses were incurred, for example, management and general and direct program costs. Expenses were allocated by function using a reasonable and consistent approach that was primarily based on the percentage of staffing costs directly attributable by function.

#### **14. FUNCTIONAL EXPENSES (CONTINUED)**

The table below presents by both their nature and their function for the year ended December 31, 2022:

	<u>Healthcare Services</u>	<u>Management and General</u>	<u>Total</u>
Salaries and wages	\$ 232,511,117	\$ 13,882,008	\$ 246,393,125
Employee benefits	44,070,478	11,822,767	55,893,246
Professional and physician fees	23,060,885	2,276,526	25,337,411
Medical supplies and pharmaceuticals	97,193,972	-	97,193,972
Purchased services	40,098,023	4,747,135	44,845,158
Depreciation	12,285,905	6,732,988	19,018,893
Interest expense	4,055,768	-	4,055,768
Insurance	2,813,604	4,083,268	6,896,872
Repairs and maintenance	7,425,991	2,659,225	10,085,216
Utilities	3,568,116	1,048,068	4,616,184
Other expenses	42,339,113	24,952,191	67,291,304
Cash receipts assessment tax	4,055,768	-	4,055,768
	<u>\$ 511,707,096</u>	<u>\$ 72,204,176</u>	<u>\$ 583,911,272</u>

The table below presents by both their nature and their function for the year ended December 31, 2021:

	<u>Healthcare Services</u>	<u>Management and General</u>	<u>Total</u>
Salaries and wages	\$ 227,278,079	\$ 14,064,104	\$ 241,342,183
Employee benefits	44,756,725	12,145,519	56,902,244
Professional and physician fees	17,450,413	2,133,195	19,583,608
Medical supplies and pharmaceuticals	92,051,026	-	92,051,026
Purchased services	38,517,124	3,634,413	42,151,537
Depreciation	11,573,568	7,214,532	18,788,100
Interest expense	3,823,842	-	3,823,842
Insurance	2,747,643	4,284,801	7,032,444
Repairs and maintenance	6,777,458	2,594,091	9,371,549
Utilities	3,430,867	1,017,455	4,448,322
Other expenses	27,665,824	15,065,321	42,731,145
Cash receipts assessment tax	2,124,145	-	2,124,145
	<u>\$ 478,196,714</u>	<u>\$ 62,153,431</u>	<u>\$ 540,350,145</u>

#### **15. SUBSEQUENT EVENTS**

The System evaluated its December 31, 2022 consolidated financial statements for subsequent events through the date the consolidated financial statements were issued.

Subsequent to December 31, 2022, the System withdrew its application with New York State to merge with SUNY Upstate Medical University. The System has entered into a strategic affiliation with SUNY Upstate Medical University but will remain a separate legal entity.

On March 23, 2023 the System closed on a term loan with Berkshire Bank in the amount of \$9,500,000. The term loan is payable in monthly installments beginning May 1, 2023 over a period of twenty years and bears interest at a fixed rate of 6.97%.



## INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTAL INFORMATION

To Board of Directors of  
Crouse Health System, Inc. and Affiliates

We have audited the consolidated financial statements of Crouse Health System, Inc. and Affiliates (the "System") as of and for the years then ended December 31, 2022 and 2021 and our report thereon, which contains an unmodified opinion on those consolidated financial statement. See page 1. Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating balance sheets, consolidating statements of operations and changes in net assets and the Disclosure of Charity Care as of and for the years ended December 31, 2022 and 2021 are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information, except for that portion marked "unaudited," has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. The information marked "unaudited" has not been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements, and accordingly, we do not express an opinion or provide any assurance on it. In our opinion, except for that portion marked "unaudited", the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

*Freed Maxick CPAs, P.C.*

Buffalo, New York  
May 4, 2023



CROUSE HEALTH SYSTEM, INC. AND AFFILIATES  
CONSOLIDATING BALANCE SHEET  
December 31, 2022

	CHS	Crouse Hospital	PLLC	Eliminations	2022 Consolidated
<b>ASSETS</b>					
<b>Current assets:</b>					
Cash and cash equivalents	\$ 44	\$ 36,121,574	\$ 1,095,239	\$ -	\$ 37,216,857
Restricted cash	-	2,200,989	-	-	2,200,989
Patient accounts receivable	-	56,124,442	3,226,170	-	59,350,612
Inventories	-	11,916,636	208,931	-	12,125,567
Prepaid expenses and other current assets	-	10,382,055	1,669,231	-	12,051,286
Investments	-	1,823,078	-	-	1,823,078
Current portion of assets limited as to use Due from affiliates	-	3,740,897	-	-	3,740,897
Total current assets	178,810 178,854	122,309,671	6,199,571	(178,810) (178,810)	128,509,286
<b>Noncurrent assets:</b>					
Assets limited as to use	-	18,464,683	-	-	18,464,683
Funds held in trust by others	-	1,399,496	-	-	1,399,496
Property and equipment, net	1,747,650	101,926,550	703,492	-	104,377,692
Interest in net assets of Crouse Health Foundation, Inc.	-	28,131,063	-	-	28,131,063
Operating leases - right of use assets	-	17,074,858	9,886,669	-	26,961,527
Other long-term assets	-	330,803	-	-	330,803
Total assets	\$ 1,926,504	\$ 289,637,124	\$ 16,789,732	\$ (178,810)	\$ 308,174,550

CROUSE HEALTH SYSTEM, INC. AND AFFILIATES  
CONSOLIDATING BALANCE SHEET (CONTINUED)  
December 31, 2022

LIABILITIES AND NET ASSETS	CHS	Crouse Hospital	PLLC	Eliminations	2022 Consolidated
<b>Current liabilities:</b>					
Current portion of long-term obligations	\$ -	\$ 11,120,000	\$ -	\$ -	\$ 11,120,000
Current portion of pension settlement liability	-	3,000,000	-	-	3,000,000
Accrued interest payable	-	343,528	-	-	343,528
Accounts payable and accrued expenses	-	56,816,466	3,851,778	-	60,668,244
Accrued vacation payable	-	6,266,749	-	-	6,266,749
Accrued salaries and wages payable	-	16,686,393	2,689,162	-	19,375,555
Current portion of liabilities to third-party payors	-	14,530,428	-	-	14,530,428
Current portion of estimated self-insurance costs	-	4,277,946	-	-	4,277,946
Current portion of accrued postretirement liability	-	454,690	-	-	454,690
Current portion of operating lease liabilities	-	5,284,665	3,125,644	-	8,410,309
Due to affiliates	-	178,810	-	(178,810)	-
Total current liabilities	-	118,959,675	9,666,584	(178,810)	128,447,449
<b>Noncurrent liabilities:</b>					
Long-term obligations, net	-	61,726,285	-	-	61,726,285
Pension settlement liability	-	20,603,252	-	-	20,603,252
Long-term operating lease liabilities, net	-	11,784,191	6,816,979	-	18,601,170
Third-party payors, net	-	1,599,514	-	-	1,599,514
Estimated self-insurance cost, net	-	16,906,272	-	-	16,906,272
Asset retirement obligation	-	3,198,476	-	-	3,198,476
Accrued postretirement liability, net	-	5,311,804	-	-	5,311,804
Other liabilities	-	284,947	90,623	-	375,570
Total liabilities	-	240,374,416	16,574,186	(178,810)	256,769,792
<b>Net assets:</b>					
Without donor restrictions	1,926,504	19,732,149	215,546	-	21,874,199
With donor restrictions	-	29,530,559	-	-	29,530,559
Total net assets	1,926,504	49,262,708	215,546	-	51,404,758
Total liabilities and net assets	\$ 1,926,504	\$ 289,637,124	\$ 16,789,732	\$ (178,810)	\$ 308,174,550

**CROUSE HEALTH SYSTEM, INC. AND AFFILIATES**  
**CONSOLIDATING STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS**  
For the Year Ended December 31, 2022

	CHS	Crouse Hospital	PLLC	Eliminations	2022 Consolidated
<b>Operating revenues:</b>					
Net patient service revenue	\$ -	\$ 509,562,104	\$ 37,049,239	\$ -	\$ 546,611,343
Other operating revenue	-	15,915,222	4,971,938	(729,402)	20,157,758
<b>Total operating revenues</b>	-	<u>525,477,326</u>	<u>42,021,177</u>	<u>(729,402)</u>	<u>566,769,101</u>
<b>Operating expenses:</b>					
Salaries and wages	-	207,954,251	38,438,874	-	246,393,125
Employee benefits	-	49,216,120	6,677,125	-	55,893,245
Professional and physician fees	-	25,079,619	257,792	-	25,337,411
Medical supplies and pharmaceuticals	-	95,168,454	2,025,518	-	97,193,972
Purchased services	-	34,301,472	11,254,538	(710,852)	44,845,158
Depreciation	-	18,742,519	276,374	-	19,018,893
Interest expense	-	4,055,768	-	-	4,055,768
Insurance	-	4,894,653	2,202,219	-	6,896,872
Repairs and maintenance	-	9,543,167	542,049	-	10,085,216
Utilities	-	4,466,427	149,757	-	4,616,184
Other expenses	-	62,049,542	5,260,312	(18,550)	67,291,304
Cash receipts assessment tax	-	2,284,124	-	-	2,284,124
<b>Total operating expenses</b>	-	<u>517,556,116</u>	<u>67,084,558</u>	<u>(729,402)</u>	<u>583,911,272</u>
<b>Loss from operations</b>	-	7,921,210	(25,063,381)	-	(17,142,171)
<b>Nonoperating revenues (expenses):</b>					
Net loss from equity investments	-	(845,737)	-	-	(845,737)
Other components of net periodic pension cost	-	1,590,660	-	-	1,590,660
Gain on sale long-lived assets	-	3,131,404	-	-	3,131,404
Other income	-	72,000	-	-	72,000
<b>Total nonoperating revenues, net</b>	-	<u>3,948,327</u>	<u>-</u>	<u>-</u>	<u>3,948,327</u>
<b>Excess (deficiency) of revenues over expenses</b>	-	11,869,537	(25,063,381)	-	(13,193,844)
Contributions for property acquisitions	-	2,036,638	-	-	2,036,638
Equity transfer	-	(25,116,994)	25,116,994	-	-
Pension and postretirement changes other than net periodic costs	-	(110,272)	-	-	(110,272)
Grant revenue	-	865,278	-	-	865,278
<b>(Decrease) increase in net assets without donor restrictions</b>	-	<u>(10,455,813)</u>	<u>53,613</u>	<u>-</u>	<u>(10,402,200)</u>
<b>Net assets with donor restrictions:</b>					
Decrease in interest in net assets of Crouse Health Foundation, Inc.	-	(7,835,433)	-	-	(7,835,433)
Change in funds held in trust for others	-	(325,472)	-	-	(325,472)
<b>Decrease in net assets with donor restrictions</b>	-	<u>(8,160,905)</u>	<u>-</u>	<u>-</u>	<u>(8,160,905)</u>
<b>(Decrease) increase in net assets</b>	-	<u>(18,616,718)</u>	<u>53,613</u>	<u>-</u>	<u>(18,563,105)</u>
<b>Net assets - beginning of year</b>	1,926,504	67,879,426	161,933	-	69,967,863
<b>Net assets - end of year</b>	<u>\$ 1,926,504</u>	<u>\$ 49,262,708</u>	<u>\$ 215,546</u>	<u>\$ -</u>	<u>\$ 51,404,758</u>

CROUSE HEALTH SYSTEM, INC. AND AFFILIATES  
CONSOLIDATING BALANCE SHEET  
December 31, 2021

ASSETS	CHS	Crouse Hospital	PLLC	Eliminations	2021 Consolidated
<b>Current assets:</b>					
Cash and cash equivalents	\$ 44	\$ 41,279,965	\$ 1,195,800	\$ -	\$ 42,475,809
Patient accounts receivable	-	50,245,296	2,981,600	-	53,226,896
Inventories	-	10,617,489	175,343	-	10,792,832
Prepaid expenses and other current assets	-	8,500,407	1,144,957	-	9,645,364
Investments	-	15,834,373	-	-	15,834,373
Current portion of assets limited as to use Due from affiliates	-	5,303,805	-	-	5,303,805
Total current assets	178,810	131,781,335	5,497,700	(178,810)	137,279,079
<b>Noncurrent assets:</b>					
Assets limited as to use	-	16,690,944	-	-	16,690,944
Funds held in trust by others	-	1,724,968	-	-	1,724,968
Property and equipment, net	1,747,650	114,303,275	748,772	-	116,799,697
Interest in net assets of Crouse Health Foundation, Inc.	-	35,966,496	-	-	35,966,496
Other long-term assets	-	1,176,538	-	-	1,176,538
<b>Total assets</b>	<b>\$ 1,926,504</b>	<b>\$ 301,643,556</b>	<b>\$ 6,246,472</b>	<b>\$ (178,810)</b>	<b>\$ 309,637,722</b>

CROUSE HEALTH SYSTEM, INC. AND AFFILIATES  
CONSOLIDATING BALANCE SHEET (CONTINUED)  
December 31, 2021

	CHS	Crouse Hospital	PLLC	Eliminations	2021 Consolidated
<b>LIABILITIES AND NET ASSETS</b>					
<b>Current liabilities:</b>					
Current portion of long-term obligations	\$ -	\$ 5,350,000	\$ -	\$ -	\$ 5,350,000
Current portion of pension settlement liability	-	3,000,000	-	-	3,000,000
Accrued interest payable	-	348,632	-	-	348,632
Accounts payable and accrued expenses	-	48,933,114	3,178,681	-	52,111,795
Accrued vacation payable	-	6,160,450	-	-	6,160,450
Accrued salaries and wages payable	-	13,453,917	2,603,480	-	16,057,397
Current portion of liabilities to third-party payors	-	23,390,169	-	-	23,390,169
Current portion of estimated self-insurance costs	-	5,871,996	-	-	5,871,996
Current portion of accrued postretirement liability	-	564,039	-	-	564,039
Due to affiliates	-	178,810	-	(178,810)	-
Total current liabilities	-	107,251,127	5,782,161	(178,810)	112,854,478
<b>Noncurrent liabilities:</b>					
Long-term obligations, net	-	72,638,779	-	-	72,638,779
Pension settlement liability	-	23,257,644	-	-	23,257,644
Third-party payors, net	-	5,070,723	167,288	-	5,238,011
Estimated self-insurance cost, net	-	15,497,687	-	-	15,497,687
Asset retirement obligation	-	3,067,566	-	-	3,067,566
Accrued postretirement liability, net	-	6,726,799	-	-	6,726,799
Other liabilities	-	253,805	135,090	-	388,895
Total liabilities	-	233,764,130	6,084,539	(178,810)	239,669,859
<b>Net assets:</b>					
Without donor restrictions	1,926,504	30,187,962	161,933	-	32,276,399
With donor restrictions	-	37,691,464	-	-	37,691,464
Total net assets	1,926,504	67,879,426	161,933	-	69,967,863
Total liabilities and net assets	\$ 1,926,504	\$ 301,643,556	\$ 6,246,472	\$ (178,810)	\$ 309,637,722

**CROUSE HEALTH SYSTEM, INC. AND AFFILIATES**  
**CONSOLIDATING STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS**  
For the Year Ended December 31, 2021

	CHS	Crouse Hospital	PLLC	Eliminations	2021 Consolidated
<b>Operating revenues:</b>					
Net patient service revenue	\$ -	\$ 438,319,508	\$ 36,293,655	\$ -	\$ 474,613,163
Other operating revenue	-	29,701,409	3,192,644	(562,865)	32,331,188
<b>Total operating revenues</b>	-	468,020,917	39,486,299	(562,865)	506,944,351
<b>Operating expenses:</b>					
Salaries and wages	-	204,594,376	36,747,807	-	241,342,183
Employee benefits	-	50,734,902	6,167,342	-	56,902,244
Professional and physician fees	-	19,207,501	376,107	-	19,583,608
Medical supplies and pharmaceuticals	-	90,179,567	1,871,459	-	92,051,026
Purchased services	-	31,467,004	11,231,194	(546,661)	42,151,537
Depreciation	-	18,479,359	308,741	-	18,788,100
Interest expense	-	3,823,842	-	-	3,823,842
Insurance	-	4,947,163	2,085,281	-	7,032,444
Repairs and maintenance	-	8,858,221	513,328	-	9,371,549
Utilities	-	4,317,675	130,647	-	4,448,322
Other expenses	250	36,832,123	5,914,976	(16,204)	42,731,145
Cash receipts assessment tax	-	2,124,145	-	-	2,124,145
<b>Total operating expenses</b>	250	475,565,878	65,346,882	(562,865)	540,350,145
<b>Loss from operations</b>	(250)	(7,544,961)	(25,860,583)	-	(33,405,794)
<b>Nonoperating revenues (expenses):</b>					
Net gain from equity investments	-	48,391	-	-	48,391
Other components of net periodic pension cost	-	3,400,453	-	-	3,400,453
Gain (loss) on sale long-lived assets	(351,546)	28,642,719	-	-	28,291,173
Pension Settlement	-	80,611,723	-	-	80,611,723
Other income	-	72,000	-	-	72,000
<b>Total nonoperating revenues (expenses), net</b>	(351,546)	112,775,286	-	-	112,423,740
<b>Excess (deficiency) of revenues over expenses</b>	(351,796)	105,230,325	(25,860,583)	-	79,017,946
Contributions for property acquisitions	-	6,303,060	-	-	6,303,060
Equity transfer	-	(25,576,117)	25,576,117	-	-
Pension and postretirement changes other than net periodic costs	-	(265,391)	-	-	(265,391)
Other	-	5,439,689	-	-	5,439,689
<b>Increase (decrease) in net assets without donor restrictions</b>	(351,796)	91,131,566	(284,466)	-	90,495,304
<b>Net assets with donor restrictions:</b>					
Increase in interest in net assets of Crouse Health Foundation, Inc.	-	3,457,012	-	-	3,457,012
Change in funds held in trust for others	-	116,431	-	-	116,431
<b>Increase in net assets with donor restrictions</b>	-	3,573,443	-	-	3,573,443
<b>Increase (decrease) in net assets</b>	(351,796)	94,705,009	(284,466)	-	94,068,747
<b>Net assets (deficit) - beginning of year</b>	2,278,300	(26,825,583)	446,399	-	(24,100,884)
<b>Net assets - end of year</b>	\$ 1,926,504	\$ 67,879,426	\$ 161,933	\$ -	\$ 69,967,863

**CROUSE HEALTH SYSTEM, INC. AND AFFILIATES**  
**DISCLOSURE OF CHARITY CARE (UNAUDITED)**  
**December 31, 2022 and 2021**

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**Charity Care**

Of the System's total expenses reported, an estimated \$2,127,680 and \$1,428,730 arose during the years ended December 31, 2022 and 2021, respectively, from providing services to charity patients. The estimated costs of providing charity services are based on a calculation which applies a ratio of costs to charges to the gross uncompensated charges associated with providing care to charity patients. The ratio of cost to charges is calculated based on the Hospital's total expenses (less provision for uncollectible accounts) divided by gross patient service revenue.





**Full Environmental Assessment Form**  
**Part 1 - Project and Setting**

**Instructions for Completing Part 1**

**Part 1 is to be completed by the applicant or project sponsor.** Responses become part of the application for approval or funding, are subject to public review, and may be subject to further verification.

Complete Part 1 based on information currently available. If additional research or investigation would be needed to fully respond to any item, please answer as thoroughly as possible based on current information; indicate whether missing information does not exist, or is not reasonably available to the sponsor; and, when possible, generally describe work or studies which would be necessary to update or fully develop that information.

Applicants/sponsors must complete all items in Sections A & B. In Sections C, D & E, most items contain an initial question that must be answered either "Yes" or "No". If the answer to the initial question is "Yes", complete the sub-questions that follow. If the answer to the initial question is "No", proceed to the next question. Section F allows the project sponsor to identify and attach any additional information. Section G requires the name and signature of the applicant or project sponsor to verify that the information contained in Part 1 is accurate and complete.

**A. Project and Applicant/Sponsor Information.**

Name of Action or Project: Crouse Health Hospital, Inc.		
Project Location (describe, and attach a general location map): 722-48 Irving Ave and 722-48 Irving Ave Rear, tax map nos. 49.-16-7.1 & 12.1		
Brief Description of Proposed Action (include purpose or need): Refinancing of outstanding indebtedness. (No new money construction/renovation)		
Name of Applicant/Sponsor: Crouse Health Hospital, Inc.		Telephone: 315-470-7589
		E-Mail: Kevin Randall <KevinRandall@crouse.org>
Address: 736 Irving Ave.		
City/PO: Syracuse	State: NY	Zip Code: 13210
Project Contact (if not same as sponsor; give name and title/role):		Telephone:
		E-Mail:
Address:		
City/PO:	State:	Zip Code:
Property Owner (if not same as sponsor):		Telephone:
		E-Mail:
Address:		
City/PO:	State:	Zip Code:

## B. Government Approvals

### B. Government Approvals, Funding, or Sponsorship. ("Funding" includes grants, loans, tax relief, and any other forms of financial assistance.)

Government Entity	If Yes: Identify Agency and Approval(s) Required	Application Date (Actual or projected)
a. City Council, Town Board, <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No or Village Board of Trustees		
b. City, Town or Village <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Planning Board or Commission		
c. City, Town or <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Village Zoning Board of Appeals		
d. Other local agencies <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
e. County agencies <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Onondaga Civic Development Corporation	July, 2023
f. Regional agencies <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
g. State agencies <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
h. Federal agencies <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
i. Coastal Resources.		
i. Is the project site within a Coastal Area, or the waterfront area of a Designated Inland Waterway?		<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
ii. Is the project site located in a community with an approved Local Waterfront Revitalization Program?		<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
iii. Is the project site within a Coastal Erosion Hazard Area?		<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

## C. Planning and Zoning

### C.1. Planning and zoning actions.

Will administrative or legislative adoption, or amendment of a plan, local law, ordinance, rule or regulation be the only approval(s) which must be granted to enable the proposed action to proceed? ☐ Yes ☒ No

- If Yes, complete sections C, F and G.
- If No, proceed to question C.2 and complete all remaining sections and questions in Part 1

### C.2. Adopted land use plans.

a. Do any municipally- adopted (city, town, village or county) comprehensive land use plan(s) include the site where the proposed action would be located? ☐ Yes ☒ No

If Yes, does the comprehensive plan include specific recommendations for the site where the proposed action would be located? ☐ Yes ☐ No

b. Is the site of the proposed action within any local or regional special planning district (for example: Greenway; Brownfield Opportunity Area (BOA); designated State or Federal heritage area; watershed management plan; or other?) ☐ Yes ☒ No

If Yes, identify the plan(s):

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

c. Is the proposed action located wholly or partially within an area listed in an adopted municipal open space plan, or an adopted municipal farmland protection plan? ☐ Yes ☒ No

If Yes, identify the plan(s):

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

<b>C.3. Zoning</b>	
a. Is the site of the proposed action located in a municipality with an adopted zoning law or ordinance. If Yes, what is the zoning classification(s) including any applicable overlay district?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Commercial	
b. Is the use permitted or allowed by a special or conditional use permit?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
c. Is a zoning change requested as part of the proposed action?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
If Yes,	
i. What is the proposed new zoning for the site?	
<b>C.4. Existing community services.</b>	
a. In what school district is the project site located?	Syracuse City School District
b. What police or other public protection forces serve the project site?	Syracuse PD
c. Which fire protection and emergency medical services serve the project site?	Syracuse FD
d. What parks serve the project site?	N/A

#### D. Project Details

### D.1. Proposed and Potential Development

a. What is the general nature of the proposed action (e.g., residential, industrial, commercial, recreational; if mixed, include all components)? Refinancing of outstanding indebtedness

b. a. Total acreage of the site of the proposed action?	N/A acres
b. Total acreage to be physically disturbed?	N/A acres
c. Total acreage (project site and any contiguous properties) owned or controlled by the applicant or project sponsor?	N/A acres

c. Is the proposed action an expansion of an existing project or use? ☐ Yes ☒ No

i. If Yes, what is the approximate percentage of the proposed expansion and identify the units (e.g., acres, miles, housing units, square feet)? % \_\_\_\_\_ Units: \_\_\_\_\_

d. Is the proposed action a subdivision, or does it include a subdivision? ☐ Yes ☒ No  
If Yes,

i. Purpose or type of subdivision? (e.g., residential, industrial, commercial; if mixed, specify types)

ii. Is a cluster/conservation layout proposed? ☐ Yes ☒ No

iii. Number of lots proposed? \_\_\_\_\_

iv. Minimum and maximum proposed lot sizes? Minimum \_\_\_\_\_ Maximum \_\_\_\_\_

e. Will the proposed action be constructed in multiple phases? ☐ Yes ☒ No  
i. If No, anticipated period of construction: N/A months

ii. If Yes: \_\_\_\_\_ months

- Total number of phases anticipated

- Total number of phases anticipated \_\_\_\_\_
- Anticipated commencement date of phase 1 (including demolition) \_\_\_\_\_ month \_\_\_\_\_ year
- Anticipated completion date of final phase \_\_\_\_\_ month \_\_\_\_\_ year

- Generally describe connections or relationships among phases, including any contingencies where progress of one phase may determine timing or duration of future phases: \_\_\_\_\_

f. Does the project include new residential uses?

☐ Yes ☒ No

If Yes, show numbers of units proposed.

One Family

Two Family

Three Family

Multiple Family (four or more)

Initial Phase

At completion

of all phases

g. Does the proposed action include new non-residential construction (including expansions)?

☐ Yes ☒ No

If Yes,

i. Total number of structures \_\_\_\_\_

ii. Dimensions (in feet) of largest proposed structure: \_\_\_\_\_ height; \_\_\_\_\_ width; and \_\_\_\_\_ length

iii. Approximate extent of building space to be heated or cooled: \_\_\_\_\_ square feet

h. Does the proposed action include construction or other activities that will result in the impoundment of any liquids, such as creation of a water supply, reservoir, pond, lake, waste lagoon or other storage?

☐ Yes ☒ No

If Yes,

i. Purpose of the impoundment: \_\_\_\_\_

ii. If a water impoundment, the principal source of the water: ☐ Ground water ☐ Surface water streams ☐ Other specify: \_\_\_\_\_

iii. If other than water, identify the type of impounded/contained liquids and their source. \_\_\_\_\_

iv. Approximate size of the proposed impoundment. Volume: \_\_\_\_\_ million gallons; surface area: \_\_\_\_\_ acres

v. Dimensions of the proposed dam or impounding structure: \_\_\_\_\_ height; \_\_\_\_\_ length

vi. Construction method/materials for the proposed dam or impounding structure (e.g., earth fill, rock, wood, concrete): \_\_\_\_\_

## D.2. Project Operations

a. Does the proposed action include any excavation, mining, or dredging, during construction, operations, or both? ☐ Yes ☒ No  
(Not including general site preparation, grading or installation of utilities or foundations where all excavated materials will remain onsite)

If Yes:

i. What is the purpose of the excavation or dredging? \_\_\_\_\_

ii. How much material (including rock, earth, sediments, etc.) is proposed to be removed from the site?

• Volume (specify tons or cubic yards): \_\_\_\_\_

• Over what duration of time? \_\_\_\_\_

iii. Describe nature and characteristics of materials to be excavated or dredged, and plans to use, manage or dispose of them. \_\_\_\_\_

iv. Will there be onsite dewatering or processing of excavated materials? ☐ Yes ☐ No

If yes, describe. \_\_\_\_\_

v. What is the total area to be dredged or excavated? \_\_\_\_\_ acres

vi. What is the maximum area to be worked at any one time? \_\_\_\_\_ acres

vii. What would be the maximum depth of excavation or dredging? \_\_\_\_\_ feet

viii. Will the excavation require blasting? ☐ Yes ☐ No

ix. Summarize site reclamation goals and plan: \_\_\_\_\_

b. Would the proposed action cause or result in alteration of, increase or decrease in size of, or encroachment into any existing wetland, waterbody, shoreline, beach or adjacent area? ☐ Yes ☒ No

If Yes:

i. Identify the wetland or waterbody which would be affected (by name, water index number, wetland map number or geographic description): \_\_\_\_\_

ii. Describe how the proposed action would affect that waterbody or wetland, e.g. excavation, fill, placement of structures, or alteration of channels, banks and shorelines. Indicate extent of activities, alterations and additions in square feet or acres:

iii. Will the proposed action cause or result in disturbance to bottom sediments?

☐ Yes ☐ No

If Yes, describe:

iv. Will the proposed action cause or result in the destruction or removal of aquatic vegetation?

☐ Yes ☐ No

If Yes:

- acres of aquatic vegetation proposed to be removed: \_\_\_\_\_
- expected acreage of aquatic vegetation remaining after project completion: \_\_\_\_\_
- purpose of proposed removal (e.g. beach clearing, invasive species control, boat access): \_\_\_\_\_
- proposed method of plant removal: \_\_\_\_\_
- if chemical/herbicide treatment will be used, specify product(s): \_\_\_\_\_

v. Describe any proposed reclamation/mitigation following disturbance: \_\_\_\_\_

c. Will the proposed action use, or create a new demand for water?

☐ Yes ☒ No

If Yes:

i. Total anticipated water usage/demand per day: \_\_\_\_\_ gallons/day

ii. Will the proposed action obtain water from an existing public water supply?

☐ Yes ☐ No

If Yes:

- Name of district or service area: \_\_\_\_\_
- Does the existing public water supply have capacity to serve the proposal? ☐ Yes ☐ No
- Is the project site in the existing district? ☐ Yes ☐ No
- Is expansion of the district needed? ☐ Yes ☐ No
- Do existing lines serve the project site? ☐ Yes ☐ No

iii. Will line extension within an existing district be necessary to supply the project?

☐ Yes ☐ No

If Yes:

- Describe extensions or capacity expansions proposed to serve this project: \_\_\_\_\_
- Source(s) of supply for the district: \_\_\_\_\_

iv. Is a new water supply district or service area proposed to be formed to serve the project site?

☐ Yes ☐ No

If Yes:

- Applicant/sponsor for new district: \_\_\_\_\_
- Date application submitted or anticipated: \_\_\_\_\_
- Proposed source(s) of supply for new district: \_\_\_\_\_

v. If a public water supply will not be used, describe plans to provide water supply for the project: \_\_\_\_\_

vi. If water supply will be from wells (public or private), what is the maximum pumping capacity: \_\_\_\_\_ gallons/minute.

d. Will the proposed action generate liquid wastes?

☐ Yes ☒ No

If Yes:

i. Total anticipated liquid waste generation per day: \_\_\_\_\_ gallons/day

ii. Nature of liquid wastes to be generated (e.g., sanitary wastewater, industrial; if combination, describe all components and approximate volumes or proportions of each): \_\_\_\_\_

iii. Will the proposed action use any existing public wastewater treatment facilities?

☐ Yes ☐ No

If Yes:

- Name of wastewater treatment plant to be used: \_\_\_\_\_
- Name of district: \_\_\_\_\_
- Does the existing wastewater treatment plant have capacity to serve the project? ☐ Yes ☐ No
- Is the project site in the existing district? ☐ Yes ☐ No
- Is expansion of the district needed? ☐ Yes ☐ No

- Do existing sewer lines serve the project site? ☐ Yes ☐ No
- Will a line extension within an existing district be necessary to serve the project? ☐ Yes ☐ No

If Yes:

- Describe extensions or capacity expansions proposed to serve this project: \_\_\_\_\_

- iv. Will a new wastewater (sewage) treatment district be formed to serve the project site? ☐ Yes ☐ No

If Yes:

- Applicant/sponsor for new district: \_\_\_\_\_
- Date application submitted or anticipated: \_\_\_\_\_
- What is the receiving water for the wastewater discharge? \_\_\_\_\_

- v. If public facilities will not be used, describe plans to provide wastewater treatment for the project, including specifying proposed receiving water (name and classification if surface discharge or describe subsurface disposal plans):

- vi. Describe any plans or designs to capture, recycle or reuse liquid waste: \_\_\_\_\_

- e. Will the proposed action disturb more than one acre and create stormwater runoff, either from new point sources (i.e. ditches, pipes, swales, curbs, gutters or other concentrated flows of stormwater) or non-point source (i.e. sheet flow) during construction or post construction? ☐ Yes ☒ No

If Yes:

- i. How much impervious surface will the project create in relation to total size of project parcel?

\_\_\_\_\_ Square feet or \_\_\_\_\_ acres (impervious surface)

\_\_\_\_\_ Square feet or \_\_\_\_\_ acres (parcel size)

- ii. Describe types of new point sources. \_\_\_\_\_

- iii. Where will the stormwater runoff be directed (i.e. on-site stormwater management facility/structures, adjacent properties, groundwater, on-site surface water or off-site surface waters)?

- If to surface waters, identify receiving water bodies or wetlands: \_\_\_\_\_

- Will stormwater runoff flow to adjacent properties? ☐ Yes ☐ No

- iv. Does the proposed plan minimize impervious surfaces, use pervious materials or collect and re-use stormwater? ☐ Yes ☐ No

- f. Does the proposed action include, or will it use on-site, one or more sources of air emissions, including fuel combustion, waste incineration, or other processes or operations? ☐ Yes ☒ No

If Yes, identify:

- i. Mobile sources during project operations (e.g., heavy equipment, fleet or delivery vehicles)

- ii. Stationary sources during construction (e.g., power generation, structural heating, batch plant, crushers)

- iii. Stationary sources during operations (e.g., process emissions, large boilers, electric generation)

- g. Will any air emission sources named in D.2.f (above), require a NY State Air Registration, Air Facility Permit, or Federal Clean Air Act Title IV or Title V Permit? ☐ Yes ☒ No

If Yes:

- i. Is the project site located in an Air quality non-attainment area? (Area routinely or periodically fails to meet ambient air quality standards for all or some parts of the year) ☐ Yes ☐ No

- ii. In addition to emissions as calculated in the application, the project will generate:

- \_\_\_\_\_ Tons/year (short tons) of Carbon Dioxide (CO<sub>2</sub>)
- \_\_\_\_\_ Tons/year (short tons) of Nitrous Oxide (N<sub>2</sub>O)
- \_\_\_\_\_ Tons/year (short tons) of Perfluorocarbons (PFCs)
- \_\_\_\_\_ Tons/year (short tons) of Sulfur Hexafluoride (SF<sub>6</sub>)
- \_\_\_\_\_ Tons/year (short tons) of Carbon Dioxide equivalent of Hydrofluorocarbons (HFCs)
- \_\_\_\_\_ Tons/year (short tons) of Hazardous Air Pollutants (HAPs)

h. Will the proposed action generate or emit methane (including, but not limited to, sewage treatment plants, landfills, composting facilities)? ☐ Yes ☒ No

If Yes:

i. Estimate methane generation in tons/year (metric): \_\_\_\_\_

ii. Describe any methane capture, control or elimination measures included in project design (e.g., combustion to generate heat or electricity, flaring): \_\_\_\_\_

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i. Will the proposed action result in the release of air pollutants from open-air operations or processes, such as quarry or landfill operations? ☐ Yes ☒ No

If Yes: Describe operations and nature of emissions (e.g., diesel exhaust, rock particulates/dust): \_\_\_\_\_

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j. Will the proposed action result in a substantial increase in traffic above present levels or generate substantial new demand for transportation facilities or services? ☐ Yes ☒ No

If Yes:

i. When is the peak traffic expected (Check all that apply): ☐ Morning ☐ Evening ☐ Weekend  
☐ Randomly between hours of \_\_\_\_\_ to \_\_\_\_\_.

ii. For commercial activities only, projected number of truck trips/day and type (e.g., semi trailers and dump trucks): \_\_\_\_\_

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iii. Parking spaces: Existing \_\_\_\_\_ Proposed \_\_\_\_\_ Net increase/decrease \_\_\_\_\_

iv. Does the proposed action include any shared use parking? ☐ Yes ☐ No

v. If the proposed action includes any modification of existing roads, creation of new roads or change in existing access, describe: \_\_\_\_\_

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vi. Are public/private transportation service(s) or facilities available within 1/2 mile of the proposed site? ☐ Yes ☐ No

vii. Will the proposed action include access to public transportation or accommodations for use of hybrid, electric or other alternative fueled vehicles? ☐ Yes ☐ No

viii. Will the proposed action include plans for pedestrian or bicycle accommodations for connections to existing pedestrian or bicycle routes? ☐ Yes ☐ No

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k. Will the proposed action (for commercial or industrial projects only) generate new or additional demand for energy? ☐ Yes ☒ No

If Yes:

i. Estimate annual electricity demand during operation of the proposed action: \_\_\_\_\_

ii. Anticipated sources/suppliers of electricity for the project (e.g., on-site combustion, on-site renewable, via grid/local utility, or other): \_\_\_\_\_

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iii. Will the proposed action require a new, or an upgrade, to an existing substation? ☐ Yes ☐ No

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l. Hours of operation. Answer all items which apply.

i. During Construction:

- Monday - Friday: \_\_\_\_\_ N/A
- Saturday: \_\_\_\_\_
- Sunday: \_\_\_\_\_
- Holidays: \_\_\_\_\_

ii. During Operations:

- Monday - Friday: \_\_\_\_\_ N/A
- Saturday: \_\_\_\_\_
- Sunday: \_\_\_\_\_
- Holidays: \_\_\_\_\_

<p>m. Will the proposed action produce noise that will exceed existing ambient noise levels during construction, operation, or both? <span style="float: right;"><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</span></p> <p>If yes:</p> <p>i. Provide details including sources, time of day and duration:</p> <p>_____</p>	
<p>ii. Will the proposed action remove existing natural barriers that could act as a noise barrier or screen? <span style="float: right;"><input type="checkbox"/> Yes <input type="checkbox"/> No</span></p> <p>Describe: _____</p>	
<p>n. Will the proposed action have outdoor lighting? <span style="float: right;"><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</span></p> <p>If yes:</p> <p>i. Describe source(s), location(s), height of fixture(s), direction/aim, and proximity to nearest occupied structures:</p> <p>_____</p>	
<p>ii. Will proposed action remove existing natural barriers that could act as a light barrier or screen? <span style="float: right;"><input type="checkbox"/> Yes <input type="checkbox"/> No</span></p> <p>Describe: _____</p>	
<p>o. Does the proposed action have the potential to produce odors for more than one hour per day? <span style="float: right;"><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</span></p> <p>If Yes, describe possible sources, potential frequency and duration of odor emissions, and proximity to nearest occupied structures:</p> <p>_____</p>	
<p>p. Will the proposed action include any bulk storage of petroleum (combined capacity of over 1,100 gallons) or chemical products 185 gallons in above ground storage or any amount in underground storage? <span style="float: right;"><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</span></p> <p>If Yes:</p> <p>i. Product(s) to be stored _____</p> <p>ii. Volume(s) _____ per unit time _____ (e.g., month, year)</p> <p>iii. Generally, describe the proposed storage facilities: _____</p>	
<p>q. Will the proposed action (commercial, industrial and recreational projects only) use pesticides (i.e., herbicides, insecticides) during construction or operation? <span style="float: right;"><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</span></p> <p>If Yes:</p> <p>i. Describe proposed treatment(s):</p> <p>_____</p>	
<p>ii. Will the proposed action use Integrated Pest Management Practices? <span style="float: right;"><input type="checkbox"/> Yes <input type="checkbox"/> No</span></p>	
<p>r. Will the proposed action (commercial or industrial projects only) involve or require the management or disposal of solid waste (excluding hazardous materials)? <span style="float: right;"><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</span></p> <p>If Yes:</p> <p>i. Describe any solid waste(s) to be generated during construction or operation of the facility:</p> <ul style="list-style-type: none"> <li>• Construction: _____ tons per _____ (unit of time)</li> <li>• Operation : _____ tons per _____ (unit of time)</li> </ul> <p>ii. Describe any proposals for on-site minimization, recycling or reuse of materials to avoid disposal as solid waste:</p> <ul style="list-style-type: none"> <li>• Construction: _____</li> <li>• Operation: _____</li> </ul> <p>iii. Proposed disposal methods/facilities for solid waste generated on-site:</p> <ul style="list-style-type: none"> <li>• Construction: _____</li> <li>• Operation: _____</li> </ul>	



s. Does the proposed action include construction or modification of a solid waste management facility? ☐ Yes ☒ No

If Yes:

i. Type of management or handling of waste proposed for the site (e.g., recycling or transfer station, composting, landfill, or other disposal activities): \_\_\_\_\_

ii. Anticipated rate of disposal/processing:

- \_\_\_\_\_ Tons/month, if transfer or other non-combustion/thermal treatment, or
- \_\_\_\_\_ Tons/hour, if combustion or thermal treatment

iii. If landfill, anticipated site life: \_\_\_\_\_ years

t. Will the proposed action at the site involve the commercial generation, treatment, storage, or disposal of hazardous waste? ☐ Yes ☒ No

If Yes:

i. Name(s) of all hazardous wastes or constituents to be generated, handled or managed at facility: \_\_\_\_\_

ii. Generally describe processes or activities involving hazardous wastes or constituents: \_\_\_\_\_

iii. Specify amount to be handled or generated \_\_\_\_\_ tons/month

iv. Describe any proposals for on-site minimization, recycling or reuse of hazardous constituents: \_\_\_\_\_

v. Will any hazardous wastes be disposed at an existing offsite hazardous waste facility? ☐ Yes ☐ No

If Yes: provide name and location of facility: \_\_\_\_\_

If No: describe proposed management of any hazardous wastes which will not be sent to a hazardous waste facility: \_\_\_\_\_

#### E. Site and Setting of Proposed Action

**E.1. Land uses on and surrounding the project site**

a. Existing land uses.

i. Check all uses that occur on, adjoining and near the project site.

☒ Urban ☐ Industrial ☒ Commercial ☒ Residential (suburban) ☐ Rural (non-farm)

☐ Forest ☐ Agriculture ☐ Aquatic ☐ Other (specify): \_\_\_\_\_

ii. If mix of uses, generally describe: \_\_\_\_\_

b. Land uses and covertypes on the project site.

Land use or Covertypes	Current Acreage	Acreage After Project Completion	Change (Acres +/-)
• Roads, buildings, and other paved or impervious surfaces			N/A
• Forested			N/A
• Meadows, grasslands or brushlands (non-agricultural, including abandoned agricultural)			N/A
• Agricultural (includes active orchards, field, greenhouse etc.)			N/A
• Surface water features (lakes, ponds, streams, rivers, etc.)			N/A
• Wetlands (freshwater or tidal)			N/A
• Non-vegetated (bare rock, earth or fill)			N/A
• Other Describe: _____			N/A

c. Is the project site presently used by members of the community for public recreation? ☐ Yes ☒ No  
i. If Yes: explain: \_\_\_\_\_

d. Are there any facilities serving children, the elderly, people with disabilities (e.g., schools, hospitals, licensed day care centers, or group homes) within 1500 feet of the project site? ☒ Yes ☐ No  
If Yes,  
i. Identify Facilities:  
Applicant facility is a Hospital and other Hospitals are located adjacent to the facility  
\_\_\_\_\_

e. Does the project site contain an existing dam? ☐ Yes ☒ No  
If Yes:  
i. Dimensions of the dam and impoundment:  
• Dam height: \_\_\_\_\_ feet  
• Dam length: \_\_\_\_\_ feet  
• Surface area: \_\_\_\_\_ acres  
• Volume impounded: \_\_\_\_\_ gallons OR acre-feet  
ii. Dam's existing hazard classification: \_\_\_\_\_  
iii. Provide date and summarize results of last inspection: \_\_\_\_\_  
\_\_\_\_\_

f. Has the project site ever been used as a municipal, commercial or industrial solid waste management facility, or does the project site adjoin property which is now, or was at one time, used as a solid waste management facility? ☐ Yes ☒ No  
If Yes:  
i. Has the facility been formally closed? ☐ Yes ☐ No  
• If yes, cite sources/documentation: \_\_\_\_\_  
ii. Describe the location of the project site relative to the boundaries of the solid waste management facility: \_\_\_\_\_  
\_\_\_\_\_  
iii. Describe any development constraints due to the prior solid waste activities: \_\_\_\_\_  
\_\_\_\_\_

g. Have hazardous wastes been generated, treated and/or disposed of at the site, or does the project site adjoin property which is now or was at one time used to commercially treat, store and/or dispose of hazardous waste? ☐ Yes ☒ No  
If Yes:  
i. Describe waste(s) handled and waste management activities, including approximate time when activities occurred: \_\_\_\_\_  
\_\_\_\_\_

h. Potential contamination history. Has there been a reported spill at the proposed project site, or have any remedial actions been conducted at or adjacent to the proposed site? ☐ Yes ☒ No  
If Yes:  
i. Is any portion of the site listed on the NYSDEC Spills Incidents database or Environmental Site Remediation database? Check all that apply: ☐ Yes ☐ No  
☐ Yes – Spills Incidents database Provide DEC ID number(s): \_\_\_\_\_  
☐ Yes – Environmental Site Remediation database Provide DEC ID number(s): \_\_\_\_\_  
☐ Neither database  
ii. If site has been subject of RCRA corrective activities, describe control measures: \_\_\_\_\_  
\_\_\_\_\_  
iii. Is the project within 2000 feet of any site in the NYSDEC Environmental Site Remediation database? ☐ Yes ☐ No  
If yes, provide DEC ID number(s): \_\_\_\_\_  
iv. If yes to (i), (ii) or (iii) above, describe current status of site(s): \_\_\_\_\_  
\_\_\_\_\_

v. Is the project site subject to an institutional control limiting property uses? <span style="float: right;"><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</span>	
<ul style="list-style-type: none"> <li>• If yes, DEC site ID number: _____</li> <li>• Describe the type of institutional control (e.g., deed restriction or easement): _____</li> <li>• Describe any use limitations: _____</li> <li>• Describe any engineering controls: _____</li> <li>• Will the project affect the institutional or engineering controls in place? <span style="float: right;"><input type="checkbox"/> Yes <input type="checkbox"/> No</span></li> <li>• Explain: _____</li> </ul>	
<b>E.2. Natural Resources On or Near Project Site</b>	
a. What is the average depth to bedrock on the project site? _____ N/A feet	
b. Are there bedrock outcroppings on the project site? <span style="float: right;"><input type="checkbox"/> Yes <input type="checkbox"/> No</span>	
If Yes, what proportion of the site is comprised of bedrock outcroppings? _____ N/A %	
c. Predominant soil type(s) present on project site: _____ %	
_____ %	
_____ %	
d. What is the average depth to the water table on the project site? Average: _____ N/A feet	
e. Drainage status of project site soils: <input type="checkbox"/> Well Drained: _____ N/A % of site	
<input type="checkbox"/> Moderately Well Drained: _____ % of site	
<input type="checkbox"/> Poorly Drained _____ % of site	
f. Approximate proportion of proposed action site with slopes: <input type="checkbox"/> 0-10%: _____ N/A % of site	
<input type="checkbox"/> 10-15%: _____ % of site	
<input type="checkbox"/> 15% or greater: _____ % of site	
g. Are there any unique geologic features on the project site? <span style="float: right;"><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</span>	
If Yes, describe: _____	
h. Surface water features.	
i. Does any portion of the project site contain wetlands or other waterbodies (including streams, rivers, ponds or lakes)? <span style="float: right;"><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</span>	
ii. Do any wetlands or other waterbodies adjoin the project site? <span style="float: right;"><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</span>	
If Yes to either i or ii, continue. If No, skip to E.2.i.	
iii. Are any of the wetlands or waterbodies within or adjoining the project site regulated by any federal, state or local agency? <span style="float: right;"><input type="checkbox"/> Yes <input type="checkbox"/> No</span>	
iv. For each identified regulated wetland and waterbody on the project site, provide the following information:	
• Streams:	Name _____ Classification _____
• Lakes or Ponds:	Name _____ Classification _____
• Wetlands:	Name _____ Approximate Size _____
• Wetland No. (if regulated by DEC)	_____
v. Are any of the above water bodies listed in the most recent compilation of NYS water quality-impaired waterbodies? <span style="float: right;"><input type="checkbox"/> Yes <input type="checkbox"/> No</span>	
If yes, name of impaired water body/bodies and basis for listing as impaired: _____	
i. Is the project site in a designated Floodway? <span style="float: right;"><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</span>	
j. Is the project site in the 100-year Floodplain? <span style="float: right;"><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</span>	
k. Is the project site in the 500-year Floodplain? <span style="float: right;"><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</span>	
l. Is the project site located over, or immediately adjoining, a primary, principal or sole source aquifer? <span style="float: right;"><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</span>	
If Yes:	
i. Name of aquifer: _____	

<p>m. Identify the predominant wildlife species that occupy or use the project site: _____</p> <p>N/A _____</p> <p>_____</p>	
<p>n. Does the project site contain a designated significant natural community? <span style="float: right;"><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</span></p> <p>If Yes:</p> <p>i. Describe the habitat/community (composition, function, and basis for designation): _____</p> <p>ii. Source(s) of description or evaluation: _____</p> <p>iii. Extent of community/habitat: _____</p> <ul style="list-style-type: none"> <li>• Currently: _____ acres</li> <li>• Following completion of project as proposed: _____ acres</li> <li>• Gain or loss (indicate + or -): _____ acres</li> </ul>	
<p>o. Does project site contain any species of plant or animal that is listed by the federal government or NYS as endangered or threatened, or does it contain any areas identified as habitat for an endangered or threatened species? <span style="float: right;"><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</span></p> <p>If Yes:</p> <p>i. Species and listing (endangered or threatened): _____</p> <p>_____</p>	
<p>p. Does the project site contain any species of plant or animal that is listed by NYS as rare, or as a species of special concern? <span style="float: right;"><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</span></p> <p>If Yes:</p> <p>i. Species and listing: _____</p> <p>_____</p>	
<p>q. Is the project site or adjoining area currently used for hunting, trapping, fishing or shell fishing? <span style="float: right;"><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</span></p> <p>If yes, give a brief description of how the proposed action may affect that use: _____</p> <p>_____</p>	
<p><b>E.3. Designated Public Resources On or Near Project Site</b></p>	
<p>a. Is the project site, or any portion of it, located in a designated agricultural district certified pursuant to Agriculture and Markets Law, Article 25-AA, Section 303 and 304? <span style="float: right;"><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</span></p> <p>If Yes, provide county plus district name/number: _____</p>	
<p>b. Are agricultural lands consisting of highly productive soils present? <span style="float: right;"><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</span></p> <p>i. If Yes: acreage(s) on project site? _____</p> <p>ii. Source(s) of soil rating(s): _____</p>	
<p>c. Does the project site contain all or part of, or is it substantially contiguous to, a registered National Natural Landmark? <span style="float: right;"><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</span></p> <p>If Yes:</p> <p>i. Nature of the natural landmark: <input type="checkbox"/> Biological Community <input type="checkbox"/> Geological Feature</p> <p>ii. Provide brief description of landmark, including values behind designation and approximate size/extent: _____</p> <p>_____</p>	
<p>d. Is the project site located in or does it adjoin a state listed Critical Environmental Area? <span style="float: right;"><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</span></p> <p>If Yes:</p> <p>i. CEA name: _____</p> <p>ii. Basis for designation: _____</p> <p>iii. Designating agency and date: _____</p>	

e. Does the project site contain, or is it substantially contiguous to, a building, archaeological site, or district which is listed on the National or State Register of Historic Places, or that has been determined by the Commissioner of the NYS Office of Parks, Recreation and Historic Preservation to be eligible for listing on the State Register of Historic Places? <span style="float: right;"><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</span>	
If Yes: <ul style="list-style-type: none"> <li>i. Nature of historic/archaeological resource: <input type="checkbox"/> Archaeological Site <input type="checkbox"/> Historic Building or District</li> <li>ii. Name: _____</li> <li>iii. Brief description of attributes on which listing is based: _____</li> </ul>	
f. Is the project site, or any portion of it, located in or adjacent to an area designated as sensitive for archaeological sites on the NY State Historic Preservation Office (SHPO) archaeological site inventory? <span style="float: right;"><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</span>	
g. Have additional archaeological or historic site(s) or resources been identified on the project site? <span style="float: right;"><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</span>	
If Yes: <ul style="list-style-type: none"> <li>i. Describe possible resource(s): _____</li> <li>ii. Basis for identification: _____</li> </ul>	
h. Is the project site within five miles of any officially designated and publicly accessible federal, state, or local scenic or aesthetic resource? <span style="float: right;"><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</span>	
If Yes: <ul style="list-style-type: none"> <li>i. Identify resource: _____</li> <li>ii. Nature of, or basis for, designation (e.g., established highway overlook, state or local park, state historic trail or scenic byway, etc.): _____</li> <li>iii. Distance between project and resource: _____ miles.</li> </ul>	
i. Is the project site located within a designated river corridor under the Wild, Scenic and Recreational Rivers Program 6 NYCRR 666? <span style="float: right;"><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</span>	
If Yes: <ul style="list-style-type: none"> <li>i. Identify the name of the river and its designation: _____</li> <li>ii. Is the activity consistent with development restrictions contained in 6NYCRR Part 666? <span style="float: right;"><input type="checkbox"/> Yes <input type="checkbox"/> No</span></li> </ul>	

#### F. Additional Information

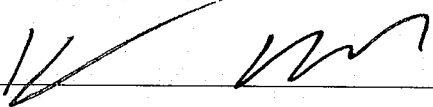
Attach any additional information which may be needed to clarify your project.

If you have identified any adverse impacts which could be associated with your proposal, please describe those impacts plus any measures which you propose to avoid or minimize them.

#### G. Verification

I certify that the information provided is true to the best of my knowledge.

Applicant/Sponsor Name Kevin Randall Date June 12, 2023

Signature  Title Chief Financial Officer

**PRINT FORM**



Address any reply to:

34 W. Mohawk St., Buffalo, N.Y. 14202

# US Treasury Department

District Director

Internal Revenue Service

Date:

November 18, 1969

In reply refer to:

AU:F:11:FCW

BUF-EO-69-292



Grouse-Irving Memorial Hospital, Inc.  
(Formerly Syracuse Memorial Hospital, Inc.)  
820 So. Grouse Ave.  
Syracuse, N.Y. 13210

Gentlemen:

Purpose: Charitable  
Address Inquiries and File Returns with District  
Director of Internal Revenue: Buffalo, N.Y.

Form 990-A Required: ☒ Yes ☐ No  
Accounting Period Ending: December 31

On the basis of your stated purposes and the understanding that your operations will continue as evidenced to date or will conform to those proposed in your ruling application, we have concluded that you are exempt from Federal income tax as an organization described in section 501(c)(3) of the Internal Revenue Code. Any changes in operation from those described, or in your character or purposes, must be reported immediately to your District Director for consideration of their effect upon your exempt status. You must also report any change in your name or address.

You are not required to file Federal income tax returns so long as you retain an exempt status, unless you are subject to the tax on unrelated business income imposed by section 511 of the Code, in which event you are required to file Form 990-T. Our determination as to your liability for filing the annual information return, Form 990-A, is set forth above. That return, if required, must be filed on or before the 15th day of the fifth month after the close of your annual accounting period indicated above.

Contributions made to you are deductible by donors as provided in section 170 of the Code. Bequests, legacies, devises, transfers or gifts to or for your use are deductible for Federal estate and gift tax purposes under the provisions of section 2055, 2106 and 2522 of the Code.

You are not liable for the taxes imposed under the Federal Insurance Contributions Act (social security taxes) unless you file a waiver of exemption certificate as provided in such act. You are not liable for the tax imposed under the Federal Unemployment Tax Act. Inquiries about the waiver of exemption certificate for social security taxes should be addressed to this office, as should any questions concerning excise, employment or other Federal taxes.

This is a determination letter.

Very truly yours,

John E. Foley

District Director

State of New York - Department of Taxation and Finance - Sales Tax Bureau  
New York State and Local Sales and Use Tax

## EXEMPT ORGANIZATION CERTIFICATION

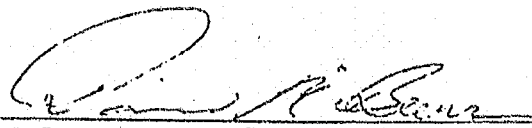
VENDOR		EXEMPT ORGANIZATION	
	NAME	CROUSE-IRVING MEMORIAL HOSP., INC.	
	AND	736 IRVING AVENUE	
	ADDRESS	SYRACUSE, NEW YORK 13210	

THIS CERTIFICATION IS ACCEPTABLE IF  
THE PURCHASER HAS ENTERED ALL IN-  
FORMATION REQUIRED.

CERTIFICATE NUMBER

EX- 123688

THE UNDERSIGNED HEREBY CERTIFIES THAT THE ORGANIZATION NAMED ABOVE HAS RECEIVED AN EXEMPT ORGANIZATION CERTIFICATE AND IS EXEMPT FROM STATE AND LOCAL TAXES ON ALL ITS PURCHASES.

  
SIGNATURE OF OFFICER D. M. Beers

Executive Vice-President  
TITLE

April 8, 1971  
DATE

## INSTRUCTIONS FOR USE OF CERTIFICATION

An Exempt Organization Certification (ST-119.1) must be presented to your vendor at the time the original purchase is made. For subsequent purchases from the same vendor, the exempt organization's name, address and certificate number on the sales slip or billing invoice are sufficient.

Exempt Organization Certifications should be retained by vendors for at least three years after the last date property or services were sold to the organization tax-free. The certification shall be considered part of any order given to the vendor and shall remain in force until revoked.

A supply of ST-119.1 may be obtained at any State District Tax Office or from the main office of the Sales Tax Bureau, State Campus, Albany, New York 12226. Private reproduction of ST-119.1 may be made without prior permission from the Sales Tax Bureau.





# Onondaga Civic Development Corporation

335 Montgomery Street, Floor 2M

Syracuse, NY 13202

Phone: 315-435-3770

Fax: 315-435-3669

c/o Onondaga County  
Department of Economic Development

*Financing Application*

## Onondaga Civic Development Corporation Financing Application

### INSTRUCTIONS

1. Fill in all blanks, using “none”, “not applicable” or “N/A” where the question is not appropriate to the Project, which is the subject of this Application (the “Project”). If you have any questions about this application, please call the Onondaga Civic Development Corporation (OCDC), c/o Onondaga County Department of Economic Development at (315) 435-3770.
2. If an estimate is given as the answer to a question, put “(est.)” after the figure or answer, which is estimated.
3. If more space is needed to answer any specific question, attach a separate sheet.
4. When completed, return this application by mail or fax to OCDC at the address indicated on the cover page of this Application. A signed application may also be submitted electronically in PDF format to Nancy Lowery (nancylowery@ongov.net), however the application will not be considered by the OCDC until the application fee has been received.
5. The OCDC will not give final approval for this Application until OCDC receives a completed NYS Full Environmental Assessment Form concerning the Project, which is the subject of this Application. The form is available on [ongov.com](http://ongov.com).
6. Please note that Article 6 of the Public Officers Law declares that all records in the possession of the OCDC (with certain limited exceptions) are open to public inspection and copying. If the Applicant feels that there are elements of the Project which are in the nature of trade secrets which, if disclosed to the public or otherwise widely disseminated, would cause substantial injury to the Applicant's competitive position, this Applicant may identify such elements in writing and request that such elements be kept confidential. In accordance with Article 6 of the Public Officers Law, the OCDC may also redact personal, private, and/or proprietary information from publicly disseminated documents.
7. The Applicant will be required to pay the OCDC Application fee and, if accepted as a project of the OCDC, all administrative fees as stated below, as well as legal fees of the OCDC.
8. A complete application consists of the following:
  - A. The Application
  - B. Attachment II - Preliminary or Existing Plans and Sketches
  - C. Attachment III - Financial Information
  - D. Attachment IV - NYS Full Environmental Assessment Form
  - E. A check payable to the Onondaga Civic Development Corporation in the amount of \$500.00
  - F. Proof of 501(c)(3) status

Please answer all questions by filling in the blanks. Use attachments as necessary.

## I. APPLICANT INFORMATION

Organization Name:					
Mailing Address:					
City:		State:		Zip:	
Phone:		Fax:			
Contact Person:					
Email Address:					
FED ID Number:					

### A. Board Chair, CEO, CFO

Name	Title	Business Address	Phone	Email

### B. Applicant's Counsel

Name:					
Firm:					
Mailing Address:					
City:		State:		Zip:	
Phone:		Fax:			
Email Address:					

### C. Applicant's Accountant

Name:					
Firm:					
Mailing Address:					
City:		State:		Zip:	
Phone:		Fax:			
Email Address:					

### II. Project Information

- A. Describe the proposed acquisitions, construction or reconstruction, including buildings, site improvements and equipment. Also, indicate square feet by usage (e. g., office, classrooms), and type of construction. Attach a copy of preliminary plans or sketches, and/or floor plan of existing facility (Attachment II):

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- B. Location of Project, including city, town or village within which it is located. Attach a map showing location of project (Attachment II):

--

#### C. Utilities on Site:

Water: ☐ Yes ☐ No

Electric: ☐ Yes ☐ No

Gas: ☐ Yes ☐ No

Sanitary/Storm Sewer: ☐ Yes ☐ No

D. Owner of the Project (land, building, improvements and/or personal property):

--

If other than Applicant, by what means will the applicant utilize the facility:

--

E. Zoning of Project Site

Current Zoning

--

Proposed Zoning

--

F. Are any local land use approvals required:

If yes, please describe:

☐

Yes

☐

No

--

G. Principal use of Project upon completion:

--

H. Estimated Project Costs. Give an accurate estimate of the following costs:

Land	
Building Construction	
Site Work	
Legal Fees (other than Company's Attorneys)	
Engineering Fees	
Financial Charges	
Machinery & Equipment	
OCDC Fee	
Other (Specify)	
Estimated Total Cost	

I. Estimated value of Tax Exempt Bonds that Applicant is requesting OCDC issue:

Amount:

J. Project Schedule. Give an estimate of the project completion date:

Completion Date:

K. Organization Financial Information Attachment

1. Copies of two most recent financial statements
2. Copy of most recent Annual Report
3. Strategic Plan

L. Employment and Payroll Information

1. Estimate how many full time equivalent (FTE) jobs will be added as a result of this project:

M. Environmental Information

1. The OCDC must make a determination of environmental significance for the project. A completed NYS Full Environmental Assessment Form must be submitted.

III. Representations By The Applicant

The Applicant understands and agrees with the OCDC as follows:

A. Annual Report on Outstanding Bonds: The Applicant understands and agrees that, if the Project receives any Financial Assistance from the OCDC, the Applicant agrees to file, or cause to be filed, with the OCDC, on an annual basis, any information regarding bonds, if any, issued by the OCDC for the project that is requested by the Comptroller of the State of New York.

Initial

B. Absence of Conflicts of Interest: The Applicant has received from the OCDC a list of the members, officers, and employees of the OCDC (Appendix A). No member, officer, or employee of the OCDC has an interest, whether direct or indirect, in any transaction contemplated by this Application, except as hereinafter described:

Initial

C. Fees: The OCDC Application should be submitted with a non-refundable \$500.00 Application Fee to the Onondaga Civic Development Corporation 335 Montgomery Street, 2nd Floor, Syracuse, New York 13202. The OCDC will collect a 1% (.01) administrative fee at the time of closing based on the value of the bonds issued.

Initial

D. The OCDC reserves the right to ask for additional information as it deems necessary to complete its review of your application.

Initial

The Applicant and the individual executing this Application on behalf of the Applicant acknowledge that the OCDC will rely on the representations made herein when acting on this Application and hereby represent that the statements made herein do not contain any untrue statement of a material fact and do not omit to state a material fact necessary to make the statements contained herein not misleading.

☐ I have read paragraph 6 of the instructions and understand that the applicant must identify in writing to OCDC any information it deems proprietary and requests not be made publicly available.

☐ Please check here if you have marked information as confidential/proprietary.

Name of Organization:

Name:

By:

Date:

#### IV. Hold Harmless Agreement

Applicant hereby releases Onondaga Civic Development Corporation and the members, board of directors, officers, servants, agents and employees thereof (the "OCDC") from, agrees that the OCDC shall not be liable for and agrees to indemnify, defend and hold the OCDC harmless from and against any and all liability arising from or expense incurred by (A) the OCDC's examination and processing of, and action pursuant to or upon, the attached Application, regardless of whether or not the Application or the Project described therein or the tax-exemptions and other assistance requested therein are favorably acted upon by the OCDC, (B) the OCDC's acquisition, construction and/or installation of the Project described therein and (C) any further action taken by the OCDC with respect to the Project, including without limiting the generality of the foregoing, all causes of action and attorneys' fees and any other expenses incurred in defending any suits or actions which may arise as a result of any of the foregoing. If, for any reason, the Applicant fails to conclude or consummate necessary negotiations, or fails, within a reasonable or specified period of time, to take reasonable, proper or requested action, or withdraws, abandons, cancels or neglects the Application, or if the OCDC or the Applicant are unable to reach final agreement with the respect to the Project, then, and in the event, upon presentation of an invoice itemizing the same, the Applicant shall pay to the OCDC, its agents or assigns, all costs incurred by the OCDC in the process of the Application, including attorneys' fees, if any.

Name of Organization:

By:

Name:

Title:

Date:

## **APPENDIX A**

### **CONFLICT OF INTEREST STATEMENT**

#### **List of corporation board members and staff**

##### **Corporation Board Members**

1. Michael LaFlair
2. Kimberly Townsend
3. Alison Miller
4. Mitchell Latimer
5. Virginia Biesiada O'Neill
6. Vincent Cioci

##### **Corporation Officers/Staff (Employees)**

1. Robert M.Petrovich
2. Nancy Lowery
3. Nathaniel Stevens
4. Karen Doster
5. Alexis Rodriguez
6. Svetlana Dyer

##### **Corporation Legal Counsel and Auditor**

- 1.Christopher Andreucci, Esq., Harris Beach, PLLC LawFirm
- 2.Michael Lisson, CPA, Grossman St. Amour CPAs,PLLC