

STATE OF NEW YORK
PUBLIC HEALTH AND HEALTH PLANNING COUNCIL
SPECIAL ESTABLISHMENT AND PROJECT REVIEW COMMITTEE

AGENDA

October 11, 2018

*Immediately following the Committee on Codes, Regulations and Legislation
(which is scheduled to begin at 9:30 a.m.)*

*New York State Department of Public Service Commission Offices
90 Church Street
4th Floor Board Room, NYC*

I. COMMITTEE ON ESTABLISHMENT AND PROJECT REVIEW

Peter Robinson, Chair

A. Applications for Establishment and Construction of Health Care Facilities/Agencies

Acute Care Services – Establish/Construct

	<u>Number</u>	<u>Applicant/Facility</u>
1.	172379 E	St. Peter's Health Partners (Albany County)
2.	181279 E	Cortland Regional Medical Center Inc. (Cortland County) Mr. Robinson – Recusal

B. Certificates

Certificate of Merger

Applicant

Transitional Living Services of Onondaga County, Inc. and United Cerebral Palsy and Handicapped Children's Association of Syracuse, Inc. into United Cerebral Palsy and Handicapped Children's Association of Syracuse, Inc.



**Project # 172379-E
St. Peter's Health Partners**

Program: Hospital
Purpose: Establishment

County: Albany
Acknowledged: December 20, 2017

Executive Summary

Description

St. Peter's Health Partners (SPHP) is seeking approval for Trinity Health Corporation (Trinity), an Indiana not-for-profit organization, to be co-established over all the Article 28 licensed SPHP facilities as a limited-purpose co-operator. Trinity is the parent of a national health care system with operations across 21 states including New York and is currently the passive parent and sole member of SPHP. SPHP is the co-operator and active parent of many Article 28 facilities in the Capital Region (collectively, the Licensed Entities).

The limited-establishment approval sought will grant Trinity a subset of operator powers for the SPHP Licensed Entities under 10 NYCRR §405.1(c) and §600.9(c), specifically:

- Approval of hospital operating and capital budgets;
- Adoption or approval of hospital operating policies and procedures;
- Approval of hospital debt necessary to finance the cost of compliance with operational or physical plant standards required by law;
- Approval of settlements of administrative proceedings or litigation to which the hospital is party, except approval by the members of a not-for-profit corporation of settlements of litigation that exceed insurance coverage or any applicable self-insurance fund.
- Approval to participate in the total gross income or net revenue of a medical facility.

Trinity will not be established or approved to exercise any of the following operator powers over the SPHP Licensed Entities:

- Appointment or dismissal of hospital management level employees and medical staff, except the election or removal of corporate officers by the members of a not-for-profit corporation;
- Approval of certificate of need applications filed by or on behalf of the hospital;
- Approval of hospital contracts for management or for clinical services.

SPHP will continue to be the full active parent/co-operator of the Licensed Entities with authority to exercise all operator powers under 10 NYCRR §405.1(c) and §600.9(c).

SPHP was formed in 2011 when SPHP became the sole member and passive parent of St. Peter's Health Care Services, Northeast Health, Inc., and Seton Health System, Inc. Prior to this affiliation, Catholic Health East (CHE) was the sole member and passive parent of St. Peter's Health Care Services, and due to the 2011 St. Peter's-Northeast Health-Seton affiliation became the sole member and passive parent of SPHP. In 2013, CHE affiliated with Trinity Health, Inc. forming a new corporation, CHE Trinity, Inc. (sole member of the two entities). In 2014, CHE, Trinity Health, Inc., and CHE Trinity, Inc., merged and the surviving entity's name became Trinity Health Corporation. Because of these transactions, Trinity became the sole member and passive parent of SPHP.

Upon Public Health and Health Planning Council (PHHPC) approval, Trinity will be approved for specific operator authorities over SPHP and the Licensed Entities. SPHP will continue to exercise operator authority over the day-to-day operations of the Licensed Entities and will participate in the Trinity Health Obligated Group by becoming a Designated Affiliate in the Credit Group, in accordance with the Trinity Master Trust Indenture, giving SPHP and the Licensed Entities access to additional capital resources at more favorable rates and terms.

Currently, SPHP believes Trinity's limited authority as passive parent prevents SPHP from realizing the full economic and operational benefits of being part of a national health system. Additionally, SPHP cannot participate in the Trinity's Health Obligated Group or System Development Fund. SPHP requests PHHPC to approve a limited co-establishment of Trinity with SPHP and the SPHP Licensed Entities. Trinity and SPHP believe that the benefits of being part of a national health care system can only be achieved if the national parent has authority to act decisively on behalf of all members of the system in matters that affect the entire system.

OPCHSM Recommendation
Contingent Approval for the establishment of Trinity Health Corporation as a limited co-operator of St. Peter's Health Partners and its Article 28 Licensed Entities for the operator powers 10 NYCRR §405.1(c)(2), §405.1(c)(3), §405.1(c)(5), §405.1(c)(7), and §600.9(c).

Need Summary
There will be no change in beds or services in the community as a direct result of this application.

Program Summary
Based on the information reviewed, staff found nothing that would reflect adversely upon the applicant's character and competence or standing in the community.

Financial Summary
There are no project costs associated with this application. There are no expected changes in the daily operations of any of the Licensed Entities' utilization, services or beds, or to the revenues or expenses of SPHP or the Licensed Entities as a direct and immediate result of this project.

Recommendations

Health Systems Agency

There will be no HSA recommendation for this project.

Office of Primary Care and Health Systems Management

Approval for the establishment of Trinity Health Corporation as a limited co-operator of St. Peter's Health Partners and its Article 28 Licensed Entities for the operator powers 10 NYCRR §405.1(c)(2), §405.1(c)(3), §405.1(c)(5), §405.1(c)(7), and §600.9(c), contingent upon:

1. Submission of documentation of approval by the Office of Mental Health, acceptable to the Department. [PMU]
2. Submission of documentation of approval by the Office of Alcoholism and Substance Abuse, acceptable to the Department. [PMU]
3. Submission of a photocopy of an amended Restated Certificate of Incorporations of St. Peter's Health Partners, acceptable to the Department. [CSL]
4. Submission of a photocopy of the amended bylaws of Trinity Health Corporation, acceptable to the Department. [CSL]
5. Submission of a photocopy of the amended bylaws of St. Peter's Health Partners, acceptable to the Department. [CSL]
6. Submission of a photocopy of Trinity Health System's System Authority Matrix, acceptable to the Department. [CSL]

Approval conditional upon:

1. The project must be completed within one year from the date of the Public Health and Health Planning Council recommendation letter. Failure to complete the project within the prescribed time shall constitute an abandonment of the application by the applicant and an expiration of the approval. [PMU]

Council Action Date

October 11, 2018

Need Analysis

Background

SPHP is the co-operator of the following Article 28 facilities:

Name	Facility ID
Albany Memorial Hospital	4
St. Peter's Hospital	5
St. Mary's Hospital	755
Samaritan Hospital of Troy	756
Sunnyview Hospital and Rehabilitation Center	831
St. Peter's Nursing and Rehabilitation Center (RHCF)	17
Eddy Memorial Geriatric Center (RHCF)	3293
Eddy Village Green (RHCF)	4000
Eddy Heritage House Nursing and Rehabilitation Center (RHCF)	4549
Our Lady of Mercy Life Center (RHCF)	4755
Seton Health at Schuyler Ridge Residential Healthcare (RHCF)	4826
Eddy Village Green at Beverwyck (RHCF)	9198

This application defines specific co-operator powers over SPHP and the associated Article 28 Licensed Entities. There will be no change in beds or services as a result of this application.

Prevention Agenda

The applicant noted that the CON project does not impact the activities related to St. Peter's Health Partners (SPHP) Prevention Agenda activities or Community Service Plan. The applicant identified the priorities selected for action in the joint Albany County and SPHP most recent community service plan. These priorities include:

- Preventing chronic disease, focusing on reducing obesity and diabetes in children and adults; and
- Promoting mental health and preventing substance abuse, focusing on preventing substance abuse and other mental, emotional and behavioral diseases.

The applicant described the evidence-recommended interventions currently implemented by SPHP to prevent chronic diseases: promoting pre-diabetes screenings and education by using evidence-based tools and adult self-management programs; implementing nutrition and beverage standards in public institutions, worksites, school districts, and childcare centers; and promoting physical activity in childcare centers, school districts, community venues, and worksites.

Interventions to prevent substance abuse and other mental, emotional, and behavioral diseases are: provider education about addiction and pain management, including educating patients about risk of harm and misuse; promoting safe storage and proper disposal of unused prescriptions; offering New York State Opioid Overdose Prevention Training; and establishing ambulatory detox service locations.

SPHP reports that is a founding member and supporter of the regional PHIP and works collaboratively with local health departments, other health care systems and community-based organizations on community health improvement planning.

SPHP shared BRFS data as evidence for evidence that they are tracking progress. In CSP report, they report activities conducted, participant numbers, and school policies instituted. Their efforts could be strengthened by assessing how the workshop or the policies affected the participants or stakeholders. For example, what were some effects on participants from participating in the workshops.

The applicant did file a Schedule H form with the IRS and the level of Community Benefits spending in the Community Health Improvement Services Category is to be commended. SPHP should continue their level of Community Benefits spending

Conclusion

There will be no change in beds or services as a result of this application.

Recommendation

From a need perspective, approval is recommended.

Program Analysis

Program Description

St. Peter's Health Partners (SPHP) seeks approval for Trinity Health Corporation (Trinity), an Indiana nonprofit organization, to be co-established as a limited-purpose active parent over the SPHP Article 28 licensed facilities. St. Peter's Health Partners is the active parent/co-operator/ of a number of Article 28 facilities in the Capital Region. Trinity is the parent of a national health care system with operations in 21 states and is also the passive parent and sole member of SPHP. Other than this refinement in the passive/active parent relationship, there are no programmatic changes proposed affecting beds or services offered by SPHP entities.

Character and Competence

Trinity Health Corporation's Board of Directors of is comprised of the following individuals:

<u>Name</u>	<u>Title/Position</u>
Richard J. Gilfillan, MD,	<i>President & CEO</i>
James Bentley, PhD,	<i>Chair</i>
Mary Catherine Karl,	<i>Vice-Chair</i>
Paul Neumann, Esq.,	<i>Secretary</i>
Cynthia Clemence,	<i>Treasurer</i>
Kevin Barnett	
Joseph Betancourt, MD	
Melanie Dreher, PhD, RN	
Sr. Mary Fanning	
George M. Philip	
Sr. Kathleen Popko	
David Southwell	
Sr. Joan Steadman	
Roberta Waite, EdD	
Larry Warren	
Sr. Linda Werthman	

Staff from the Division of Certification & Surveillance reviewed the disclosure information submitted regarding licenses held, formal education, training in pertinent health and/or related areas, employment history, a record of legal actions, and a disclosure of the applicant's ownership interest in other health care facilities. Licensed individuals were checked against the Office of Health Insurance Programs, the Office of Professional Medical Conduct, and the Education Department databases as well as the US Department of Health and Human Services Office of the Inspector General Medicare exclusion database.

Additionally, the staff from the Division of Certification & Surveillance reviewed the ten-year surveillance history of all Trinity Health-affiliated facilities. Sources of information included the files, records, and reports found in the New York State Department of Health or reported by out-of-state Departments of Health. Included in the review were the results of incident and/or complaint investigations, independent professional reviews, and/or comprehensive/focused inspections. The review found that any citations were properly corrected with appropriate remedial action.

Regarding Trinity-affiliated **hospitals in New York State:**

- On September 13, 2012, the New York State Department of Health (NYSDOH) issued a Stipulation and Order (S&O) and \$22,000 fine against St. Joseph's Hospital Health Center based on the findings of two complaint investigations. One involved a patient with a known risk for falls who was left unattended in the bathroom and fell. The second involved inadequate neurological assessment of a drug overdose patient.
- In August 2016, the NYSDOH issued a S&O and imposed a \$2,000 fine against St. Peter's Hospital based on a survey completed in January 2016 involving an Immediate Jeopardy situation in Food and Dietetic Services.

Regarding Trinity-affiliated **nursing homes in New York State:**

- In March 2017, the NYSDOH issued a S&O and \$2,000 fine against Capital Region Geriatric Center, Inc., d/b/a Eddy Village Green based on a survey completed on August 17, 2016. Issues cited related to Quality of Care: Highest Practicable Potential. In addition to the state's penalty, a federal Civil Monetary Penalty (CMP) of \$3,963 was imposed.
- In January 2017, the NYSDOH issued a S&O and \$16,000 fine against Iroquois Nursing Home, Inc. based on a survey completed on April 13, 2016. Immediate Jeopardy was cited and deficient practice noted in the following areas: Staff Treatment of Residents; Policy and Procedure Manual Development (regarding staff treatment); Abuse; and Administration.

Regarding Trinity-affiliated **certified home health agencies in New York State:**

- In June 2013, an enforcement action and civil penalty of \$5,500 was issued against McAuley–Seton Home Care Corporation based on a survey completed on September 15, 2011. Deficient practice was cited in the following areas: Governing Authority; Patient Referral, Admission, and Discharge; Patient Assessment and Plan of Care; and Clinical Records.

Regarding Trinity-affiliated **adult care facilities in New York State:**

- In March 2012, an enforcement action and \$1,000 penalty was imposed against Hawthorne Ridge, Inc. based on an inspection completed on September 14, 2010 where violations of Systemic Endangerment were identified and cited.

In addition to the above, Catholic Health System, Inc. (**Western New York**), a subsidiary of Trinity Health Corporation, disclosed the following:

- Trinity is one of three members of Catholic Health System, Inc. On October 19, 2017, Catholic Health System, Inc., Home & Community Based Care (Catholic Health) and the Office of Inspector General of the Department of Health and Human Services (OIG) entered into a five-year Corporate Integrity Agreement (CIA) which applies specifically to two sub-acute rehabilitation facilities – Father Baker Manor and McAuley Residence. Over the term of the CIA, an Independent Review Organization will audit billing claims for medical necessity. Additionally, Catholic Health's Compliance Officer, Compliance Committee and key managers will annually certify that departments are annually that departments are in compliance with federal health care program requirements and the CIA.

Regarding affiliated Trinity Health entities **outside** of New York State:

- The State of California reported three separate enforcement actions (January 2012, November 2015 and January 2017) and civil penalties assessed (\$50,000, \$4,750, and \$11,250, respectively) against Saint Agnes Medical Center, a hospital located in Fresno, for (non-repetitive) survey violations.

- The State of Florida reported the following enforcement actions:
 - Winter Haven Hospital was assessed a \$1,000 fine on five (5) occasions (January 2011 (twice), March 2011, August 2012 and October 2013) for violations related to Nursing Assessment, Emergency Department Services and Inappropriate Restraints.
 - Mease Dunedin Hospital was assessed a penalty of \$6000 in June 2012 for violations related to Patient Assessment and Emergency Department Services. In August 2013, the hospital was assessed a penalty of \$320 for nonpayment of Life Safety Code survey fee.
 - Morton Plant Hospital was assessed a penalty of \$800 in March 2011 and \$1000 on each of four subsequent occasions (March and December 2011, July 2012 and April 2013) for violations related to Nursing Assessment, Goals, Evaluation, Intervention, and Documentation and Nursing Department Policies and Procedures.
 - Morton Plant North Bay Hospital was assessed a penalty of \$2000 in October 2011 for violations related to Nursing Assessment, Goals, Evaluation, Intervention, and Documentation.
 - St. Anthony's Hospital was assessed a \$5,000 penalty in July 2011 for violations in the areas of MRI Alterations, Renovations, and Installation. In January 2014, the hospital was fined \$600 for nonpayment of Life Safety Code survey fee. In March 2015, a fine of \$1,000 was assessed for violations related to Nursing Management Functions. In April 2016, a \$5,500 penalty was assessed for Failure to Notify Florida State Agency for Health Care Administration of Ownership Change. Finally, in September 2017, the hospital paid the State of Florida \$6,024.67 for administrative fees and reimbursement of Medicaid overpayments.
 - St. Joseph's Hospital was assessed a penalty of \$1000 in October 2012 for violations related to Discharge Planning. In April 2016, the hospital paid a penalty of \$21,500 for Failure to Notify Florida State Agency for Health Care Administration of Ownership Changes.
 - Bartow Regional Medical Center was assessed a penalty of \$480 in May 2014 for nonpayment of a Life Safety Code survey fee.
 - Holy Cross Hospital was assessed an administrative fee and required to reimburse the State of Florida for Medicaid overpayments in April 2013, October 2015 and September 2017 in the amounts of \$11,937, \$87,056.49 and \$97,620.48, respectively.

- The State of Indiana reported that, in January 2017, an enforcement action was taken based on a standard recertification survey conducted in September 2016 at the Sanctuary at Holy Cross, a nursing home located in South Bend. Deficient practices were identified relating to Quality of Care: Necessary Care and Services/Highest Practicable Well-Being. A state civil penalty of \$3000 was imposed.

- The State of Iowa reported no enforcements, but identified three incidents:
 - In June 2016, Condition level non-compliance was identified at Mercy Home Care, a deemed Home Health Agency surveyed by an accreditation organization. Per federal requirements, the agency has been prohibited from providing home health aide training and testing for a two-year period (6/29/16-6/29/18).
 - In September 2016, Ellen Kennedy Assisted Living Center was cited for violations related to Sufficient Staffing and Nursing Reviews. The matter was resolved with no enforcement or civil penalty.
 - In January 2017, Immediate Jeopardy was identified at Mercy Medical Center. Violations of federal Conditions of Participation included: Governing Body; Quality Assessment and Performance Improvement Program (QAPI); Nursing Services; and Laboratory Services.

- The State of Maryland reported that, in September 2016, an enforcement action was taken against Holy Cross Rehabilitation and Nursing (Sanctuary at Holy Cross). A survey conducted in February 2016 revealed deficient practice relating to Quality of Care: Accidents / Hazards / Environment / Supervision. A federal Civil Monetary Penalty of \$74,700 was imposed.

Conclusion

Based on the information reviewed, staff found nothing that would reflect adversely upon the applicant's character and competence or standing in the community.

Recommendation

From a programmatic perspective, approval is recommended.

Financial Analysis

Overview of Master Indenture

SPHP seeks to participate in the Trinity Health Obligated Group to obtain access to capital at reduced rates. Trinity uses the Trinity Health Obligated Group to obtain capital by borrowing in a cost-effective manner in the form of tax-exempt bond financing, which can be used to repay funds that are loaned by Trinity to affiliates through Trinity's intercompany loan program. Trinity enjoys access to low cost debt financing due to their size and financial strength.

Trinity is the sole Obligated Group Member of the Trinity Health Obligated Group, which was formed and implemented through a Master Trust Indenture, now amended to be called the Master Indenture, dated October 3, 2013. The Bank of New York Mellon Trust Company, N.A. serves as master trustee. The Master Indenture establishes a combined financing group, the Credit Group, comprised of the Obligated Group Members and certain tax-exempt Affiliates designated from time to time by the Obligated Group Members as Designated Affiliates. Designated Affiliates are intended to be Regional Health Ministries (RHM) within the Trinity health system that maintain a governing body that has ownership or control of a designated portion of the Trinity health system, subject to any authorities reserved to Trinity.

Under the Master Indenture, Designated Affiliates become Material Designated Affiliates if their individual total revenues exceed 5% of the combined total revenues of the Trinity health system in any fiscal year. As of September 30, 2017, there were three Material Designated Affiliates. Trinity is required under the Master Indenture to cause Material Designated Affiliates to comply with certain covenants created under the Master Indenture. These include not permitting a Material Designated Affiliate to create, incur or permit to be created or incurred any lien on the Material Designated Affiliate's property, except for permitted encumbrances, if such lien incurs indebtedness of the Material Designated Affiliate. Each Obligated Group Member is jointly and severally liable for payment of any Obligations issued under the Master Indenture. Trinity is currently the sole Obligated Group Member and will continue to be such once SPHP becomes a Designated Affiliate. As a Designated Affiliate, SPHP will participate in a combined financing group comprised of Trinity and other Designated Affiliates.

Affiliates, including Designated Affiliates and Material Designated Affiliates, are not jointly and severally liable under the Master Indenture. However, Trinity has covenanted to cause its Designated Affiliates and Material Designated Affiliates, and through reasonable efforts to cause their respective Affiliates that are not Designated Affiliates, to pay, loan or otherwise transfer to the Trinity Health Obligated Group such amounts as are necessary, in the aggregate, to enable the Obligated Group Members to pay debt service with respect to any obligation issued pursuant to the Master Indenture. Importantly, such upstreaming provision is subject in each case to any contractual, legal and organizational limitations or obligations. Upon PHHPC approval of this application, SPHP will join the Credit Group as a Designated Affiliate like Trinity's other RHMs. Given its current revenues, SPHP will most likely become a Material Designated Affiliate.

SPHP's participation in the Trinity Health Obligated Group is a natural extension of the operation and alignment of health care financing in Trinity's multi-state health system. In 2014, the Department, in part, recognized Trinity's multi-state financing through its approval of certain SPHP health care entities using Trinity's intercompany loan program. The Trinity intercompany loan program was and is a complement to the ability of organizations within the SPHP health system to obtain debt financing on a stand-alone basis. Trinity serves as a financing source for such organizations through an intercompany loan structure

like bank financing, where loans can be made directly to organizations within the SPHP health system. Although the Department's review centered on related party interests and loans as well as reimbursement issues, the Department reviewed and recognized the benefits that lower interest rates and a centralized borrowing source can provide to a New York based health care entity within a multi-state system.

System Development Fund

The co-establishment of Trinity with the SPHP Licensed Entities will also allow SPHP to fully participate in Trinity's System Development Fund, which is a pool of funds principally used to finance capital expenditures of the RHMs. The System Development Fund participation fee is 1% of an RHM's total expenses less depreciation and interest, based on 12 months of participation, which would be approximately \$12.5 million as of June 30, 2018. As of June 30, 2017, the System Development Fund had an account balance of approximately \$1 billion.

Benefits to Co-establishment

According to the applicant, co-establishment of Trinity as the limited-purpose active parent/co-operator of SPHP and the SPHP Licensed Entities and the participation of them in the Trinity Health Obligated Group will result in the following benefits to SPHP and the Licensed Entities:

- SPHP and the Licensed Entities will have access to additional capital resources at reduced rates through a unity of system resources.
- Debt management will be centralized and standardized, and SPHP will have the benefit of Trinity's experience and expertise in managing debt.
- SPHP can participate in the System Development Fund, which provides an alternative to going to the debt market for needed capital.
- Trinity, SPHP and the Licensed Entities may upstream revenues and reallocate financial resources to achieve system and operational stability.
- Operational efficiencies and integration and enhanced system performance will be advanced because Trinity will hold final and dispositive authority over system decision-making.
- SPHP will maintain dispositive management authority over day-to-day operations and other functions best performed at the local level.
- SPHP will fully realize the benefits of being part of a national system, where operations can be streamlined, administrative efficiencies created, and system-wide financial management, operations and quality initiatives across RHMs can be standardized.

Capability and Feasibility

The applicant stated that upon approval of this application by PHHPC, SPHP will obtain consent for the proposed changes from necessary lenders, insurers and trustees. There are no project costs related to this application. In addition, there are no expected changes in the daily operations of any of the Licensed Entities' utilization, services or beds, or to the revenues or expenses of SPHP or the Licensed Entities as a direct and immediate result of this project, although each entity is expected to experience cost benefits from the limited-purpose active parent and obligated group designations.

As of November 29, 2017, Moody's Investors Service, Inc., Standard & Poor's Ratings Services, and Fitch Ratings have assigned high investment grade municipal bond ratings of Aa3, AA-, and AA-, respectively, to the Trinity Health Credit Group.

BFA Attachments B is the consolidated certified financial summaries of SPHP, which has maintained positive working capital, net assets and a net profit of \$2,061,000 from operations as of June 30, 2017.

BFA Attachments C is the consolidated certified financial summaries of Trinity, which has maintained positive working capital, net assets and a net loss of \$18,115,000 from operations as of June 30, 2017. The net operating loss was due to Trinity repositioning themselves within some markets and right-sizing inpatient physical plant utilization. The offset of non-operating items such as investment earnings, change due to rate swaps and retiring early debt allowed Trinity \$1,354,938,000 in excess over revenues.

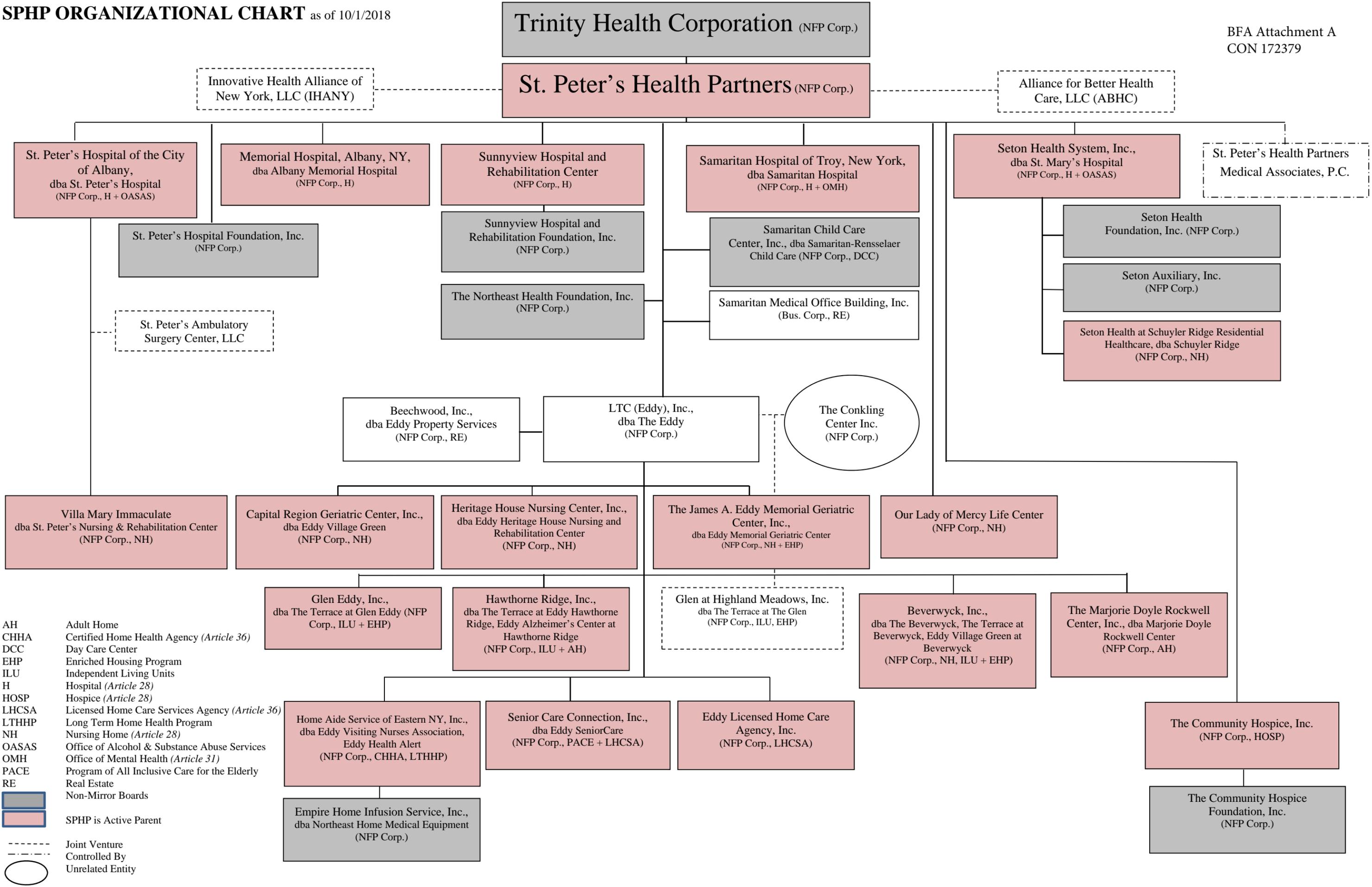
Based on the preceding, it appears that the applicant has demonstrated the capability to proceed in a financially feasible manner.

Recommendation

From a financial perspective, approval is recommended.

Attachments

BFA Attachment A	Organizational Chart for St. Peter's Health Partners & Trinity
BFA Attachment B	Financial Summary, SPHP Consolidated, as of June 30, 2017
BFA Attachment C	Financial Summary, Trinity Consolidated as of June 30, 2017

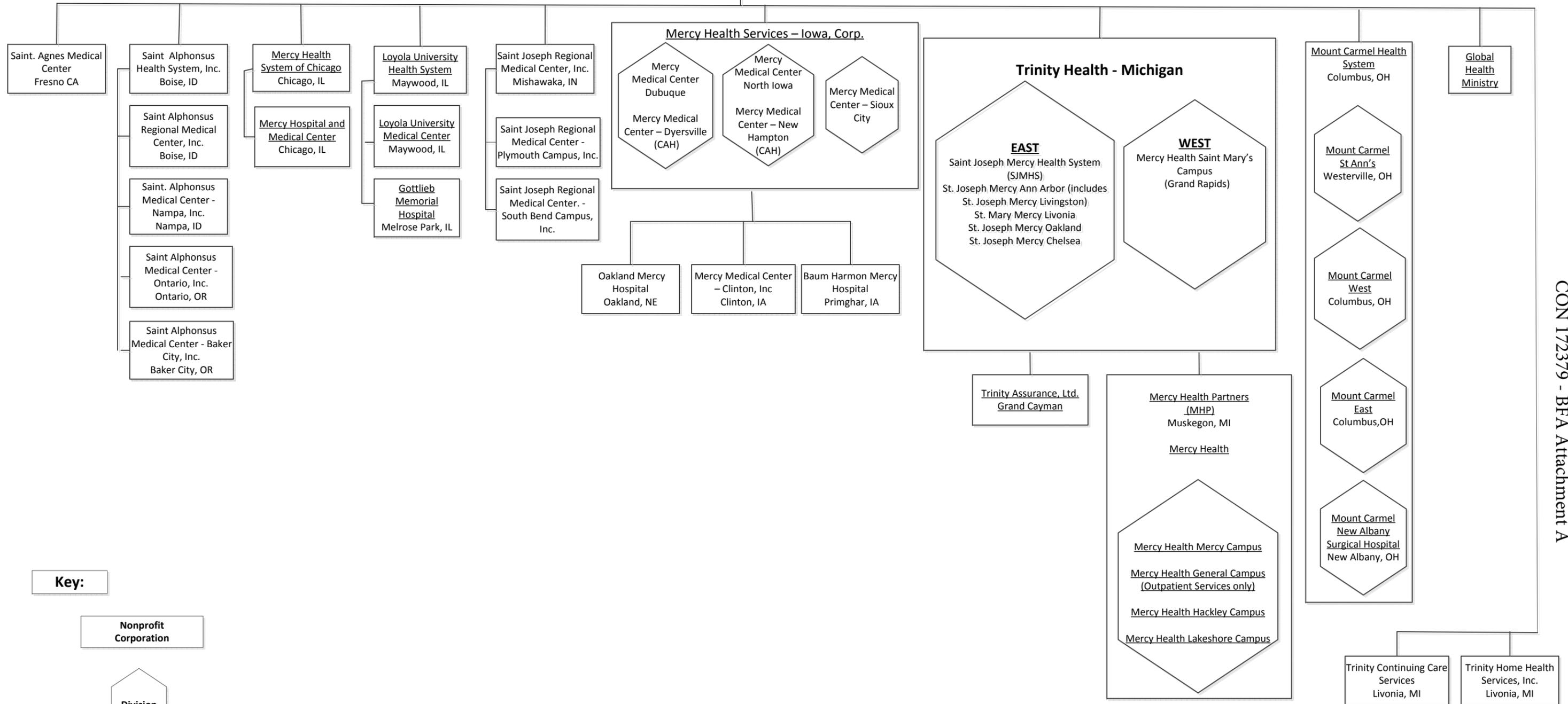


- AH Adult Home
- CHHA Certified Home Health Agency (Article 36)
- DCC Day Care Center
- EHP Enriched Housing Program
- ILU Independent Living Units
- H Hospital (Article 28)
- HOSP Hospice (Article 28)
- LHCSA Licensed Home Care Services Agency (Article 36)
- LTHHP Long Term Home Health Program
- NH Nursing Home (Article 28)
- OASAS Office of Alcohol & Substance Abuse Services
- OMH Office of Mental Health (Article 31)
- PACE Program of All Inclusive Care for the Elderly
- RE Real Estate
- Non-Mirror Boards
- SPHP is Active Parent
- Joint Venture
- Controlled By
- Unrelated Entity



**Trinity Health Coporation
an Indiana nonprofit**

**West/Midwest
Organizational Structure**



Key:

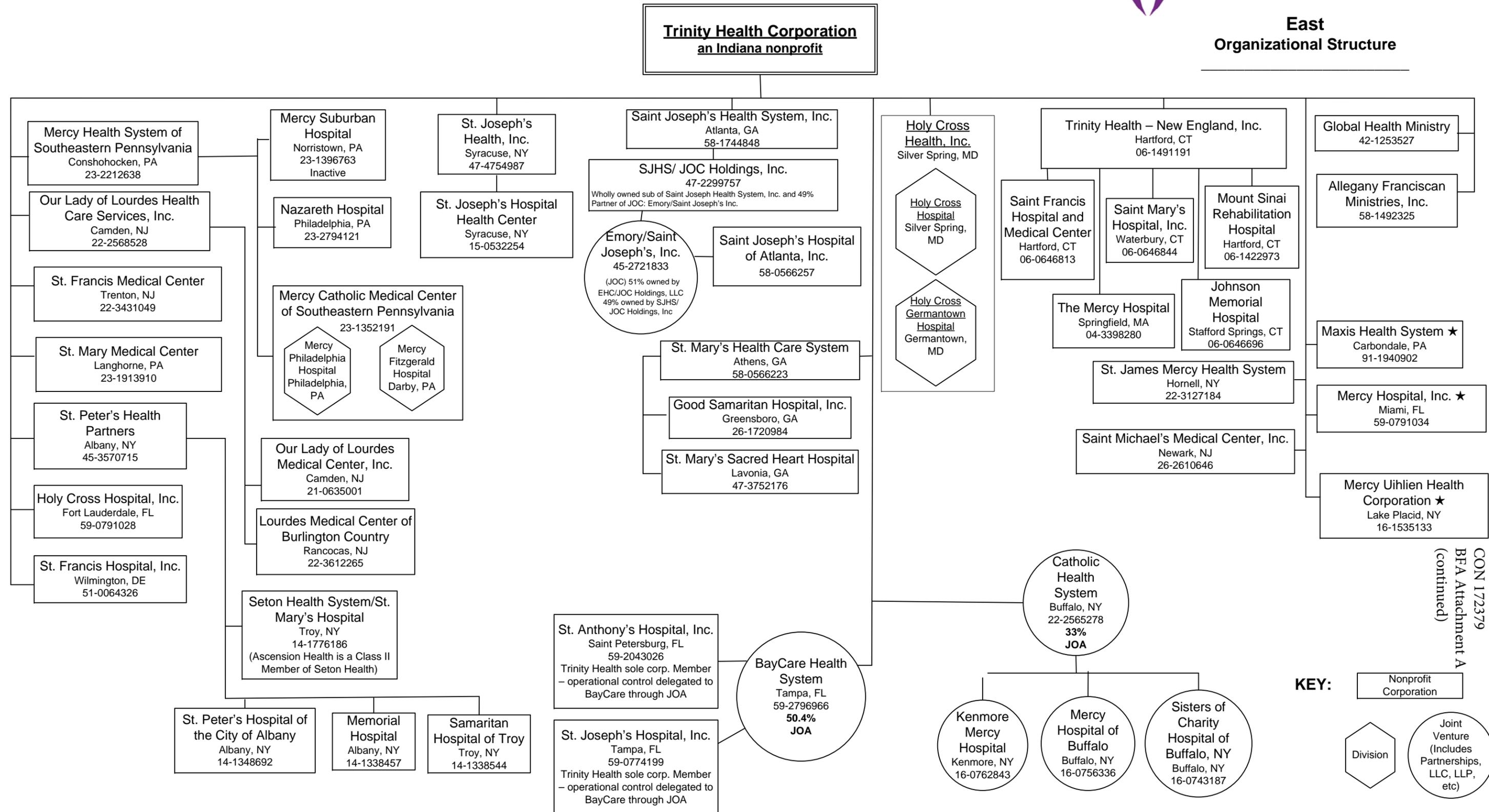
Nonprofit Corporation

Division

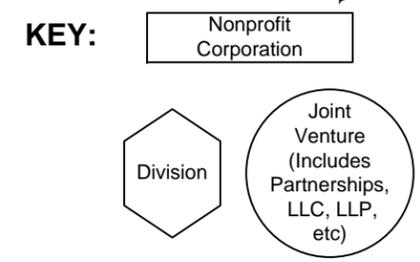
CON 172379 - BFA Attachment A



**East
Organizational Structure**



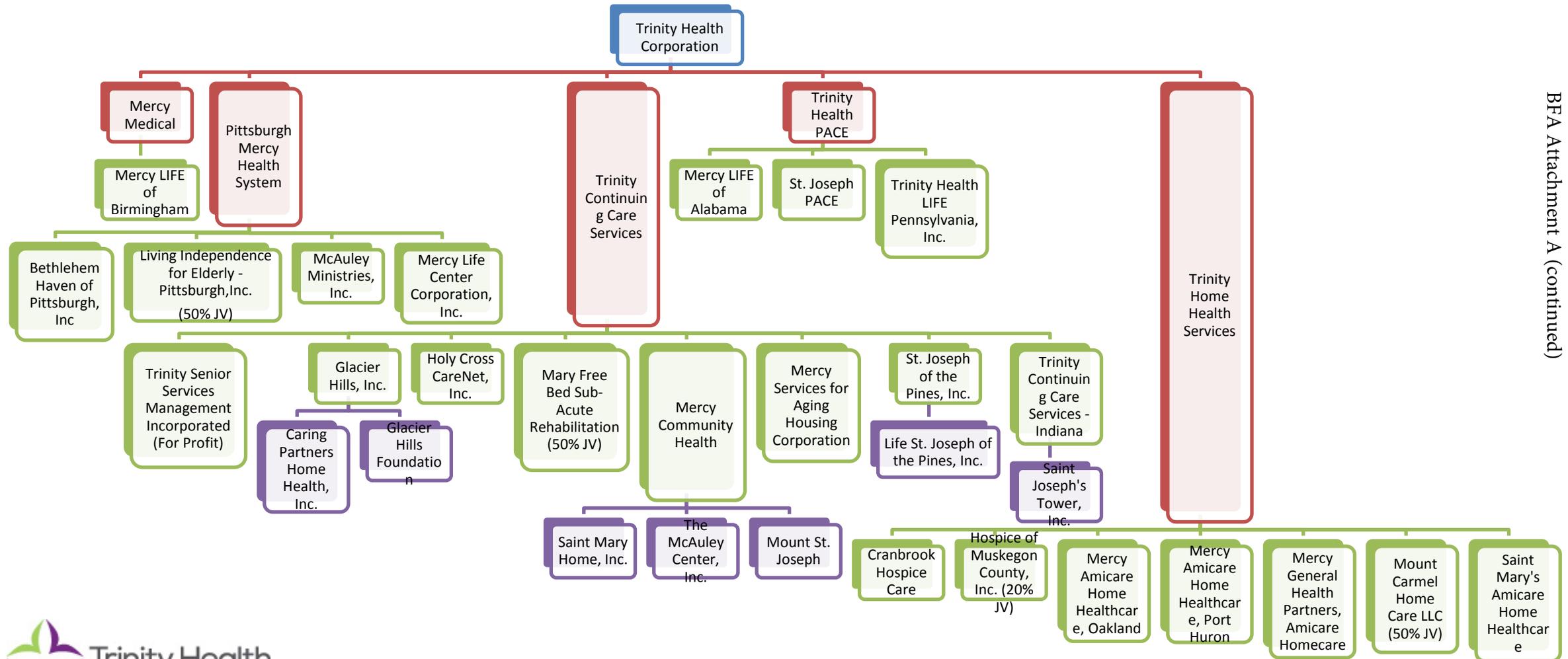
CON 172379
BFA Attachment A
(continued)



Unless otherwise indicated, all stock corporations are owned 100%

★ Inactive, in the process of winddown/dissolution

Continuing Care Division Organizational Chart April, 2017



CON 172379
BFA Attachment A (continued)

ST. PETER'S HEALTH PARTNERS ALBANY, NY
(A Member of Trinity Health)

CONSOLIDATED BALANCE SHEETS
JUNE 30, 2017 AND 2016
(In thousands)

	2017	2016
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 124,927	\$ 121,855
Investments	2,011	2,373
Investment in Trinity Health pooled investment program	192,048	177,866
Assets limited or restricted as to use—current portion	11,144	20,815
Patient accounts receivable—net of allowance for doubtful accounts of \$43.6 million and \$37.1 million as of June 30, 2017 and 2016, respectively	135,371	140,322
Estimated receivables from third-party payors	8,386	9,726
Other receivables	5,009	8,546
Receivables from affiliates	3,974	3,893
Inventories	13,008	13,456
Prepaid expenses and other current assets	<u>5,326</u>	<u>5,847</u>
Total current assets	<u>501,204</u>	<u>504,699</u>
ASSETS LIMITED OR RESTRICTED AS TO USE—Noncurrent portion:		
Held by trustees under bond indenture agreements	801	971
Self-insurance, benefit plans, and other	20,013	17,202
By Board	142,760	145,379
By donors	<u>78,628</u>	<u>71,719</u>
Total assets limited or restricted as to use—noncurrent portion	242,202	235,271
PROPERTY AND EQUIPMENT—Net	613,801	600,062
INVESTMENTS IN UNCONSOLIDATED AFFILIATES	5,621	5,086
GOODWILL	-	3,171
OTHER ASSETS	<u>47,042</u>	<u>33,245</u>
TOTAL ASSETS	<u>\$ 1,409,870</u>	<u>\$ 1,381,534</u>

ST. PETER'S HEALTH PARTNERS ALBANY, NY
(A Member of Trinity Health)

CONSOLIDATED BALANCE SHEETS
JUNE 30, 2017 AND 2016
(In thousands)

	2017	2016
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Current portion of long-term debt	\$ 744	\$ 892
Current portion of notes payable to Trinity Health	5,235	5,659
Accounts payable and accrued expenses	89,995	94,170
Salary, wages, and related liabilities	73,149	68,685
Estimated payables to third-party payors	<u>20,604</u>	<u>16,157</u>
Total current liabilities	189,727	185,563
LONG-TERM DEBT—Net of current portion	3,349	10,688
NOTES PAYABLE TO TRINITY HEALTH—Net of current portion	276,733	280,437
ACCRUED PENSION AND RETIREE HEALTH COSTS	-	18,073
DEFERRED REVENUE FROM ENTRANCE FEES	55,050	57,139
OTHER LONG-TERM LIABILITIES	<u>28,369</u>	<u>29,115</u>
Total liabilities	<u>553,228</u>	<u>581,015</u>
NET ASSETS:		
Unrestricted net assets	765,553	714,336
Temporarily restricted net assets	62,914	58,813
Permanently restricted net assets	<u>28,175</u>	<u>27,370</u>
Total net assets	<u>856,642</u>	<u>800,519</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,409,870</u>	<u>\$ 1,381,534</u>

ST. PETER'S HEALTH PARTNERS ALBANY, NY
(A Member of Trinity Health)

CONSOLIDATED STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2017 AND 2016
(In thousands)

	2017	2016
UNRESTRICTED REVENUE:		
Patient service revenue—net of contractual and other allowances	\$ 1,291,309	\$ 1,243,402
Provision for bad debts	<u>57,093</u>	<u>42,204</u>
Net patient service revenue less provision for bad debts	1,234,216	1,201,198
Capitation revenue	18,465	16,569
Net assets released from restrictions	6,970	2,195
Other revenue	<u>68,259</u>	<u>75,072</u>
Total unrestricted revenue	<u>1,327,910</u>	<u>1,295,034</u>
EXPENSES:		
Salaries and wages	616,995	609,878
Employee benefits	104,783	103,465
Contract labor	<u>29,800</u>	<u>25,164</u>
Total labor expenses	751,578	738,507
Supplies	232,034	217,141
Purchased services	146,939	126,422
Depreciation and amortization	67,624	71,352
Occupancy	55,019	57,041
Interest	9,714	9,693
Other	<u>58,700</u>	<u>56,379</u>
Total expenses	<u>1,321,608</u>	<u>1,276,535</u>
OPERATING INCOME BEFORE OTHER ITEMS	6,302	18,499
Asset impairment charge	(3,790)	(39,624)
Restructuring costs	<u>(451)</u>	<u>-</u>
OPERATING INCOME (LOSS)	<u>2,061</u>	<u>(21,125)</u>
NONOPERATING ITEMS:		
Earnings (loss) in Trinity Health pooled investment program	35,356	(5,903)
Investment earnings (loss)	955	(3,903)
Change in market value and cash payments of interest rate swaps	(368)	(1,076)
Other, including income taxes	<u>(143)</u>	<u>(123)</u>
Total nonoperating items	<u>35,800</u>	<u>(11,005)</u>
	<u>\$ 37,861</u>	<u>\$ (32,130)</u>

TRINITY HEALTH

CONSOLIDATED BALANCE SHEETS

JUNE 30, 2017 AND 2016

(In thousands)

ASSETS	<u>2017</u>	<u>2016</u>
CURRENT ASSETS:		
Cash and cash equivalents	\$ 1,008,197	\$ 1,044,683
Investments	3,526,204	3,617,501
Security lending collateral	332,972	262,035
Assets limited or restricted as to use - current portion	328,712	314,706
Patient accounts receivable, net of allowance for doubtful accounts of \$428.9 million and \$385.2 million at June 30, 2017 and 2016, respectively	1,877,860	1,849,736
Estimated receivables from third-party payors	260,856	248,179
Other receivables	360,051	336,705
Inventories	274,830	248,092
Prepaid expenses and other current assets	172,051	212,008
Assets held for sale	-	64,272
	<u>8,141,733</u>	<u>8,197,917</u>
ASSETS LIMITED OR RESTRICTED AS TO USE - noncurrent portion:		
Held by trustees under bond indenture agreements	7,139	4,881
Self-insurance, benefit plans and other	823,948	780,102
By Board	3,709,246	2,959,641
By donors	460,491	409,493
	<u>5,000,824</u>	<u>4,154,117</u>
PROPERTY AND EQUIPMENT - Net	7,853,456	7,676,734
INVESTMENTS IN UNCONSOLIDATED AFFILIATES	3,105,173	2,681,778
GOODWILL	301,043	304,845
OTHER ASSETS	336,854	363,480
TOTAL ASSETS	<u>\$ 24,739,083</u>	<u>\$ 23,378,871</u>

BFA Attachment C(Cont'd)
 CON 172379

LIABILITIES AND NET ASSETS	2017	2016
CURRENT LIABILITIES:		
Commercial paper	\$ 99,861	\$ 145,958
Short-term borrowings	1,039,840	1,067,730
Current portion of long-term debt	192,680	106,345
Accounts payable and accrued expenses	1,404,413	1,361,438
Salaries, wages and related liabilities	820,014	861,757
Payable under security lending agreements	332,972	262,035
Estimated payables to third-party payors	331,585	374,014
Current portion of self-insurance reserves	269,874	255,552
Liabilities held for sale	-	67,453
 Total current liabilities	 4,491,239	 4,502,282
 LONG-TERM DEBT - Net of current portion	 5,269,862	 5,132,377
 SELF-INSURANCE RESERVES - Net of current portion	 980,624	 933,362
 ACCRUED PENSION AND RETIREE HEALTH COSTS	 1,315,991	 1,857,639
 OTHER LONG-TERM LIABILITIES	 695,940	 705,998
 Total liabilities	 12,753,656	 13,131,658
 NET ASSETS:		
Unrestricted net assets	11,282,433	9,576,379
Noncontrolling ownership interest in subsidiaries	173,703	186,595
Total unrestricted net assets	11,456,136	9,762,974
Temporarily restricted net assets	345,974	326,651
Permanently restricted net assets	183,317	157,588
Total net assets	11,985,427	10,247,213
 TOTAL LIABILITIES AND NET ASSETS	 \$ 24,739,083	 \$ 23,378,871

TRINITY HEALTH

**CONSOLIDATED STATEMENTS OF OPERATIONS AND
 CHANGES IN NET ASSETS**

YEARS ENDED JUNE 30, 2017 AND 2016

(In thousands)

	<u>2017</u>	<u>2016</u>
UNRESTRICTED REVENUE:		
Patient service revenue, net of contractual and other allowances	\$ 15,747,094	\$ 14,718,528
Provision for bad debts	(548,965)	(489,558)
Net patient service revenue less provision for bad debts	15,198,129	14,228,970
Premium and capitation revenue	1,039,749	869,030
Net assets released from restrictions	39,826	36,352
Other revenue	1,350,141	1,204,695
Total unrestricted revenue	<u>17,627,845</u>	<u>16,339,047</u>
EXPENSES:		
Salaries and wages	7,594,863	7,056,453
Employee benefits	1,510,144	1,457,253
Contract labor	242,018	205,916
Total labor expenses	<u>9,347,025</u>	<u>8,719,622</u>
Supplies	2,880,802	2,676,637
Purchased services	2,059,267	1,889,460
Depreciation and amortization	870,289	835,213
Occupancy	744,444	698,198
Medical claims	417,054	414,648
Interest	207,152	195,829
Other	835,673	758,103
Total expenses	<u>17,361,706</u>	<u>16,187,710</u>
OPERATING INCOME BEFORE OTHER ITEMS:		
Asset impairment charges	266,139	151,337
Restructuring costs	(248,070)	(39,623)
Premium revenue adjustment	(36,184)	-
	<u>-</u>	<u>(65,335)</u>
OPERATING (LOSS) INCOME		
	<u>(18,115)</u>	<u>46,379</u>
NONOPERATING ITEMS:		
Investment earnings (losses)	859,934	(199,326)
Equity in earnings of unconsolidated affiliates	376,642	162,075
Change in market value and cash payments of interest rate swaps	52,955	(94,783)
Gain (loss) from early extinguishment of debt	792	(43,056)
Inherent contributions related to acquisitions	65,103	133,355
Inherent contributions related to acquisitions - unconsolidated organizations	-	87,170
Other, including income taxes	(488)	(2,011)
Total nonoperating items	<u>1,354,938</u>	<u>43,424</u>
EXCESS OF REVENUE OVER EXPENSES		
	<u>1,336,823</u>	<u>89,803</u>
EXCESS OF REVENUE OVER EXPENSES ATTRIBUTABLE TO NONCONTROLLING INTEREST		
	<u>(45,599)</u>	<u>(48,460)</u>
EXCESS OF REVENUE OVER EXPENSES, net of noncontrolling interest		
	<u>\$ 1,291,224</u>	<u>\$ 41,343</u>



**Project # 181279-E
Cortland Regional Medical Center Inc.**

**Program: Hospital
Purpose: Establishment**

**County: Cortland
Acknowledged: April 20, 2018**

Executive Summary

Description

Cortland Regional Medical Center, Inc. (Cortland), a New York (NYS) not-for-profit corporation that operates a 162-bed Article 28 acute care hospital, an 80-bed Article 28 Residential Health Care Facility with a 33-slot Adult Day Health Care Program, and an Article 36 Long Term Home Health Care Program, all located at 134 Homer Avenue, Cortland (Cortland County), requests approval to establish The Guthrie Clinic (Guthrie) as its active parent/co-operator.

Cortland selected Guthrie through a Request for Proposal (RFP) process that was led by a Collaboration Task Force consisting of nine individuals, including current and past members of Cortland’s Board who are representative of its community, as well as members of its medical staff. The Task Force work was facilitated by assistance from an independent consulting firm. Through the Task Force, Cortland identified four main objectives for the affiliation in the RFP: Program and Physician Network Growth, Financial Sustainability including infusion of/access to capital for reinvestment in facilities and programs, Preparedness for Health Care Reform, and Governance. Cortland sent the RFP to twenty health systems and eleven expressed initial interest. Four systems submitted a full response: Guthrie, Cayuga Health System, Crouse Memorial Hospital, and SUNY Upstate Medical University.

The Guthrie Clinic is a not-for-profit Pennsylvania (PA) corporation that functions as the parent of The Guthrie Clinic System, an integrated healthcare delivery system that provides an array of services in North Central

Pennsylvania and the Southern Tier of New York. The System includes four acute care hospitals—Robert Packer Hospital (PA), Corning Hospital (NY), Guthrie Towanda Memorial Hospital (PA) and Troy Community Hospital (PA)—as well as other related healthcare facilities and a multi-specialty 501(c)(3) group medical practice.

Guthrie was founded in 1910 as an offspring of the Mayo Clinic. Today, Guthrie is a member of the Mayo Clinic Care Network and serves as the lead organization in the DSRP PPS Care Compass Western Region with a total of 16,488 New York State Medicaid patients attributed to its NYS primary care sites. Guthrie has been an established provider in New York State for over twenty years, and approximately half of its 5,700 employees reside and work at its inpatient and outpatient facilities in NYS. In 1999, PHHPC and NYS DOH licensed Guthrie to co-operate Corning Hospital (a 65-bed community hospital about 43 miles from Sayre) and have subsequently licensed Guthrie to operate several Article 28 outpatient clinics in the Southern Tier. In December 2011, Corning Hospital was approved to build a replacement hospital, which became operational in 2014.

Upon Public Health and Health Planning Council approval, Cortland will be renamed Guthrie Cortland Medical Center. The current sole member and passive parent of Cortland is The C.M.H. Group, Inc. (CMHG), which was formed in 1988 to serve as the parent corporation for Cortland and its sister organizations. In conjunction with this application, CMHG will cease to exist through a corporate dissolution.

As active parent/co-operator, Guthrie will have the operator rights, powers and authorities over Cortland under 10 NYCRR 405.1(c), which include:

- Appointment or dismissal of hospital management level employees and medical staff, except the election or removal of corporate officers by the members of a not-for-profit corporation;
- Approval of hospital operating and capital budgets;
- Adoption or approval of hospital operating policies and procedures;
- Approval of certificate of need applications by or on behalf of the hospital;
- Approval of hospital debt necessary to finance the cost of compliance with operational or physical plant standards required by law;
- Approval of hospital contracts for management or for clinical services; and
- Approval of settlements of administrative proceedings or litigation to which the hospital is party, except approval by the members of a not-for-profit corporation of settlements of litigation that exceed insurance coverage or any applicable self-insurance fund.

Cortland Regional Medical Center is an independent, full-service safety net community health care provider in Cortland, which is located 34 miles south of Syracuse, 44 miles north of Binghamton, 24 miles northeast of Ithaca, and 75 miles from Sayre, PA. Significant financial sustainability challenges for Cortland include: losses associated with its employed physician group, lack of access to investment capital, and decreasing volume and case mix index substantially due to outmigration of higher acuity patients to hospitals in Syracuse and the Cayuga Health System in Ithaca. In addition, Cortland does not have the organizational scale or a sufficient primary and specialty care ambulatory network to effectively participate in value-based purchasing arrangements.

In 2017, Cortland was awarded a Statewide Health Care Facility Transformation Program (Phase I) grant of \$19,798,092 to retire long-term debt. The objective of the award was to enable financial stabilization of the hospital and promote opportunity for affiliation, merger or consolidation with a with a larger health care system. The proposed affiliation with Guthrie is a continuation of Cortland's transformation and

sustainability plan as a safety net provider, and its stated purpose is to develop a coordinated, highly integrated system with the objectives of improving quality, increasing access to primary and specialty services, and lowering the costs of healthcare in the communities served by Guthrie and Cortland. Through this affiliation, Guthrie has committed to provide Cortland with approximately \$100 million of direct financial assistance over the first five years for clinical investments such as in its employed physician group, and capital investment including funding 100% of its annual depreciation, information technology costs related to an Electronic Medical Record (EMR) and imaging, and human capital and supply chain management and other efficiencies to ensure mission sustainability and continued health care service delivery.

There will be no change in either authorized services or the number or type of beds as a result of the proposed change in governance structure. Cortland will remain a separate not-for-profit corporation licensed under Article 28 and Article 36 of the Public Health Law, maintaining separate operating certificates following the completion of the project. The Guthrie Clinic will replace CMHG as the sole member of Cortland.

OPCHSM Recommendation Contingent Approval

Need Summary

There will be no reduction in either authorized services or the number or type of beds as a result of this application.

Program Summary

Based on the information reviewed, staff found nothing that would reflect adversely upon the applicant's character and competence or standing in the community.

Financial Summary

There are no capital costs or projected incremental changes in staffing, utilization, operating expense or operating revenue associated with this application. The affiliation is expected to lead to financial and operational efficiencies, greater participation in regional healthcare reform and population health initiatives, expanded clinical services and overall growth in revenue helping Cortland to achieve financial sustainability.

Recommendations

Health Systems Agency

There will be no HSA recommendation for this project.

Office of Primary Care and Health Systems Management

Approval contingent upon:

1. Submission of documentation of approval by the Office of Mental Health, acceptable to the Department. [PMU]
2. Submission of a photocopy of the executed Amended and Restated Certificate of Incorporation of Cortland Regional Medical Center, Inc., acceptable to the Department. [CSL]
3. Submission of a resolution by the Board of Trustees of Cortland Regional Medical Center, Inc. approving its amended Bylaws, acceptable to the Department. [CSL]
4. Submission of a resolution by the Board of Trustees of Guthrie Cortland Medical Center approving its Bylaws, acceptable to the Department. [CSL]
5. Submission of a photocopy of the Amended and Restated Certificate of Incorporation of the C.M.H. Group, acceptable to the Department. [CSL]
6. Submission of a resolution by the Board of Trustees of The C.M.H. Group, Inc., approving its Restated Bylaws, acceptable to the Department. [CSL]

Approval conditional upon:

1. The project must be completed within one year from the date of the Public Health and Health Planning Council recommendation letter. Failure to complete the project within the prescribed time shall constitute an abandonment of the application by the applicant and an expiration of the approval. [PMU]

Council Action Date

October 11, 2018

Need Analysis

Background

Cortland Regional Medical Center, Inc, (Cortland) a New York not-for-profit corporation, operates a 162-bed acute care hospital, an 80-bed Residential Health Care Facility (RHCF) with a 33-slot Adult Day Health Care Program, and a Long-Term Home Health Care Program (LTHHCP), all located at 134 Homer Avenue, in Cortland County.

As shown in BPNR Attachment A (map), Cortland is located 34 miles south of Syracuse, 44 miles north of Binghamton, 24 miles northeast of Ithaca and 75 miles from Sayre, Pennsylvania.

There will be no changes to the services provided or the number of beds as a result of this project. The following beds and services are provided by Cortland (Source: HFIS, 2018):

Table 1: Hospital Services

Ambulatory Surgery - Multi Specialty	Medical Services – Primary Care
Clinical Laboratory Service	Medical Social Services
Coronary Care	Medical/Surgical
Emergency Department	Nuclear Medicine – Diagnostic
Intensive Care	Pediatric
Level I Perinatal Care	Psychiatric
Lithotripsy O/P	Radiology – Diagnostic
Maternity	Swing Bed Program
Medical Services - Other Medical Specialties	Therapy – Physical O/P

Table 2: Hospital Beds

Intensive Care	12
Maternity	15
Medical / Surgical	116
Pediatric	8
Psychiatric	11
Total	162

Table 3: Nursing Home Services

Baseline Services	Pharmaceutical Service
Adult Day Health Care (33)	Physician Services
Audiology	Psychology
Dental	Respite (2)
Medical Social Services	Therapy, Occupational
Nursing	Therapy, Physical
Nutritional	Therapy, Speech Language Pathology
Optometry	

Table 4: Nursing Home Beds

RHCF	80
Total	162

Table 5: LTHHCP Counties Served/Capacity

Cortland	100
Total	100

Table 6: Inpatient Discharges

Major Service Category	2010	2011	2012	2013	2014	2015	2016	% Change 2010 vs. 2016
Medical/Surgical	3,431	3,766	3,511	2,635	2,588	2,614	2,299	-33.0
Pediatric	98	109	89	52	13	3	8	-91.8
Obstetric	506	530	500	456	434	436	469	-7.3
Psychiatric	305	304	269	233	266	380	311	2.0
Chemical Dependency	23	29	47	26	44	75	41	78.3
High Risk Neonates	16	24	15	17	16	22	17	6.3
Subtotal	4,379	4,762	4,431	3,419	3,361	3,530	3,145	-28.2
Healthy Newborns	450	473	468	418	385	401	402	-10.7
Grand Total	4,829	5,235	4,899	3,837	3,746	3,931	3,547	-26.5

Data source: SPARCS

The downward trend of inpatient discharges is generally observed in community hospitals due to the continued shift of procedures and services to the ambulatory care setting. Cortland's total discharges have decreased 26 percent over the last six years from 2010 to 2016, particularly medical/surgical and pediatric discharges.

Table 7: Market Share Analysis for Cortland Regional Medical Center Service Area

Patients zip code	Post office name	Annual average discharges	Percent of Cortland's total discharges	Cumulative percent	Cortland's share of zip code	Facility with largest share of zip code (%)
13045	Cortland	1,953	51.9	51.9	59.6	Cortland (60%)
13077	Homer	382	10.1	62.0	53.1	Cortland (53%)
13803	Marathon	166	4.4	66.4	42.8	Cortland (43%)
13073	Groton	153	4.1	70.5	25.0	Cayuga Med Ctr (47%)
13101	Mc Graw	145	3.9	74.3	56.2	Cortland (56%)
13118	Moravia	125	3.3	77.6	23.2	Auburn Comm Hosp (25%)
13040	Cincinnatus	123	3.3	80.9	49.8	Cortland (50%)
13158	Truxton	88	2.3	83.2	45.6	Cortland (46%)

Data source: SPARCS inpatient data (Oct 1, 2016-Sept 30, 2017)

Cortland's market is largely centered around the zip code the hospital is located in, and the Hospital is the largest provider of inpatient services in its service area. The Service Area, for analysis purposes, is defined as the zip codes from which 85% of their hospital discharges originate. There are only two zip codes where other hospitals draw a bigger share of the population for inpatient services.

Prevention Agenda

Per the applicant, the priorities reported in the CON application are consistent with those reported in the Community Service Plan (CSP). The applicant reports three Prevention agenda priorities chosen: Chronic Disease, Healthy Babies, Mothers and Children and Mental Health and Substance Abuse. Cortland Regional Medical Center (Cortland) reports that they are implementing the following evidence-based interventions to support Cortland County Prevention Agenda goals:

- Adapting tobacco-free outdoor policies,
- Other preventing chronic disease intervention diabetes prevention efforts including increasing availability accessibility and use of evidence-based interventions in self-care management in clinical and community settings.
- Promoting the NYS Smokers Quit line
- Promoting smoking cessation benefits among MA beneficiaries
- Implementing Complete Streets policies, plans and practices
- focusing on increasing the number of babies exclusively breastfed while in the hospital and decreasing smoking among pregnant women

Cortland reports that it collaborates with the Cortland County Health Department and the Seven Valleys Health Coalition along with numerous community partners. Cortland provided some of the measures they are using to track MA members who are smokers and pursuing tobacco cessation. For other interventions they did not provide measures. A review of their most recent CSP update suggests they could use intermediate measures to assess progress in their efforts.

The Cortland says that in their most recent Schedule H form submitted to IRS, they did not report community health improvement services spending that supports local Prevention Agenda goals. The hospital did not report any spending in Community Health Improvement Services in the 2016 Schedule H filing.

The applicant should develop intermediate impact measures to track progress on advancing Prevention Agenda goals. The hospital is encouraged to increase investments in the Prevention Agenda and reflect it in the Community Health Improvement Services category.

Conclusion

There will be no change to beds or services as a result of this application.

Recommendation

From a need perspective, approval is recommended.

Program Analysis

Program Description

CMRC will remain a separate Article 28, not-for-profit corporation and will maintain its separate operating certificate. The change in governance structure will not result in any immediate changes in existing services or staffing.

Character and Competence

The members of The Guthrie Clinic board are:

<u>Name</u>	<u>Title/Position</u>
Joseph A. Scopelliti, M.D.	President/CEO
Michael W. Donnelly	Chair
Terence M. Devine, M.D.	Vice-Chair
Kenneth R. Levitzky, Esq.	Secretary
Ethan Arnold	Director
Frederick J. Bloom, Jr. M.D.	Director
Daniel J. Brown, M.D.	Director
Katherine P. Douglas, Ed.D.	Director
Donald W. Hartman	Director
Karen C. Kim, M.D.	Director
H. Eugene Lindsey, M.D.	Director
Joan M. Marren, R.N.	Director
Nader Mehravari	Director
David A. Pfisterer, M.D.	Director
Douglas R. Trostle, M.D.	Director

Staff from the Division of Certification & Surveillance reviewed the disclosure information submitted regarding licenses held, formal education, training in pertinent health and/or related areas, employment history, a record of legal actions, and a disclosure of the applicant's ownership interest in other health care facilities. Licensed individuals were checked against the Office of Medicaid Management, the Office

of Professional Medical Conduct, and the Education Department databases as well as the US Department of Health and Human Services Office of the Inspector General Medicare exclusion database.

Dr. Douglas disclosed that she serves as President of Corning Community College. An employee filed a retaliation complaint with Equal Employment Opportunity Commission naming the college. The outcome is pending.

Additionally, the staff from the Division of Certification & Surveillance reviewed the ten-year surveillance history of all associated facilities. Sources of information included the files, records, and reports found in the Department of Health. Included in the review were the results of any incident and/or complaint investigations, independent professional reviews, and/or comprehensive/focused inspections. The review found that any citations were properly corrected with appropriate remedial action.

Ms. Marren disclosed an affiliation with Ozanam Hall of Queens Nursing Home. On March 26, 2018, the Department issued a Stipulation and Order and \$2,000 fine against Ozanam Hall for an inspection completed on January 23, 2018. Deficient practice was identified in the areas of accidents and supervision. Specifically, a certified nursing assistant (CNA) did not follow a resident care plan during a transfer from bed to wheelchair. The resident fell and sustained a laceration to the face.

Conclusion

Based on the information reviewed, staff found nothing that would reflect adversely upon the applicant's character and competence or standing in the community.

Recommendation

From a programmatic perspective, approval is recommended.

Financial Analysis

Background

In 2016, Cortland had a loss from operations of \$10.4 million on total revenues of \$86.6 million (-12.0% operating margin). In 2017, operating losses were reduced to \$3.58 million on \$96.9 million total revenue (-3.7% operating margin). Significant financial sustainability challenges for Cortland include: losses associated with its employed physician group (\$7.3 million in 2017), lack of access to investment capital, declining inpatient volume and low case mix index substantially due to outmigration of higher acuity patients to hospitals in Syracuse and Cayuga Medical Center in Ithaca. In addition, Cortland does not have the organizational scale or a sufficient primary and specialty care ambulatory network to effectively participate in value-based purchasing arrangements.

In July 2017, NYS DOH awarded Cortland a \$19.8 million debt retirement capital grant to facilitate an active parent/co-operator affiliation as part of a long-term sustainability plan. This grant was awarded prior to Cortland selecting an affiliate but was conditioned on the Hospital doing so. In September 2017, following an RFP process, Cortland announced its intent to explore an affiliation with Guthrie. The RFP process was led by a Collaboration Task Force consisting of nine individuals, including current and past members of Cortland's Board that are representative of its community, as well as members of its medical staff community. The Task Force was facilitated through assistance from an independent consulting firm. Through the Task Force, Cortland identified four main objectives for the affiliation in the RFP: Program and Physician Network Growth, Financial Sustainability including infusion of/access to capital for reinvestment in facilities and programs, Preparedness for Health Care Reform, and Governance. Cortland sent the RFP to 20 health systems and eleven expressed initial interest, but only four systems submitted a full response: Guthrie, Cayuga Health System, Crouse Memorial Hospital, and SUNY Upstate Medical University. Guthrie was the only respondent that provided a direct financial commitment as part of its proposal, and committed approximately \$100 million to Cortland over the first five-years of the affiliation for clinical investments such as in its employed physician group, and capital investment including funding 100% of its annual depreciation, information technology costs related to an EMR and

imaging, human capital and supply chain management and other efficiencies to ensure mission sustainability and continued health care service delivery.

Guthrie is a rural health care system that currently operates four hospitals (three in PA and one in NYS) and more than 32 outpatient clinical practice sites in an eleven-county, two-state, rural region (six NYS counties and five PA counties). Guthrie's main hospital, Robert Packer Hospital, is in Sayre, PA (about 1.5 miles from the NYS border). Guthrie was founded in 1910 as an offspring of the Mayo Clinic. Today, Guthrie is a member of the Mayo Clinic Care Network; Guthrie serves as the lead organization in the DSRP PPS Care Compass Western Region and has a total of 16,488 New York State Medicaid patients attributed to its NYS primary care sites who are enrolled in the Fidelis Managed Care Program; and, in 2009, the Institute for Healthcare Improvement (the originator of the Triple Aim concept) identified Guthrie as one of ten organizations nationally best meeting the Triple Aim.

In 1999, PHHPC and NYS DOH licensed Guthrie to co-operate Corning Hospital (a 65-bed community hospital about 43 miles from Sayre) and have subsequently licensed Guthrie to operate a number of Article 28 outpatient clinics in the Southern Tier. In December 2011, Corning Hospital was approved to build an efficient, right-sized replacement hospital, which became operational in 2014. In 2016, the Guthrie system had approximately 21,000 inpatient discharges and 1.2 million outpatient visits. Guthrie's total operating revenues were about \$700 million, and the system has a AA- bond rating from Standard & Poor's. Guthrie has been an established provider in New York State for over twenty years, with a growing presence in Steuben, Chemung, Tioga and Tompkins counties, and approximately half of its 5,700 employees reside and work at its inpatient and outpatient facilities in New York State.

Based on DOH data, Corning Hospital's inpatient discharges in 2017 (4,683) were about the same as they were in 2013 (4,617), and outpatient visits have increased from 158,906 in 2013 to 488,869 in 2017. Guthrie's experience with Corning would seem to support its expressed intent to grow services in Cortland and improve access to primary and specialty services. Corning Hospital is about 30 miles closer to Sayre (43 miles) than is Cortland (75 miles), so proposed patient referrals from Cortland to Sayre for tertiary services would be a significant distance and counter to existing referral patterns north to Syracuse.

There has been opposition from several health care providers in New York State, including from what the Department is referring to as the CHS Coalition (Cayuga Medical Center, Schuyler Hospital, The Family Health Network (an FQHC in Cortland), Arnot Health (a hospital system in Chemung County), and the University of Rochester Medical Center), as well as from Crouse Hospital in Syracuse. Cayuga Health System, which responded to the Cortland RFP for an affiliate partner, proposed a partnership strategy that would help Cortland increase its revenues and leverage the value of its system assets, but did not offer a direct financial commitment in its proposal; and neither did Crouse Hospital or Upstate Medical University, who were the only other health care systems that responded to the RFP. Arnot Health received the RFP but did not respond. University of Rochester (URMC) did not respond on its own but consulted with Cayuga Health System.

Capability and Feasibility

There are no issues of capability or feasibility, as there are no project costs, budgets or working capital requirements associated with this application.

BFA Attachment C is the June 30, 2017 (FY2017) audited consolidated financial statements of The Guthrie Clinic and their internal financial statements as of April 30, 2018. As shown, the entity had a positive working capital position and a positive net asset position for the period. In addition, The Guthrie Clinic had an operating loss of \$19,408,000 on total operating revenues of \$682,347,000 (operating margin -2.8%) for the year ending June 30, 2017, and excess income of \$44,103,000, on total revenues of \$745,858,000 with non-operating revenues included (excess margin 5.9%). As of April 30, 2018, the entity achieved positive operating income of \$140,000 (0.02% operating margin) and excess income of \$39,420,000 on total revenues of \$655,041,000 (excess margin 6.0%).

Guthrie's FY2017 net operating loss was due, in part, to lower volumes from severe weather that closed all ambulatory sites for a day and a fire and flood at Robert Packard Hospital that closed a floor and the

medical group for two months. The operations were impacted by the implementation of a new Epic revenue cycle system that temporarily decreased productivity and increased expenses. The organization also experienced elevated medical staff turnover and retirements, which negatively impacted volumes and operating income.

BFA Attachment D is the 2016-2017 consolidated financial statements of Cortland Regional Medical Center, Inc. and their internal financial statements as of March 31, 2018. As shown, for 2017 Cortland had positive working capital and net asset positions and incurred a \$3,580,348 operating loss (-3.7% operating margin), an improvement over the 2016 reported operating loss of \$10,422,322 (-12.0% operating margin). The facility reported a net operating loss of \$40,411 (-0.44% operating margin) and including non-operating revenues, an excess income of \$720,193 (+7.8% excess margin) as of March 31, 2018.

Conclusion

In the Department's opinion Cortland underwent a transparent and well-designed RFP process to select an affiliate based on a specific set of objectives. The fact that the health systems who are opposed to this affiliation either did not respond to the RFP or did not comply with all the requirements of the RFP (i.e., financial investment) was considered while reviewing the application. The affiliation will enhance the availability and delivery of healthcare services to patients in the communities Cortland and Guthrie serve, and advance their respective 501(c)(3) charitable purposes. The affiliation is expected to lead to financial and operational efficiencies, greater participation in regional healthcare reform and population health initiatives, expanded clinical services, and overall growth in revenue helping Cortland achieve financial sustainability. Due to financial challenges faced by Cortland as a stand-alone organization, the parties believe affiliation can provide the financial resources, capital investments and clinical efficiencies to ensure service delivery going forward. The Department concludes that an affiliation with Guthrie will have a beneficial impact on the availability of health care services in the Cortland community and the long-term sustainability of Cortland Regional Medical Center. The applicant has demonstrated the capability to proceed in a financially feasible manner.

Recommendation

From a financial perspective, approval is recommended.

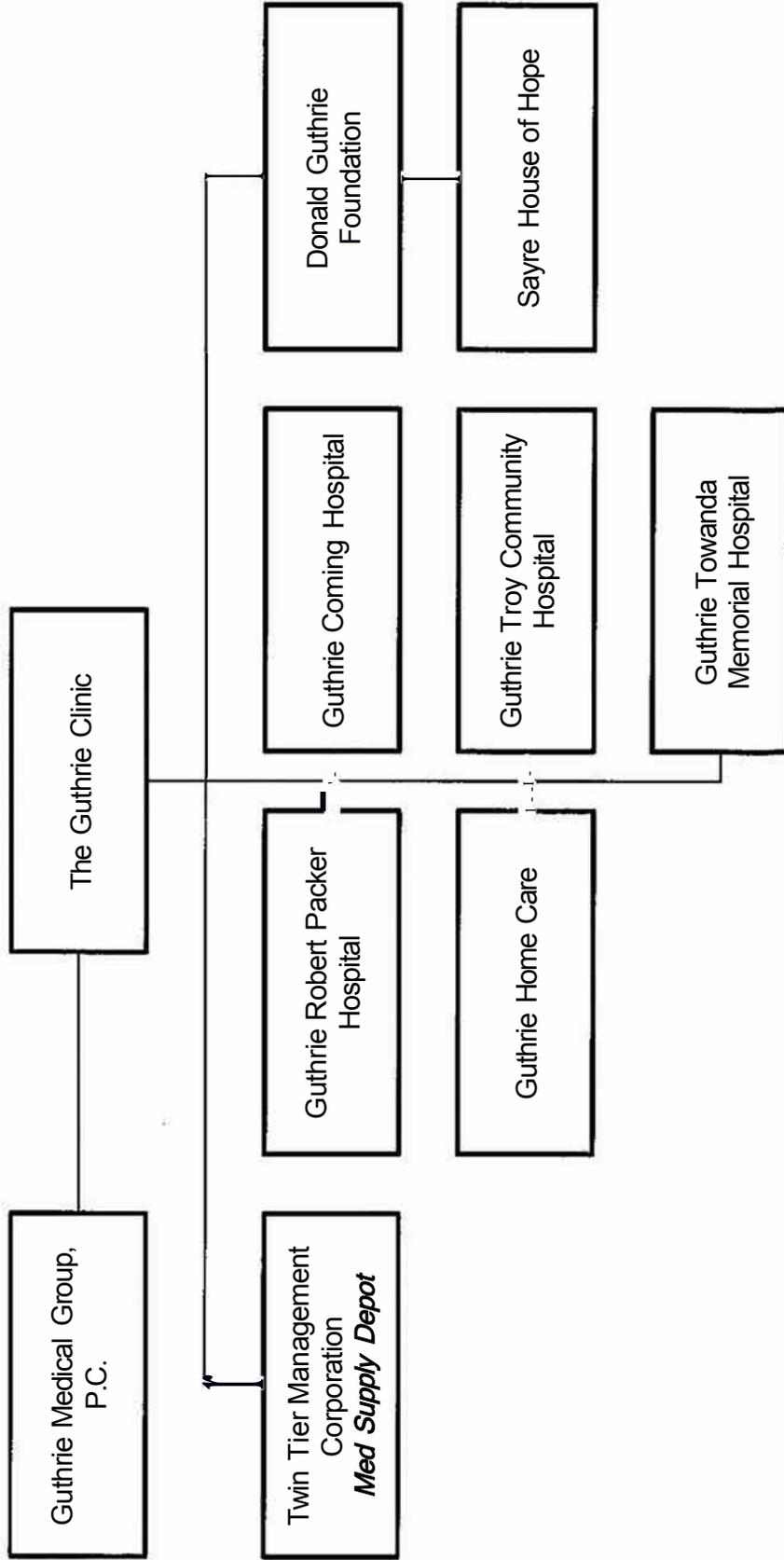
Attachments

BPNR Attachment A	Map
BFA Attachment A	Current Organizational Chart of The Guthrie Clinic.
BFA Attachment B	Proposed Organizational Chart of the Guthrie Clinic
BFA Attachment C	June 30, 2017 Consolidated Financial Statements and April 30, 2018 Internal Financial Statements of The Guthrie Clinic.
BFA Attachment D	2016- 2017 Consolidated Certified Financial Statement and the March 31, 2018 Internal Financial Statements of Cortland Regional Medical Center, Inc.



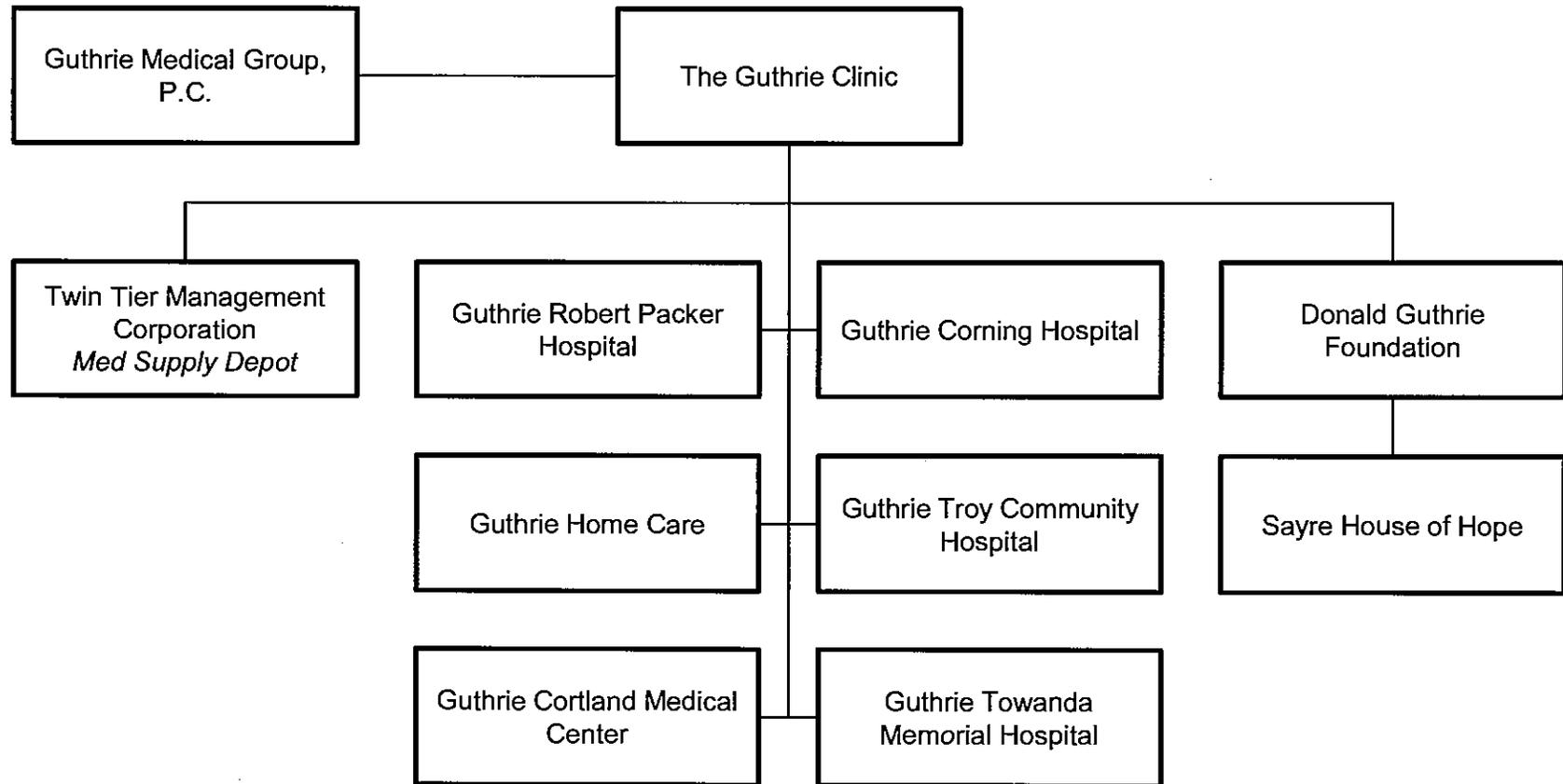
The Guthrie Clinic Organization

As of February 2018



The Guthrie Clinic Organization

As of the Effective Date of Affiliation



The Guthrie Clinic and Affiliates

Consolidated Balance Sheet

June 30, 2017 and 2016

(in thousands of dollars)

	<u>2017</u>	<u>2016</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 15,526	\$ 20,460
Patient accounts receivable, net of estimated uncollectibles of \$91,828 and \$76,523	83,943	71,984
Inventories	11,852	11,588
Prepaid expenses and other current assets	<u>17,949</u>	<u>17,538</u>
Total current assets	<u>129,270</u>	<u>121,570</u>
Assets limited as to use:		
Trustee held funds under indenture agreement	1,324	1,306
Board-designated funds	150,023	137,274
Self-insured trust funds	78,933	79,862
Other	<u>60,119</u>	<u>56,028</u>
	<u>290,399</u>	<u>274,270</u>
Investments	502,025	500,424
Property and equipment, net	353,959	356,947
Prepaid pension	14,104	1,852
Other assets, net	<u>6,238</u>	<u>8,355</u>
Total assets	<u>\$ 1,295,995</u>	<u>\$ 1,263,218</u>
Liabilities and Net Assets		
Current Liabilities		
Current maturities of long-term obligations	\$ 9,170	\$ 8,786
Accounts payable and accrued expenses	50,494	52,267
Accrued payroll, taxes and vacation	49,094	44,202
Estimated third-party payable, net	11,457	10,603
Other	<u>1,311</u>	<u>1,039</u>
Total current liabilities	<u>121,526</u>	<u>116,897</u>
Long-term obligations, net of current maturities, bond discount and bond premium	256,364	264,145
Accrued pension cost	2,715	9,360
Asset retirement obligation	8,767	11,178
Insurance liabilities, net of current portion	75,008	83,842
Other	<u>21,950</u>	<u>31,577</u>
Total liabilities	<u>486,330</u>	<u>516,999</u>
Net Assets		
Unrestricted	749,525	689,232
Temporarily restricted	56,203	53,160
Permanently restricted	<u>3,937</u>	<u>3,827</u>
Total net assets	<u>809,665</u>	<u>746,219</u>
Total liabilities and net assets	<u>\$ 1,295,995</u>	<u>\$ 1,263,218</u>

The Guthrie Clinic and Affiliates**Consolidated Statement of Operations and Changes in Net Assets**

Years Ended June 30, 2017 and 2016

(in thousands of dollars)

	<u>2017</u>	<u>2016</u>
Unrestricted Revenues		
Patient service revenue, net of contractual and other allowances	\$ 707,651	\$ 710,746
Provision for bad debt	<u>(45,804)</u>	<u>(43,179)</u>
Net patient service revenue	661,847	667,567
Other operating revenue	<u>20,500</u>	<u>28,310</u>
Total revenues	<u>682,347</u>	<u>695,877</u>
Expenses		
Salaries and wages	343,519	328,626
Employee benefits	68,378	67,241
Purchased services	47,097	40,778
Supplies	69,500	73,145
Pharmaceuticals	62,396	59,307
Insurance	4,659	6,748
Other expenses	54,609	50,525
Depreciation and amortization	42,503	43,477
Interest	8,422	10,461
Early extinguishment of debt	<u>672</u>	<u>-</u>
Total expenses	<u>701,755</u>	<u>680,308</u>
(Loss) income from operations	<u>(19,408)</u>	<u>15,569</u>
Nonoperating Income (Loss)		
Restructuring expense	(2,965)	-
Other income (loss), net (Note 9)	<u>66,476</u>	<u>(8,986)</u>
Total nonoperating income (loss)	<u>63,511</u>	<u>(8,986)</u>
Excess of revenues over expenses	<u>\$ 44,103</u>	<u>\$ 6,583</u>

**The Guthrie Clinic
Consolidating Balance Sheet
(In Thousands)**

	<u>June 30, 2017</u>	<u>March 31, 2018</u>	<u>April 30, 2018</u>
Current Assets			
Cash and Cash Equivalents	15,526	28,607	26,230
Accounts Receivable, Net	83,943	81,378	83,886
Inventories	11,852	14,077	14,226
Notes Receivable	131	93	88
Prepaid Expenses and Other Assets	17,818	21,044	19,653
Total current assets	<u>129,271</u>	<u>145,199</u>	<u>144,084</u>
Assets limited as to use:			
Investment - Trustee Held	1,324	26	26
Board Designated Funds	150,023	157,354	157,710
Temporarily and Permanently Restricted Funds	60,109	63,228	62,171
Self Insured Trust Funds	78,933	85,408	87,078
Patient Escrow	10	11	12
Noncurrent assets limited as to use	<u>290,399</u>	<u>306,027</u>	<u>306,998</u>
Other Assets			
Investment	502,025	507,926	506,406
Property, plant & equipment (net)	353,959	338,571	339,553
Prepaid Pension, Cost	14,104	16,326	16,573
Other Assets (net)	6,238	5,302	5,355
Total Assets	<u>1,295,995</u>	<u>1,319,351</u>	<u>1,318,969</u>

**The Guthrie Clinic
Consolidating Balance Sheet
(In Thousands)**

	<u>June 30, 2017</u>	<u>March 31, 2018</u>	<u>April 30, 2018</u>
Current Liabilities			
Current maturities of long-term obligations	9,170	9,434	9,507
Accounts payable & accrued expenses	49,951	56,329	52,361
Accrued payroll, taxes and other	33,272	28,619	25,495
Accrued vacation	15,822	15,741	16,409
Accrued interest	543	1,883	2,416
Third party payable	11,457	6,511	8,927
Other	1,311	1,517	1,785
Total Current Liabilities	<u>121,526</u>	<u>120,034</u>	<u>116,901</u>
Other Liabilities			
Long Term Debt	256,364	247,308	248,391
Patient Escrow	10	11	12
Accrued Pension Costs	2,715	364	414
Other	105,715	101,652	100,390
Total Liabilities	<u>486,330</u>	<u>469,369</u>	<u>466,109</u>
Net Assets			
Unrestricted	749,525	787,483	790,434
Temporarily Restricted	56,203	58,520	58,448
Permanently Restricted	3,937	3,978	3,978
Total Net Assets	<u>809,665</u>	<u>849,982</u>	<u>852,860</u>
Total Liabilities and Net Assets	<u>1,295,995</u>	<u>1,319,351</u>	<u>1,318,969</u>

The Guthrie Clinic
Consolidated Statement of Revenue & Expense
For Year-To-Date April 30, 2018
(Dollars In Thousands)

	Actual	Budget	\$ Var	% Var	Prior Year	\$ Var	% Var
Patient Service Revenue net of Allowances	636,843	640,615	(3,772)	-1%	582,215	54,628	9%
Provision for Bad Debt	37,353	42,196	4,843	11%	37,541	188	1%
Net Patient Service Revenue	599,490	598,419	1,071	0%	544,674	54,816	10%
Operating Revenues and Support	16,131	12,339	3,791	31%	15,234	897	6%
Total Operating Revenues	615,621	610,758	4,863	1%	559,908	55,712	10%
Salaries	293,591	296,367	2,776	1%	284,417	(9,174)	-3%
Employee Benefits	58,606	59,743	1,137	2%	54,616	(3,990)	-7%
Purchased Services	51,533	39,509	(12,024)	-30%	37,034	(14,499)	-39%
Supplies	61,106	58,558	(2,547)	-4%	57,236	(3,869)	7%
Pharmaceuticals	51,534	55,661	4,127	7%	52,249	715	1%
Insurance	7,869	9,281	1,412	15%	6,522	(1,346)	-21%
Other Expenses	48,799	47,651	(1,148)	-2%	43,835	(4,964)	-11%
Depreciation and Amortization	35,506	37,983	2,477	7%	35,299	(207)	-1%
Interest Expense	6,937	6,798	(139)	-2%	7,080	143	2%
Early Extinguishment of Debt	0	0	0	0%	672	672	100%
Operating Expenses	615,481	611,552	(3,928)	-1%	578,960	(36,520)	-6%
Income (Loss) From Operations	140	(794)	935	118%	(19,062)	19,192	101%
Non Operating Gains	39,420	8,177	31,244	382%	60,415	(20,994)	-35%
Excess Margin	39,561	7,382	32,178	436%	41,363	(1,802)	-4%

CORTLAND REGIONAL MEDICAL CENTER, INC.

Consolidated Balance Sheets

December 31, 2017 and 2016

<u>Assets</u>	<u>2017</u>	<u>2016</u>
Current assets:		
Cash and cash equivalents	\$ 2,788,493	2,632,583
Investments	9,170,896	7,970,780
Patient accounts receivable, net of allowance for doubtful accounts of \$4,238,781 in 2017 and \$4,186,332 in 2016	10,974,564	9,195,876
Other notes and accounts receivable	2,435,880	1,000,725
Inventories	1,103,895	629,819
Prepaid expenses	766,220	859,366
Total current assets	<u>27,239,948</u>	<u>22,289,149</u>
Assets limited as to use:		
Board designated	6,007,862	6,107,926
Permanent endowment	102,548	1,480,688
Total assets limited as to use	<u>6,110,410</u>	<u>7,588,614</u>
Property and equipment, net	<u>37,365,454</u>	<u>40,189,677</u>
Other assets:		
Interest in net assets of Cortland Memorial Foundation, Inc.	5,217,929	4,785,857
Other notes and accounts receivable, net of allowance for doubtful accounts of \$3,911,884 in 2017 and 2016	1,744,368	1,559,759
Interest rate swap asset	33,159	-
Goodwill	350,000	350,000
Total other assets	<u>7,345,456</u>	<u>6,695,616</u>
Total assets	<u>\$ 78,061,268</u>	<u>76,763,056</u>

<u>Liabilities and Net Assets</u>	<u>2017</u>	<u>2016</u>
Current liabilities:		
Current portion of long-term debt	\$ 1,344,475	1,388,713
Accounts payable	5,849,342	4,814,348
Accrued payroll and benefits	6,764,148	6,611,567
Accrued interest	62,193	113,521
Other accrued expenses	147,304	211,311
Advances from third-party payors	920,238	920,238
Estimated third-party payor settlements	4,195,264	3,044,903
	<u>19,282,964</u>	<u>17,104,601</u>
Total current liabilities		
Long-term debt, net of current portion	16,826,874	18,132,099
Accrued pension liability	14,978,811	15,401,585
Interest rate swap liability	-	110,043
Other liabilities	2,220,891	1,577,400
	<u>53,309,540</u>	<u>52,325,728</u>
Total liabilities		
Net assets:		
Unrestricted	20,666,887	18,965,284
Temporarily restricted	1,354,149	1,380,500
Permanently restricted	2,730,692	4,091,544
	<u>24,751,728</u>	<u>24,437,328</u>
Total net assets		
Commitments and contingencies (note 10)		
Total liabilities and net assets	<u>\$ 78,061,268</u>	<u>76,763,056</u>

CORTLAND REGIONAL MEDICAL CENTER, INC.

Consolidated Statements of Operations

Years ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Unrestricted revenues, gains and other support:		
Patient service revenue (net of contractual allowances and discounts)	\$ 97,131,658	85,553,435
Provision for bad debts	<u>(3,668,256)</u>	<u>(3,319,949)</u>
Net patient service revenue less provision for bad debts	93,463,402	82,233,486
Other operating revenue	<u>3,419,161</u>	<u>4,419,645</u>
Total revenues, gains and other support	<u>96,882,563</u>	<u>86,653,131</u>
Expenses:		
Salaries and wages	46,945,704	45,514,269
Employee benefits	11,835,323	12,258,060
Supplies	13,191,173	11,895,711
Professional and contracted services	16,582,386	15,222,414
Other direct	5,654,285	5,753,272
Interest	853,224	862,884
Depreciation and amortization	<u>5,400,816</u>	<u>5,588,843</u>
Total expenses	<u>100,462,911</u>	<u>97,095,453</u>
Loss from operations	(3,580,348)	(10,442,322)
Nonoperating revenue (expense):		
Investment income, net	878,679	254,189
Gain (loss) on disposal of property and equipment	(3,411)	51,169
Grant received for retirement of debt	985,000	-
Change in fair value of interest rate swap	<u>143,202</u>	<u>148,229</u>
Deficiency of revenues over expenses	(1,576,878)	(9,988,735)
Change in net unrealized gains and losses on investments	1,369,360	1,044,863
Change in interest in net assets of Cortland Memorial Foundation, Inc.	278,114	84,278
Net assets released from restrictions used for purchase of property and equipment	165,000	18,630
Contributions received for purchase of property and equipment	282,457	136,022
Pension-related changes other than net periodic benefit cost	1,388,678	338,816
Other components of net periodic benefit cost	(1,579,715)	(437,453)
Transfer from permanently restricted net assets	<u>1,374,587</u>	<u>-</u>
Increase (decrease) in unrestricted net assets	<u>\$ 1,701,603</u>	<u>(8,803,579)</u>

Cortland Regional Medical Center, Inc. Consolidated Balance Sheet - Assets

	Mar-18	Feb-18	Mar-17	Year Over Year Variance
Current Assets:				
Cash & cash equivalents	3,005,313	2,700,405	2,483,804	521,509
Unrestricted Investments	8,671,521	8,698,419	8,307,168	364,353
Current portion of assets whose use is limited		-	-	-
Net patient accounts receivable - CRMC	10,017,734	10,430,293	8,720,429	1,297,305
Net patient accounts receivable - RMP	1,330,858	1,259,965	1,087,548	243,310
Other receivables, net	716,968	703,936	914,319	(197,351)
Inventories	1,088,957	1,062,179	645,985	442,972
Prepaid expenses	1,189,484	1,154,894	1,311,213	(121,729)
Total Current Assets	<u>26,020,833</u>	<u>26,010,090</u>	<u>23,470,466</u>	<u>2,550,367</u>
Assets whose use is limited	6,198,861	6,183,395	7,875,432	(1,676,571)
Property, Plant & Equipment:				
Gross	145,464,757	144,220,078	142,327,009	3,137,748
Less: accumulated depreciation	(109,214,642)	(108,743,498)	(102,862,750)	(6,351,892)
Net Property, Plant & Equipment	<u>36,250,115</u>	<u>36,476,580</u>	<u>39,464,259</u>	<u>(3,214,144)</u>
Other Assets:				
Interest in net assets of Foundation	5,217,929	5,217,929	4,785,857	432,072
Other notes & accounts receivable - net	1,777,551	1,860,421	1,518,437	259,114
Other assets	360,481	360,582	362,372	(1,891)
Total Other Assets	<u>7,355,961</u>	<u>7,438,932</u>	<u>6,666,666</u>	<u>689,295</u>
TOTAL ASSETS	75,825,771	76,108,997	77,476,823	(1,651,052)

Cortland Regional Medical Center, Inc. Consolidated Balance Sheet - Liabilities & Net Assets

	Year Over Year		
	Mar-18	Feb-18	Mar-17
			Variance
Current Liabilities:			
Current portion of long-term debt	173,320	283,539	(1,215,394)
Accounts payable	4,491,291	4,195,864	(1,151,842)
Accrued payroll & benefits	6,693,885	7,515,895	173,489
Due to & advances from third party payors	5,317,046	5,011,773	969,254
Other accrued liabilities	145,999	142,299	(112,477)
Accrued interest	-	-	(62,940)
Total Current Liabilities	16,821,542	17,149,370	(1,399,909)
Long-term debt, net of current portion	255,470	832,056	(17,799,646)
Accrued pension liability	15,008,288	14,944,338	(665,297)
Insurance liability	1,713,494	1,725,813	173,050
Long term Interest rate swap liability	-	-	(54,484)
Total Liabilities	33,798,795	34,651,577	(19,746,284)
Net Assets:			
Unrestricted	37,940,646	37,370,796	19,637,252
Temporarily restricted	1,358,932	1,358,932	(129,917)
Permanently restricted	2,727,398	2,727,692	(1,412,103)
Total Net Assets	42,026,976	41,457,420	18,095,232
TOTAL LIABILITIES & NET ASSETS	75,825,771	76,108,997	(1,651,052)

Cortland Regional Medical Center, Inc.

Consolidated Income Statement - March 2018

	Actual	2018 Budget	Variance From Budget	Prior Year Actual	Year Over Year Variance
Net inpatient revenue	3,501,260	3,212,747	288,513	3,288,449	212,811
Net outpatient revenue	5,911,326	5,669,028	242,298	5,387,573	523,753
Other allowances & discounts	(249,882)	(162,857)	(87,025)	(121,471)	(128,411)
Provision for bad debts	(210,839)	(281,506)	70,667	(150,135)	(60,704)
Total Net Patient Revenue	8,951,866	8,437,412	514,453	8,404,417	547,449
Other operating revenue	220,740	237,971	(17,231)	419,197	(198,457)
Total Operating Revenue	9,172,605	8,675,383	497,223	8,823,614	348,992
Salaries & wages	4,199,142	4,065,028	(134,114)	4,067,283	(131,859)
Fringe benefits	1,025,660	1,055,415	29,755	1,139,036	113,376
Contracted labor/Other purchased services	1,494,740	1,499,574	4,834	1,581,354	86,614
Supplies	1,463,877	1,246,180	(217,697)	1,113,793	(350,084)
Other direct expenses	521,081	489,475	(31,606)	404,666	(116,415)
Interest	6,408	5,231	(1,177)	69,684	63,276
Depreciation & amortization	502,108	501,380	(728)	481,312	(20,796)
Total Operating Expense	9,213,015	8,862,281	(350,732)	8,857,128	(355,887)
Income (Loss) From Operations	(40,411)	(186,900)	146,491	(33,514)	(6,895)
Net Nonoperating Gains/(Losses)	760,604	23,122	737,482	138,393	622,211
Excess (Deficiency) of Revenues Over Expenses	720,193	(163,778)	883,973	104,879	615,314
Net Unrealized Gains/(Losses) On Investments	(150,343)	-	(150,343)	(10,591)	(139,752)
Capital Contributions	-	12,739	(12,739)	149,100	(149,100)
Increase (Decrease) in Unrestricted Net Assets	569,850	(151,039)	720,891	243,388	326,462



MEMORANDUM

To: Public Health and Health Planning Council

From: Richard J. Zahnleuter
General Counsel 

Date: October 2, 2018

Subject: Proposed Change of Corporate Name from United Cerebral Palsy and Handicapped Children's Association of Syracuse, Inc. to AccessCNY, Inc.

The United Cerebral Palsy and Handicapped Children's Association of Syracuse, Inc. changed its name to AccessCNY, Inc. and seeks Public Health and Health Planning Council (PHHPC) approval to effectuate the name change. The name was changed on January 1, 2015 as part of a merger with Transitional Living Services of Onondaga County, Inc.. However, through a filing error, PHHPC approval for the name change was not requested at that time. Sections 804(a)(i) and 404(o) and (t) of New York Not-for-Profit Law require PHHPC's approval over this name change.

There is no legal objection to the proposed corporate name change and the Certificate of Merger is in legally acceptable form.

Attachments

September 26, 2018

Mark Furnish, Director
Bureau of Health Facility Planning and Development
Division of Legal Affairs
New York State Department of Health
Room 2482, Tower Building
Empire State Plaza
Albany, NY 12237

Dear Mr. Furnish:

As you know, we have recently become aware that the change in our agency's name from United Cerebral Palsy and Handicapped Children's Association of Syracuse, Inc. to AccessCNY, Inc. was not approved by the New York State Department of Health ("the Department"). I am writing to provide the history behind how and when this name change occurred as well a merger that occurred at the same time. This letter will also provide information on a second merger for which we seek the Department's approval.

As outlined in the attached Certificate of Merger (Attachment A) dated December 4, 2014, United Cerebral Palsy and Handicapped Children's Association of Syracuse, Inc. was formed in 1948. This remained the legal name of the organization until January 1, 2015 when, as part of a merger with Transitional Living Services of Onondaga County, Inc., the name of the corporation was changed to AccessCNY, Inc. While approval of the name change and merger was received by our regulatory agencies and the NYS Department of State, we were unaware of the need to seek the Department's approval. This was likely due, at least in part, to the fact that the Articles of Incorporation of United Cerebral Palsy and Handicapped Children's Association of Syracuse, Inc. did not cite the Department within the Purposes section.

More recently, AccessCNY has received approval from the NYS Attorney General and our regulatory agencies for a second merger with Spaulding P.R.A.Y. Residence Corp. Included as Attachment B is a copy of the filing seeking approval of this merger.

We respectfully request the Department's approval of the name change to AccessCNY, Inc. and the two mergers outlined above. Please do not hesitate contacting me if you require additional information.

Sincerely,



Paul Joslyn
Executive Director



Attachment A

STATE OF NEW YORK

DEPARTMENT OF STATE

I hereby certify that the annexed copy has been compared with the original document in the custody of the Secretary of State and that the same is a true copy of said original.



WITNESS my hand and official seal of the Department of State, at the City of Albany, on December 4, 2014.

Anthony Giardina

Anthony Giardina
Executive Deputy Secretary of State

**CERTIFICATE OF MERGER
OF
TRANSITIONAL LIVING SERVICES OF ONONDAGA COUNTY, INC.
AND
UNITED CEREBRAL PALSY AND HANDICAPPED CHILDREN'S ASSOCIATION OF
SYRACUSE, INC.
INTO
UNITED CEREBRAL PALSY AND HANDICAPPED CHILDREN'S ASSOCIATION OF
SYRACUSE, INC.**

UNDER NEW YORK NOT-FOR-PROFIT CORPORATION LAW § 904

The undersigned, Brian Hoke, being President of Transitional Living Services of Onondaga County, Inc., and Marvin Reed, being President of United Cerebral Palsy and Handicapped Children's Association of Syracuse, Inc., and said corporations both being domestic not-for-profit corporations organized and existing under and by virtue of the laws of the State of New York, hereby certify:

- (1) The names of the Constituent Corporations are Transitional Living Services of Central New York, Inc. and United Cerebral Palsy and Handicapped Children's Association of Syracuse, Inc. United Cerebral Palsy and Handicapped Children's Association of Syracuse, Inc. shall be the Surviving Corporation, but shall assume be re-named: AccessCNY, Inc.
- (2) The Certificate of Incorporation of Transitional Living Services of Onondaga County, Inc. was filed by the Department of State on the 27th day of September, 1974, pursuant to the Not-for-Profit Corporation Law, under the name Transitional Living Services of Central New York, Inc.
- (3) The Certificate of Incorporation of United Cerebral Palsy and Handicapped Children's Association of Syracuse, Inc. was filed by the Department of State on the 25th day of February, 1948, Pursuant to the Membership Corporation Law, under the name Syracuse Cerebral Palsy and Handicapped Children's Association, Inc.
- (4) The Surviving Corporation, United Cerebral Palsy and Handicapped Children's Association of Syracuse, Inc. is a corporation, as defined in subparagraph (a)(5) of Section 102 of the New York Not-for-Profit Corporation Law, was formerly considered a Type "B" Corporation, and is now classified as a "Charitable" Corporation under Section 201 of the New York Not-for-Profit Corporation Law.
- (5) There are no holders of certificates evidencing capital contributions or subventions for either Transitional Living Services of Onondaga County, Inc. or United Cerebral Palsy and Handicapped Children's Association of Syracuse, Inc.
- (6) The manner and basis of converting governing authority in each Constituent Corporation, Transitional Living Services of Onondaga County, Inc. and United Cerebral Palsy and Handicapped Children's Association of Syracuse, Inc., into governing authority and representational interest in the Surviving Corporation, United Cerebral Palsy and Handicapped Children's Association of Syracuse, Inc. was accomplished as set forth herein. All individuals serving on the Board of Directors of each Constituent Corporation who were willing and able to serve on the Board of Directors of the Surviving Corporation upon effectuation of the instant merger were appointed to serve on the Board of Directors of the Surviving Corporation.

- (7) The amendments or changes in the Certificate of Incorporation of the surviving corporation to be effected by the merger are:

Paragraph 1, which stipulates the name of the corporation, is amended to read as follows:

"1. The name of the corporation is: AccessCNY, Inc."

Paragraph 2, which relates to the purposes for which the corporation was formed, is amended to read as follows:

"2. The purposes for which it is to be formed are:

- (a) sponsor, coordinate and provide programs and services that assess, counsel, support and otherwise assist individuals and families with cerebral palsy and other developmental disabilities, and those with mental health concerns, in an effort to facilitate and encourage their ability to live independently and self-sufficiently as fully integrated members of their communities;*
- (b) establish, maintain and operate community residences, including temporary housing, assisted living facilities, group residences and apartments, certified, funded, or sponsored by the Office of People with Developmental Disabilities, for the benefit of people with cerebral palsy and other developmental disabilities;*
- (c) establish, maintain and operate community residences, including temporary housing, assisted living facilities, group residences and apartments, certified, funded, or sponsored by the Office of Mental Health, for the benefit of people with mental health concerns;*
- (d) provide habilitation, rehabilitation, training, placement and other residence-based services incidental to the foregoing charitable purposes."*

- (8) This merger was authorized with respect to United Cerebral Palsy and Handicapped Children's Association of Syracuse, Inc., as set forth herein. United Cerebral Palsy and Handicapped Children's Association of Syracuse, Inc. does not maintain a Membership as defined by Section 601 of the Not-for-Profit Corporation Law. Said corporation is a "Charitable Corporation," as defined by Section 201 of the Not-For-Profit Corporation Law and is governed by a self-perpetuating Board of Directors, as authorized by Section 601 of said statute. There are no requirements in the Certificate of Incorporation of said corporation requiring the maintenance of a Membership. Rather, the By-Laws of the corporation provide for governance by a self-perpetuating Board of Directors. Said Board of Directors adopted and authorized this Certificate of Merger, together with a Plan of Merger at a meeting of the Board convened on the 17th day of June in the year 2013, by, at least, a two-thirds (2/3s) majority vote of the Directors present at the time of the vote, a valid quorum being present.

- (9) This merger was authorized with respect to Transitional Living Services of Onondaga County, Inc. as set forth herein. Transitional Living Services of Onondaga County, Inc., does not maintain a Membership as defined by Section 601 of the Not-for-Profit Corporation Law. Said corporation is a "Charitable Corporation," as defined by Section 201 of the Not-For-Profit Corporation Law and is governed by a self-perpetuating Board of Directors, as authorized by Section 601 of said statute. There are no requirements in the Certificate of Incorporation of said corporation requiring the maintenance of a Membership. Rather, the By-Laws of the corporation provide for governance by a self-perpetuating Board of Directors. Said Board of Directors adopted and authorized this Certificate of Merger, together with a Plan of Merger at a meeting of the Board convened on the 17th day of June in the year 2013, by, at least, a two-thirds (2/3s) majority vote of the Directors present at the time of the vote, a valid quorum being present.
- (10) The instant merger shall become effective on January 1, 2015.

STATE OF NEW YORK
SUPREME COURT

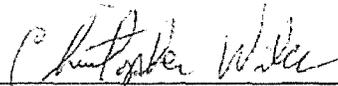
COUNTY OF ONONDAGA

Certificate of Merger
of

TRANSITIONAL LIVING SERVICES OF ONONDAGA COUNTY, INC.
and
UNITED CEREBRAL PALSY AND HANDICAPPED CHILDREN'S ASSOCIATION OF
SYRACUSE, INC.
INTO
UNITED CEREBRAL PALSY AND HANDICAPPED CHILDREN'S ASSOCIATION OF
SYRACUSE, IN.

UNDER NEW YORK NOT-FOR-PROFIT CORPORATION LAW §904

THE ATTORNEY GENERAL HEREBY APPEARS HEREIN,
HAS NO OBJECTION TO THE GRANTING OF
JUDICIAL APPROVAL HEREON, ACKNOWLEDGES
RECEIPT OF STATUTORY NOTICE AND DEMANDS
SERVICE OF ALL PAPERS SUBMITTED HEREIN
INCLUDING ALL ORDERS, JUDGMENTS AND
ENDORSEMENTS OF THE COURT. SAID NO OBJECTION
IS CONDITIONED ON SUBMISSION OF THE MATTER
TO THE COURT WITHIN 30 DAYS HEREAFTER



CHRISTOPHER WILES DATE: November 26, 2014
ASSISTANT ATTORNEY GENERAL

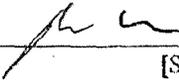
STATE OF NEW YORK)
COUNTY OF ONONDAGA) SS.:
CITY OF SYRACUSE)

On this 26th day of November 2014, before me personally came CHRISTOPHER WILES, to me known and known to me to be a duly constituted Assistant Attorney General, and the person who executed the foregoing instrument, and he duly acknowledged to me that he, as such Assistant Attorney General, had executed the same in the name and on behalf of the Attorney General, for the uses and purposes therein mentioned.

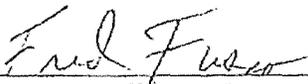


Assistant Attorney General of
the State of New York, with
the general powers of a Notary
Public, pursuant to Section 73
of the Executive Law of the
State of New York.

IN WITNESS WHEREOF, the undersigned have, on behalf of each constituent corporation, subscribed this certificate and hereby affirm it as true under the penalties of perjury this 17 day of October, 2013.



[Signature]
Brian Hoke, President of the Board of Directors

Attest: 

[Signature]
Fred Fusco, Vice President of the Board of Directors

for
TRANSITIONAL LIVING SERVICES OF ONONDAGA COUNTY, INC.



[Signature]
Marvin Reed, President of the Board of Directors

Attest: 

[Signature]
Harriet Silverman, Secretary of the Board of Directors

for
UNITED CEREBRAL PALSY AND HANDICAPPED CHILDREN'S ASSOCIATION OF SYRACUSE,
INC.

FILING RECEIPT

=====

ENTITY NAME: ACCESSCNY, INC.

DOCUMENT TYPE: MERGER (DOM. NFP)
PURPOSES NAME

COUNTY: ONON

=====

FILED:12/03/2014 DURATION:***** CASH#:141203000812 FILM #:141203000747

FILER:

EFFECT DATE

LAUREN HOLUPKO, ESQ.
272 BROADWAY

01/01/2015

MEANDS, NY 12204

ADDRESS FOR PROCESS:

REGISTERED AGENT:



CONSTITUENT NAME: TRANSITIONAL LIVING SERVICES OF ONONDAGA COUNTY, INC.

=====

SERVICE COMPANY: ** NO SERVICE COMPANY **

SERVICE CODE: 00

FEEES 190.00

FILING 30.00
TAX 0.00
CERT 0.00
COPIES 10.00
HANDLING 150.00

PAYMENTS 190.00

CASH 0.00
CHECK 190.00
CHARGE 0.00
DRAWDOWN 0.00
OPAL 0.00
REFUND 0.00



STATE OF NEW YORK
OFFICE OF THE ATTORNEY GENERAL

ERIC T. SCHNEIDERMAN
Attorney General

REGIONAL OFFICE DIVISION
SYRACUSE REGIONAL OFFICE

March 11, 2014

David J. Watson, Esq.
Watson & West
272 Broadway
Albany, New York 12204

Re: Merger of Transitional Living Services of Onondaga County, Inc. and United Cerebral Palsy and Handicapped Children's Association of Syracuse, Inc. into United Cerebral Palsy and Handicapped Children's Association of Syracuse, Inc.

Dear Mr. Watson:

Enclosed you will find the Attorney General's Statement of No Objection to the merger with regard to the above-referenced matter. Please make sure that I receive a copy of the filing receipt from the Department of State once the certificate has been accepted for filing so that I can close my file.

Transitional Living Services should file an annual report for the year 2013, as well as a final report for the period January 1, 2014 through the effective date of the merger. The final report should show the assets and liabilities being transferred to United Cerebral Palsy.

Very truly yours,

A handwritten signature in black ink that reads 'Christopher Wiles'.

CHRISTOPHER WILES
Assistant Attorney General

CW/sb
enc.

STATE OF NEW YORK
SUPREME COURT

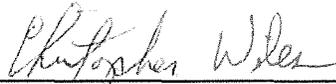
COUNTY OF ONONDAGA

Certificate of Merger
of

**TRANSITIONAL LIVING SERVICES OF ONONDAGA COUNTY, INC.
and
UNITED CEREBRAL PALSY AND HANDICAPPED CHILDREN'S ASSOCIATION OF
SYRACUSE, INC.
INTO
UNITED CEREBRAL PALSY AND HANDICAPPED CHILDREN'S ASSOCIATION OF
SYRACUSE, IN.**

UNDER NEW YORK NOT-FOR-PROFIT CORPORATION LAW §904

THE ATTORNEY GENERAL HEREBY APPEARS HEREIN,
HAS NO OBJECTION TO THE GRANTING OF
JUDICIAL APPROVAL HEREON, ACKNOWLEDGES
RECEIPT OF STATUTORY NOTICE AND DEMANDS
SERVICE OF ALL PAPERS SUBMITTED HEREIN
INCLUDING ALL ORDERS, JUDGMENTS AND
ENDORSEMENTS OF THE COURT. SAID NO OBJECTION
IS CONDITIONED ON SUBMISSION OF THE MATTER
TO THE COURT WITHIN 30 DAYS HEREAFTER



CHRISTOPHER WILES DATE: 3/11/14
ASSISTANT ATTORNEY GENERAL

STATE OF NEW YORK)
COUNTY OF ONONDAGA) SS.:
CITY OF SYRACUSE)

On this 3rd day of March 2014, before me personally came CHRISTOPHER WILES, to me known and known to me to be a duly constituted Assistant Attorney General, and the person who executed the foregoing instrument, and he duly acknowledged to me that he, as such Assistant Attorney General, had executed the same in the name and on behalf of the Attorney General, for the uses and purposes therein mentioned.



Assistant Attorney General of
the State of New York, with
the general powers of a Notary
Public, pursuant to Section 73
of the Executive Law of the
State of New York.

Attachment B



May 24, 2018

Colleen M. Leonard
Executive Secretary, Public Health and Health Planning Council
NYS Department of Health
Corning Tower, Rm 1805
Empire State Plaza
Albany, New York 12237

Re: *Proposed Certification of Merger*
AccessCNY, Inc.
Spaulding P.R.A.Y. Residence Corp.

Dear Sir or Madam:

My organization is assisting AccessCNY, Inc., and Spaulding P.R.A.Y. Residence Corp., each established Not-for-Profit Corporations with offices in Onondaga County, in effectuating a corporate merger. Enclosed herein, please find a copy of a proposed Certificate of Merger. We are writing to ask for your assistance relative to the filing of said Certificate.

Pursuant to Sections 909 and 404 of the Not-for-Profit Corporation Law, the approval of the Public Health and Health Planning Council is likely required in order to effectuate the contemplated corporate merger. AccessCNY, Inc., formerly United Cerebral Palsy and Handicapped Children's Association of Syracuse, Inc., is currently licensed by the NYS Department of Health to provide certain services pursuant to Article 28 of the Public Health Law. Enclosed herein, please find a copy of the Operating Certificate issued to AccessCNY by the NYS Department of Health.

If, in your opinion, the approval of the NYS Department of Health is required in order to effectuate the contemplated merger, we, respectfully, request that you consent to the filing of the enclosed Certificate of Merger with the Department of State. Conversely, if you are of the opinion that the approval of your Office would not be required, we would appreciate your efforts in advising in writing that such is the case as the Department of State may decline to file the instant Certificate in the absence of such confirmation.

If you should have any questions or concerns, please do not hesitate to contact me by telephone at 518.434.9194 ext. 109, e-mail at lweinstein@nycon.org or by mail at the following address:

New York Council of Nonprofits, Inc.
272 Broadway
Albany, New York 12204

Thank you for your time and consideration.

NEW YORK COUNCIL OF NONPROFITS, INC.

By:

Lisa Weinstein, Esq.

Community Focus ♦ Statewide Impact ♦ National Network

272 Broadway, Albany NY, 12204 p. (800) 515-5012 f. (844) 802-2204 www.nycon.org info@nycon.org

New York City Office
20 Jay Street, Suite 740
Brooklyn NY 11201

Hudson Valley Office
205 South Avenue, Suite 101
Poughkeepsie NY 12601

Central New York Office
310A Bugbee Hall, State St., SUNY Oneonta
Oneonta NY 13820

Western New York Office
75 College Avenue, 1st Floor
Rochester NY 14607

**CERTIFICATE OF MERGER
OF
ACCESSCNY, INC.
AND
SPAULDING P.R.A.Y. RESIDENCE CORP.
INTO
ACCESSCNY, INC.**

**UNDER SECTION 904 OF THE NOT-FOR-PROFIT
CORPORATION LAW**

The undersigned, respectively, being the President of ACCESSCNY, INC., and the President of SPAULDING P.R.A.Y. RESIDENCE CORP., each being persons authorized and entitled to sign this document pursuant to Section 104(d) of the Not-for-Profit Corporation Law, and said corporations both being Charitable Not-for-Profit Corporations organized and existing under and by virtue of the By-Laws of the State of New York, hereby certify:

1. The names of the Constituent Corporations are: ACCESSCNY, INC. and SPAULDING P.R.A.Y. RESIDENCE CORP. ACCESSCNY, INC. shall be the Surviving Corporation.
3. The CERTIFICATE OF INCORPORATION of the Constituent Corporation, ACCESSCNY, INC. was filed by the Department of State on the 25th day of February in the year 1948, pursuant to the Membership Corporation Law, under the name SYRACUSE CEREBRAL PALSY AND HANDICAPPED CHILDREN'S ASSOCIATION, INC.
2. The CERTIFICATE OF INCORPORATION of the Constituent Corporation, SPAULDING P.R.A.Y. RESIDENCE CORP. was filed by the Department of State on the on the 26th day of August in the year 1982, pursuant to Section 402 of the New York Not-for-Profit Corporation Law, under the name SPAULDING P.R.A.Y. RESIDENCE CORP.
4. The Surviving Corporation, ACCESSCNY, INC. is a corporation, as defined in subparagraph (a)(5) of Section 102 of the New York Not-for-Profit Corporation Law and is a "Charitable Corporation," pursuant to Section 201 of said statute.
5. The amendment(s) or change(s) to the CERTIFICATE OF INCORPORATION of the surviving corporation, ACCESSCNY, INC., to be effected by the merger are set forth as follows:

Paragraph 2, which relates to the purposes for which the corporation was formed, is amended to read as follows:

2. The purposes for which it is to be formed are:
 - (a) Sponsor, coordinate and provide programs and services that assess, counsel, support and otherwise assist individuals and families with cerebral palsy and other developmental disabilities, and those with mental health concerns, in an effort to facilitate and encourage their ability to live independently and self-sufficiently as fully integrated members of their communities;
 - (b) Establish, maintain and operate community residences, including temporary housing, assisted living facilities, group residences and apartments, certified, funded, or sponsored by the Office of People with Developmental Disabilities, for the benefit of people with cerebral palsy and other developmental disabilities;
 - (c) Establish, maintain and operate community residences, including temporary housing, assisted living facilities, group residences and apartments, certified, funded, or sponsored by the Office of Mental Health, for the benefit of people with mental health concerns;

- (d) Provide habitation, rehabilitation, respite, training, placement and other residence-based services incidental to the foregoing charitable purposes.

6. This merger was authorized with respect to ACCESSCNY, INC., as set forth herein. ACCESSCNY, INC. does not maintain a Membership as defined by Section 601 of the Not-for-Profit Corporation Law. Said corporation is a "Charitable Corporation," as defined by Section 201 of the Not-For-Profit Corporation Law and is governed by a self-perpetuating Board of Directors, as authorized by Sections 601 and 701 of said statute. Said Board of Directors adopted and authorized this CERTIFICATE OF MERGER, together with a PLAN OF MERGER at a meeting of the Board convened on the 19th day of April in the year 2018, by, at least, a two-thirds (2/3s) majority vote of the Directors, a valid quorum being present.

7. This merger was authorized with respect to SPAULDING P.R.A.Y. RESIDENCE CORP., as set forth herein. SPAULDING P.R.A.Y. RESIDENCE CORP. maintains a Membership as defined by Section 601 of the Not-for-Profit Corporation Law. Said corporation is a "Charitable Corporation," as defined by Section 201 of the Not-For-Profit Corporation Law and is governed by a sole, corporate Member, ACCESSCNY, INC., as authorized by Section 601 of said statute. As authorized by the By-Laws of SPAULDING P.R.A.Y. RESIDENCE CORP., the sole corporate Member and parent corporation has the sole authority to unilaterally authorize a corporate Merger on behalf of SPAULDING P.R.A.Y. RESIDENCE CORP., and no action by the subsidiary corporation's Board is required. The Board of Directors of the sole corporate Member, ACCESSCNY, INC., adopted and authorized this CERTIFICATE OF MERGER, together with a PLAN OF MERGER, on behalf its subsidiary corporation, SPAULDING P.R.A.Y. RESIDENCE CORP., at a meeting of the parent corporation's Board convened on the 19th day of April in the year 2018, by, at least, a two-thirds (2/3s) majority vote of the Directors, a valid quorum being present.

8. There are no holders of certificates evidencing capital contributions or subventions in either ACCESSCNY, INC. or SPAULDING P.R.A.Y. RESIDENCE CORP.

9. The instant merger shall become effective immediately upon the filing of this CERTIFICATE OF MERGER with the Department of State.

IN WITNESS WHEREOF, this CERTIFICATE OF MERGER has been subscribed on behalf of ACCESSCNY, INC. and SPAULDING P.R.A.Y. RESIDENCE CORP. by the undersigned, being a person authorized and entitled to sign this document pursuant to Section 104(d) of the Not-for-Profit Corporation Law, who has executed and signed the document and affirmed as true the statements made herein under the penalties of perjury.

ACCESSCNY, INC.

By: 
MICHAEL WIRTHEIM
President, Board of Directors

STATE OF NEW YORK)
COUNTY OF) SS.:

On the 19 day of April 2018 in the year 2017 before me, the undersigned, a Notary Public in and for said State, personally appeared MICHAEL WIRTHEIM, personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose names(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity (ies), and by his/her/their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument.


Notary Public

RACHEL ALICE GARCIA
Notary Public - State of New York
No. 01GA6255030
Qualified in Onondaga County
Commission Expires January 30, 20 20

IN WITNESS WHEREOF, this CERTIFICATE OF MERGER has been subscribed on behalf of ACCESSCNY, INC. and SPAULDING P.R.A.Y. RESIDENCE CORP. by the undersigned, being a person authorized and entitled to sign this document pursuant to Section 104(d) of the Not-for-Profit Corporation Law, who has executed and signed the document and affirmed as true the statements made herein under the penalties of perjury.

SPAULDING P.R.A.Y. RESIDENCE CORP.

By: Martin J. Clark
MARTIN CLARK
Secretary, Board of Directors

STATE OF NEW YORK)
COUNTY OF) SS.:

On the 19 day of April 2018 in the year 2017 before me, the undersigned, a Notary Public in and for said State, personally appeared MARTIN CLARK, personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose names(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity (ies), and by his/her/their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument.

Rachel Alice Garcia
Notary Public

RACHEL ALICE GARCIA
Notary Public - State of New York
No. 01GA6256030
Qualified in Onondaga County
Commission Expires January 30, 2020

CERTIFICATE OF MERGER
OF
ACCESSCNY, INC.
AND
SPAULDING P.R.A.Y. RESIDENCE CORP.
INTO
ACCESSCNY, INC.

UNDER SECTION 904 OF THE NOT-FOR-PROFIT CORPORATION LAW

Filed by:

Lisa Weinstein, Esq.
New York Council of Nonprofits, Inc.
272 Broadway
Albany, New York 12204
518-434-9194, x109

**PLAN OF MERGER
OF
ACCESSCNY, INC.
AND
SPAULDING P.R.A.Y. RESIDENCE CORP.
INTO
ACCESSCNY, INC.**

**UNDER SECTION 902 OF THE NOT-FOR-PROFIT
CORPORATION LAW**

ARTICLE I

NAMES OF CONSTITUENT CORPORATIONS
AND SURVIVING CORPORATION

The names of the Constituent Corporations are: ACCESSCNY, INC. and SPAULDING P.R.A.Y. RESIDENCE CORP. and ACCESSCNY, INC. shall be the Surviving Corporation.

ARTICLE II

MEMBERSHIP, HOLDERS OF CAPITAL CONTRIBUTIONS AND SUBVENTIONS

Section 2.1. *Membership of ACCESSCNY, INC.* ACCESSCNY, INC. does not maintain a Membership as defined by Section 601 of the Not-for-Profit Corporation Law. There are no requirements in the CERTIFICATE OF INCORPORATION, as amended, of said corporation requiring the maintenance of a Membership. Said corporation is a "Charitable Corporation" pursuant to Section 201 of the Not-For-Profit Corporation Law and is governed solely by a self-perpetuating Board of Directors, as authorized by Sections 601 and 701 of said statute.

Section 2.2. *Membership of SPAULDING P.R.A.Y. RESIDENCE CORP.* SPAULDING P.R.A.Y. RESIDENCE CORP. has a sole corporate Member, as defined by Section 601 of the Not-for-Profit Corporation Law, although there are no requirements in the CERTIFICATE OF INCORPORATION, as amended, of said corporation requiring the actual maintenance of such a Member. ACCESSCNY, INC. presently serves as the sole corporate Member of SPAULDING P.R.A.Y. RESIDENCE CORP. Based the foregoing, Section 4 of Article XI of the By-Laws of SPAULDING P.R.A.Y. RESIDENCE CORP. expressly provides that the Board of Directors of ACCESSCNY, INC. is unilaterally empowered to authorize any corporate merger or consolidation with SPAULDING P.R.A.Y. RESIDENCE CORP. As such, no approval by the subsidiary corporation, SPAULDING P.R.A.Y. RESIDENCE CORP., was required or sought with respect to authorizing and approving this PLAN OF MERGER. A copy of the By-Laws of SPAULDING P.R.A.Y. RESIDENCE CORP. is annexed hereto, and made a part hereof, as Appendix "A."

Section 2.3. *Holders of Certificates Evidencing Capital Contributions or Subventions.* There are no holders of certificates evidencing capital contributions or subventions in either ACCESSCNY, INC. or SPAULDING P.R.A.Y. RESIDENCE CORP.

ARTICLE III

STATEMENTS OF ASSETS AND LIABILITIES

The fiscal year for ACCESSCNY, INC. commences on the 1st day of January and concludes on the 31st day of December. The fiscal year for SPAULDING P.R.A.Y. RESIDENCE CORP. also begins

on the 1st day of January and concludes on the 31st day of December. The assets and liabilities of ACCESSCNY, INC. and SPAULDING P.R.A.Y. RESIDENCE CORP. are more fully described in the following stipulated financial information assessments and returns, which are attached hereto and made a part hereof in the manner indicated below:

- Annual Independent Audit and Internal Revenue Service Form 990, Return of Organization Exempt from Income Tax of ACCESSCNY, INC. for the fiscal year 2016 (Appendix "B");
- Annual Independent Audit and Internal Revenue Service Form 990, Return of Organization Exempt from Income Tax of SPAULDING P.R.A.Y. RESIDENCE CORP. for the fiscal year 2016 (Appendix "C")

ARTICLE IV

TERMS AND CONDITIONS OF PROPOSED MERGER

The manner and basis of converting governing authority in each Constituent Corporation into governing authority and representational interest in the Surviving Corporation was accomplished as set forth herein. In anticipation of the instant merger, the Board of Directors of each Constituent Corporation, ACCESSCNY, INC. and SPAULDING P.R.A.Y. RESIDENCE CORP., duly authorized the amendment of their respective corporate By-Laws in an effort to align their governance structures and simultaneously appointed certain Directors to jointly serve on the Boards of Directors of each Constituent Corporation. The respective Boards of Directors additionally resolved that all individuals serving on the Board of Directors of each Constituent Corporation who were willing and able to serve on the Board of Directors of the Surviving Corporation would serve as the initial Board of Directors of said Surviving Corporation immediately upon legal effectuation of the merger.

ARTICLE V

AMENDMENTS OR CHANGES IN CERTIFICATE OF INCORPORATION, AS AMENDED, OF SURVIVING CORPORATION

The amendment(s) or change(s) to the CERTIFICATE OF INCORPORATION of the surviving corporation, ACCESSCNY, INC., to be effected by the contemplated Merger are set forth as follows:

Paragraph 2, which relates to the purposes for which the corporation was formed, is amended to read as follows:

2. The purposes for which it is to be formed are:
 - (a) Sponsor, coordinate and provide programs and services that assess, counsel, support and otherwise assist individuals and families with cerebral palsy and other developmental disabilities, and those with mental health concerns, in an effort to facilitate and encourage their ability to live independently and self-sufficiently as fully integrated members of their communities;
 - (b) Establish, maintain and operate community residences, including temporary housing, assisted living facilities, group residences and apartments, certified, funded, or sponsored by the Office of People with Developmental Disabilities, for the benefit of people with cerebral palsy and other developmental disabilities;
 - (c) Establish, maintain and operate community residences, including temporary housing, assisted living facilities, group residences and apartments, certified, funded, or sponsored by the Office of Mental Health, for the benefit of people with mental health concerns;
 - (d) Provide habitation, rehabilitation, respite, training, placement and other residence-based services incidental to the foregoing charitable purposes.

ARTICLE VI

MISCELLANEOUS PROVISIONS

Section 6.1. *Effective Date.* The proposed merger shall become effective immediately upon the filing of the CERTIFICATE OF MERGER with the Department of State. Prior to delivery of said CERTIFICATE OF MERGER for filing with the Department of State, it is, hereby, agreed between the Boards of Directors of the Constituent Corporations that if a later effective date is determined to be advisable, then the CERTIFICATE OF MERGER shall contain a provision specifying such later effective date as is agreed upon by the respective Boards. Said date, pursuant to Section 905(a) of the Not-for-Profit Corporation Law, may not exceed thirty (30) days subsequent to the filing of the CERTIFICATE OF MERGER with the Department of State.

Section 6.2. *Abandonment of Plan.* Notwithstanding authorization of this Plan by either Constituent Corporation, if at any time prior to the filing of a CERTIFICATE OF MERGER by the Department of State it becomes the opinion of the Board of Directors of either of the Constituent Corporations that events or circumstances have occurred which render it inadvisable to consummate the merger, this PLAN OF MERGER may be abandoned. The filing of the CERTIFICATE OF MERGER by the Department of State shall conclusively establish that said Plan has not been abandoned.

Section 6.3. *Expenses of Merger.* The Surviving Corporation shall pay all the expenses of carrying this PLAN OF MERGER into effect and of accomplishing the merger provided that if at any time this PLAN OF MERGER should become abandoned, SPAULDING P.R.A.Y. RESIDENCE CORP. shall reimburse ACCESSCNY, INC. for fifty percent (50%) of all expenses incurred and paid under this paragraph.

Section 6.4. *Purposes of Merger.* The purpose of the merger is to better enable the Constituent Corporations to advance their respective tax-exempt purposes by minimizing duplication of services and reducing administrative costs associated with conducting similar operations and activities.

ARTICLE VII

ADOPTION OF PLAN OF MERGER

Section 7.1. *Adoption by ACCESSCNY, INC.* This PLAN OF MERGER was authorized with respect to ACCESSCNY, INC., as set forth herein. ACCESSCNY, INC. does not maintain a Membership as defined by Section 601 of the Not-for-Profit Corporation Law. There are no requirements in the CERTIFICATE OF INCORPORATION, as amended, of said corporation requiring the maintenance of a Membership. Said corporation is a "Charitable Corporation" pursuant to Section 201 of the Not-For-Profit Corporation Law and is governed solely by a self-perpetuating Board of Directors, as authorized by Sections 601 and 701 of said statute. Said Board of Directors adopted and authorized this PLAN OF MERGER, and authorized the subsequent filing of a CERTIFICATE OF MERGER at a duly convened meeting of the Board held on the 14th day of April in the year 2018. On the date of the aforementioned vote, there were 26 voting Directors of record serving on said Board, of which 20 were in attendance, which well-exceeded quorum requirements mandated by statute and the BY-LAWS of the corporation. Of the 20 Directors in attendance at said meeting, the Board authorized and approved the aforementioned measures by a vote 20 in favor and 0 opposed, with 0 abstentions, which also well-exceeded voting requirements mandated by statute and the BY-LAWS of the corporation.

Section 7.2. *Adoption by SPAULDING P.R.A.Y. RESIDENCE CORP.* This PLAN OF MERGER was authorized with respect to SPAULDING P.R.A.Y. RESIDENCE CORP., as set forth herein. SPAULDING P.R.A.Y. RESIDENCE CORP. maintains a Membership as defined by Section 601 of the Not-for-Profit Corporation Law. Said corporation is a "Charitable Corporation," as defined by

Section 201 of the Not-For-Profit Corporation Law and is governed by a sole corporate member, ACCESSCNY, INC., as authorized by Section 601 of said statute. As authorized by the By-Laws of SPAULDING P.R.A.Y. RESIDENCE CORP., the sole corporate Member and parent corporation has the authority to unilaterally authorize a merger on behalf of SPAULDING P.R.A.Y. RESIDENCE CORP., and no action by the subsidiary corporation's Board is required. The Board of Directors of the sole corporate Member, ACCESSCNY, INC., adopted and authorized this PLAN OF MERGER, on behalf its subsidiary corporation, SPAULDING P.R.A.Y. RESIDENCE CORP., at a meeting of the parent corporation's Board convened on the 19th day of April in the year 2018, by, at least, a two-thirds (2/3s) majority vote of the Directors. On the date of the aforementioned vote, there were 26 voting Directors of record serving on said Board, of which 20 were in attendance, which well-exceeded quorum requirements mandated by statute and the BY-LAWS of the corporation. Of the 20 Directors in attendance at said meeting, the Board authorized and approved the aforementioned measures by a vote 20 in favor and 0 opposed, with 0 abstentions, which also well-exceeded voting requirements mandated by statute and the BY-LAWS of the Corporation.

IN WITNESS WHEREOF, this PLAN OF MERGER has been subscribed on behalf of ACCESSNY, INC. and SPAULDING P.R.A.Y. RESIDENCE CORP. by the undersigned, being a person authorized and entitled to sign this document pursuant to Section 104(d) of the Not-for-Profit Corporation Law, who has executed and signed the document and affirmed as true the statements made herein under the penalties of perjury.

ACCESSNY, INC.

By: 
MICHAEL WIRTHHEIM
President, Board of Directors

STATE OF NEW YORK)
COUNTY OF) ss.:

On the 19 day of April 2018 in the year 2017 before me, the undersigned, a Notary Public in and for said State, personally appeared MICHAEL WIRTHHEIM personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose names(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity (ies), and by his/her/their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument.


Notary Public

RACHEL ALICE GARCIA
Notary Public - State of New York
No. 01GA6255030
Qualified in Onondaga County
Commission Expires January 30, 2020

IN WITNESS WHEREOF, this PLAN OF MERGER has been subscribed on behalf of ACCESSNY, INC. and SPAULDING P.R.A.Y. RESIDENCE CORP. by the undersigned, being a person authorized and entitled to sign this document pursuant to Section 104(d) of the Not-for-Profit Corporation Law, who has executed and signed the document and affirmed as true the statements made herein under the penalties of perjury.

SPAULDING P.R.A.Y. RESIDENCE CORP.

By: Martin J. Clark
MARTIN CLARK
Secretary, Board of Directors

STATE OF NEW YORK)
COUNTY OF) ss.:

On the 19 day of April 2018 in the year 2017 before me, the undersigned, a Notary Public in and for said State, personally appeared MARTIN CLARK, personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose names(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity (ies), and by his/her/their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument.

Rachel Alice Garcia
Notary Public

RACHEL ALICE GARCIA
Notary Public - State of New York
No. 01GA6255030
Qualified in Onondaga County
Commission Expires January 30, 2020

Appendix A

**SPAULDING P.R.A.Y. RESIDENCE CORP.
Corporate By-Laws**

Appendix B

ACCESSCNY, INC.

Annual Independent Audit/Internal Revenue Service Form 990

Fiscal Year 2016

Appendix C

**SPAULDING P.R.A.Y. RESIDENCE CORP.
Annual Independent Audit/Internal Revenue Service Form 990**

Fiscal Year 2016

PLAN OF MERGER
OF
ACCESSCNY, INC.
AND
SPAULDING P.R.A.Y. RESIDENCE CORP.
INTO
ACCESSCNY, INC.

UNDER SECTION 902 OF THE NOT-FOR-PROFIT CORPORATION LAW

Filed by:

Lisa Weinstein, Esq.
New York Council of Nonprofits, Inc.
272 Broadway
Albany, New York 12204
518-434-9194, x109

ATTORNEY GENERAL OF THE STATE OF NEW YORK
COUNTY OF ONONDAGA

In re Application of

ACCESSSCNY, INC.

and

VERIFIED PETITION

SPAULDING P.R.A.Y. RESIDENCE CORP.,

for approval of their PLAN OF MERGER under §907-B
& authorizing the filing of a CERTIFICATE OF MERGER
under §904 of the Not-for-Profit Corporation Law

TO: NEW YORK STATE ATTORNEY GENERAL
SYRACUSE REGIONAL OFFICE
615 ERIE BLVD. WEST, SUITE 102
SYRACUSE, NEW YORK 13204

Petitioners, ACCESSSCNY, INC., by MICHAEL WIRTHEIM, President of the Board of Directors, and SPAULDING P.R.A.Y. RESIDENCE CORP., by MARTIN CLARK, Secretary of the Board of Directors, for their VERIFIED PETITION herein, respectfully, allege:

1. ACCESSSCNY, INC., is a domestic Not-for-Profit Corporation, duly organized and existing under and by virtue of the laws of the State of New York, with its principal office located at 1603 Court Street, City of Syracuse, State of New York.
2. SPAULDING P.R.A.Y. RESIDENCE CORP., is also a domestic Not-for-Profit Corporation, duly organized and existing under and by virtue of the laws of the State of New York, with its principal office located at 6520 Basile Rowe, City of East Syracuse, State of New York.
3. The names of the Constituent Corporations are: ACCESSSCNY, INC. and SPAULDING P.R.A.Y. RESIDENCE CORP. ACCESSSCNY, INC. shall be the Surviving Corporation.
4. The CERTIFICATE OF INCORPORATION of the Constituent Corporation, ACCESSSCNY, INC., a photocopy of which is annexed hereto and made a part hereof as Appendix "A," was filed by the Department of State on the 25th day of February in the year 1948, pursuant to the Membership Corporation Law, under the name SYRACUSE CEREBRAL PALSY AND HANDICAPPED CHILDREN'S ASSOCIATION, INC.
5. A photocopy of the current BY-LAWS, of ACCESSSCNY, INC. is annexed hereto and made a part hereof as Appendix "B."
6. The CERTIFICATE OF INCORPORATION of the Constituent Corporation, SPAULDING P.R.A.Y. RESIDENCE CORP., a photocopy of which is annexed hereto and made a part hereof as Appendix "C," was filed

by the Department of State on the on the 26th day of August in the year 1982, pursuant to Section 402 of the New York Not-for-Profit Corporation Law, under the name SPAULDING P.R.A.Y. RESIDENCE CORP.

7. A photocopy of the current BY-LAWS, of SPAULDING P.R.A.Y. RESIDENCE CORP. is annexed hereto and made a part hereof as Appendix "D."

8. In accordance with Section 907-B of the Not-for-Profit Corporation Law, a photocopy of the PLAN OF MERGER of the above-captioned corporations is annexed hereto and made a part hereof as Appendix "E."

9. A photocopy of the proposed CERTIFICATE OF MERGER of the above-captioned corporations required in order to effectuate the instant merger pursuant to Section 909 of the Not-for-Profit Corporation Law, is annexed hereto and made a part hereof as Appendix "F."

10. This Merger was authorized, pursuant to, and in accordance with, Sections 903 and 907(a)(5) of the Not-for-Profit Corporation Law, with respect to ACCESSSCNY, INC., as set forth herein. At the time of the authorization of the Merger, ACCESSSCNY, INC. did not maintain a Membership as defined by Section 601 of the Not-for-Profit Corporation Law. There are no requirements in the CERTIFICATE OF INCORPORATION of said corporation requiring the maintenance of a Membership. ACCESSSCNY, INC. is a "Charitable Corporation" pursuant to Section 201 of the Not-For-Profit Corporation Law and was governed by a self-perpetuating Board of Directors, as authorized by Section 601 of said statute. The Board of Directors adopted and authorized both a PLAN OF MERGER and CERTIFICATE OF MERGER (Appendices E and F, respectively) at a properly convened meeting of the Board held on the 19th day of April in the year 2018. Of 26 Directors qualified to vote, 20 Directors attended said meeting of the Board, which well exceeded the minimum quorum of Directors required by the Not-for-Profit Corporation Law and the BY-LAWS of said corporation. The Board of Directors adopted and authorized each the PLAN OF MERGER and CERTIFICATE OF MERGER (Appendices E and F, respectively) by a vote of 20 in favor, 0 opposed and 0 abstaining, which again well exceeded the minimum voting percentage required by statute and the governance documents of the corporation. In accordance with Section 907(a)(2) of the Not-for-Profit Corporation Law, a photocopy of the Resolution of the Board of Directors of ACCESSSCNY, INC. adopting and authorizing each the PLAN OF MERGER and CERTIFICATE OF MERGER, excluding redundant attachments, is annexed hereto and made a part hereof as Appendix "G."

11. This Merger was authorized, pursuant to, and in accordance with, Sections 903 and 907(a)(5) of the Not-for-Profit Corporation Law, with respect to SPAULDING P.R.A.Y. RESIDENCE CORP., as set forth herein. At the time of the authorization of the Merger, SPAULDING P.R.A.Y. RESIDENCE CORP. had a sole corporate Member, as defined by Section 601 of the Not-for-Profit Corporation Law, although there are no requirements in the CERTIFICATE OF INCORPORATION of said corporation requiring the actual maintenance of such a Member. ACCESSSCNY, INC. presently serves as the sole corporate Member and parent corporation of SPAULDING P.R.A.Y. RESIDENCE CORP. Based on the foregoing, Section 4 of Article XI of the BY-LAWS

of SPAULDING P.R.A.Y. RESIDENCE CORP. (Appendix D) expressly provides that the Board of Directors of the sole corporate Member, ACCESSSCNY, INC., is unilaterally empowered to authorize any corporate Merger or Consolidation, and no action by the subsidiary corporation's Board of Directors is required.

12. SPAULDING P.R.A.Y. RESIDENCE CORP. is a "Charitable Corporation" pursuant to Section 201 of the Not-For-Profit Corporation Law. The Board of Directors of ACCESSSCNY, INC., as the sole corporate Member of SPAULDING P.R.A.Y. RESIDENCE CORP., with authority to unilaterally authorize any corporate Merger, adopted and authorized both a PLAN OF MERGER and CERTIFICATE OF MERGER (Appendices E and F, respectively) at a properly convened meeting of the Board held on the 19th day of April in the year 2018. Of 26 Directors qualified to vote, 20 Directors attended said meeting of the Board, which well exceeded the minimum quorum of Directors required by the Not-for-Profit Corporation Law and the BY-LAWS of said corporation. The Board of Directors adopted and authorized each the PLAN OF MERGER and CERTIFICATE OF MERGER (Appendices E and F, respectively) by a vote of 20 in favor, 0 opposed and 0 abstaining, which again well exceeded the minimum voting percentage required by statute and the governance documents of the corporation. In accordance with Section 907(a)(2) of the Not-for-Profit Corporation Law, a photocopy of the Resolution of the Board of Directors of ACCESSSCNY, INC. adopting and authorizing each the PLAN OF MERGER and CERTIFICATE OF MERGER, on behalf of SPAULDING P.R.A.Y. RESIDENCE CORP., excluding redundant attachments, is annexed hereto and made a part hereof as Appendix "H."

13. The manner and basis of converting governing authority in each Constituent Corporation into governing authority and representational interest in the Surviving Corporation shall be accomplished as set forth herein. The BY-LAWS of the Surviving Corporation, ACCESSSCNY, INC. were amended in a manner that was mutually acceptable to the respective Constituent Corporations, and all individuals serving on the respective Boards of Directors who are willing and able to serve on the Board of Directors of the Surviving Corporation shall be seated as Directors of said Surviving Corporation, which shall occur immediately upon effectuation of the contemplated corporate merger.

14. As for the requirements of Section 907(a)(3) of the Not-for-Profit Corporation Law, the objects and purposes of each ACCESSSCNY, INC. and SPAULDING P.R.A.Y. RESIDENCE CORP. to be promoted by the proposed merger are set forth as follows: each of the aforementioned corporations provide a variety of support services to individuals with developmental and intellectual disabilities, while ACCESSSCNY, INC. also offers services for those with mental health issues, clinical services for those with disabilities, as well as several other services throughout the Central New York region, in the State of New York, and both corporations have decided that their common vision and interests would best be advanced by a single entity; and, the Boards of Directors of each Constituent Corporation believe that a merged entity would more efficiently and effectively operate their

programs and services and reduce operational costs. The objectives set forth herein indicate that the interests of the Constituent Corporations and the public, generally, will not be adversely affected by the proposed Merger.

15. As for the mandates of Section 907(a)(4) of the Not-for-Profit Corporation Law, the property, and manner in which it is held; liabilities; and, amount and sources of annual income of ACCESSSCNY, INC. for its most recently available fiscal year are set forth in the Corporation's Internal Revenue Service Form 990 Financial Information Return for the fiscal year 2016 and an Annual Independent Audit for the fiscal year 2016, a photocopy of which is annexed hereto and made a part hereof as Appendix "I."

16. As for the mandates of Section 907(a)(4) of the Not-for-Profit Corporation Law, the property, and manner in which it is held; liabilities; and, amount and sources of annual income of SPAULDING P.R.A.Y. RESIDENCE CORP. for its most recently available fiscal year are set forth in the Corporation's Internal Revenue Service Form 990 Financial Information Return for the fiscal year 2016 and an Annual Independent Audit for the fiscal year 2016, a photocopy of which is annexed hereto and made a part hereof as Appendix "J."

17. All necessary approvals from all federal, state and local governmental agencies whose approval is required to effectuate the proposed merger pursuant to Section 909 of the Not-for-Profit Corporation Law, or as otherwise required, shall be annexed to the proposed CERTIFICATE OF MERGER (Appendix F) to this Affidavit.

18. Pursuant to section 905(b)(3) of the Not-for-Profit Corporation Law, ACCESSSCNY, INC., as the Surviving Corporation, shall assume and be liable for all the liabilities, obligations and penalties of both ACCESSSCNY, INC. and SPAULDING P.R.A.Y. RESIDENCE CORP., as Constituent Corporations.

19. ACCESSSCNY, INC. possesses restricted funds in the form of an endowment to be used for a particular purpose. There is no condition on the endowment requiring return, transfer or conveyance because of a merger. As the Surviving Corporation, ACCESSSCNY, INC. will maintain full ownership rights of the endowment and will remain liable for ensuring the assets are properly distributed in accordance with the specific purposes of the endowment. In all instances, the current assets of the corporation will continue to be used to support its current purposes and powers. Any new, incidental purposes or powers that may be stipulated in the CERTIFICATE OF MERGER and PLAN OF MERGER shall be supported solely by the corporation's future assets.

20. SPAULDING P.R.A.Y. RESIDENCE CORP. possesses restricted funds in the form of funding required to be used for a particular purpose. There is no condition on the funding requiring return, transfer or conveyance because of a merger. The Surviving Corporation, ACCESSSCNY, INC. will acquire full ownership rights of the funds and will become liable for ensuring the assets are properly distributed in accordance with the specific purposes for which they were allocated. In all instances, all restricted assets of SPAULDING P.R.A.Y. RESIDENCE CORP. will be used by the Surviving Corporation, ACCESSSCNY, INC., in accordance with and solely in support of the particular purposes for which they were granted. Any new, incidental purposes or powers

that may be implied in the CERTIFICATE OF MERGER and PLAN OF MERGER shall be supported solely by the Surviving Corporation's future assets.

21. The assets of the Constituent Corporations, ACCESSSCNY, INC. and SPAULDING P.R.A.Y. RESIDENCE CORP., can properly be transferred and conveyed to the Surviving Corporation, ACCESSSCNY, INC., pursuant to Section 907(c) of the Not-for-Profit Corporation Law, because said assets would not be returnable due to the Merger and would be used for the same, or similar, purposes by the Surviving Corporation, for which they were held by the Constituents.

22. Although the instant application is not intended to fundamentally alter the charitable purposes of either ACCESSSCNY, INC. or SPAULDING P.R.A.Y. RESIDENCE CORP., the Board of Directors of each Constituent Corporation has been advised that any amendment to the Certificate of Incorporation of a Not-for-Profit Corporation that would, in fact, alter the purposes of the corporation must preserve any restrictions on gifts made for preexisting purposes. The Board of Directors of ACCESSSCNY, INC., as the Surviving Corporation, has enacted, and shall continuously monitor, controls to ensure that said corporation's current assets, and those acquired by virtue of the instant Merger, will not be inappropriately used to subsidize any new, incidental future purposes or powers upon the effective date of the Merger. In all instances, the current assets of ACCESSSCNY, INC. and SPAULDING P.R.A.Y. RESIDENCE CORP. will continue to be used to support the purposes for which they were derived. Any new, incidental purposes or powers that may be implied in the instant CERTIFICATE OF MERGER shall be supported solely by the Surviving Corporation's future assets.

23. No previous application for the relief prayed for herein has been previously made.

WHEREFORE, the Petitioner, ACCESSSCNY, INC., by the undersigned, a duly authorized Officer of said Not-for-Profit Corporation, hereby, respectfully, requests that the ATTORNEY GENERAL OF THE STATE OF NEW YORK, pursuant to Section 907-B of the Not-for-Profit Corporation Law, approve the above-referenced and annexed PLAN OF MERGER and authorize the filing of the above-referenced and annexed CERTIFICATE OF MERGER and for such other and further relief as may be just and proper.

IN WITNESS THEREOF, the Petitioner, ACCESSSCNY, INC., by the undersigned, has caused this Verified Petition to be executed this 19th day of April in the year 2018.

ACCESSSCNY, INC.

By: 
MICHAEL WIRTHHEIM
President, Board of Directors

WHEREFORE, the Petitioner, SPAULDING P.R.A.Y. RESIDENCE CORP., by the undersigned, a duly authorized Officer of said Not-for-Profit Corporation, hereby, respectfully, requests that the ATTORNEY GENERAL OF THE STATE OF NEW YORK, pursuant to Section 907-B of the Not-for-Profit Corporation Law, approve the above-referenced and annexed PLAN OF MERGER and authorize the filing of the above-referenced and annexed CERTIFICATE OF MERGER and for such other and further relief as may be just and proper.

IN WITNESS THEREOF, the Petitioner, SPAULDING P.R.A.Y. RESIDENCE CORP., by the undersigned, has caused this Verified Petition to be executed this 19th day of April in the year 2018.

SPAULDING P.R.A.Y. RESIDENCE CORP.

By: Martin J. Clark
MARTIN CLARK
Secretary, Board of Directors

VERIFICATION

STATE OF NEW YORK)
COUNTY OF) SS.

I, MICHAEL WIRTHEIM, having been duly sworn, hereby, state, under penalty of perjury, as follows: I am the President of the Board of Directors of ACCESSCN, INC., a Not-for-Profit Corporation named in this VERIFIED PETITION; I make this verification at the direction of the Board of Directors of said Not-for-Profit Corporation; and, I have read the foregoing VERIFIED PETITION and know the contents thereof to be true of my own knowledge, except those matters that are stated on information and belief, and as to those matters, I believe them to be true.

ACCESSCN, INC.

By: 
MICHAEL WIRTHEIM
President, Board of Directors

On the 19 day of April 2018 in the year 2018 before me, the undersigned, a Notary Public in and for said State, personally appeared MICHAEL WIRTHEIM , personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose names(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and by his/her/their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument.


Notary Public

RACHEL ALICE GARCIA
Notary Public - State of New York
No. 01GA6255030
Qualified in Onondaga County
Commission Expires January 30, 2020

VERIFICATION

STATE OF NEW YORK)
COUNTY OF) SS.

I, MARTIN CLARK, having been duly sworn, hereby, state, under penalty of perjury, as follows: I am the Secretary of the Board of Directors of SPAULDING P.R.A.Y. RESIDENCE CORP., a Not-for-Profit Corporation named in this VERIFIED PETITION; I make this verification at the direction of the Board of Directors of said Not-for-Profit Corporation; and, I have read the foregoing VERIFIED PETITION and know the contents thereof to be true of my own knowledge, except those matters that are stated on information and belief, and as to those matters, I believe them to be true.

SPAULDING P.R.A.Y. RESIDENCE CORP.

By: Martin J. Clark
MARTIN CLARK
Secretary, Board of Directors

On the 19 day of April 2008 in the year 2017 before me, the undersigned, a Notary Public in and for said State, personally appeared MARTIN CLARK, personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose names(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and by his/her/their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument.

Rachel Alice Garcia
Notary Public

RACHEL ALICE GARCIA
Notary Public - State of New York
No. 01GA8255030
Qualified in Onondaga County
Commission Expires January 30, 2020

Appendix A

**ACCESSCNY, INC.
Certificate of Incorporation**

Appendix B

**ACCESSCNY, INC.
By-Laws**

Appendix C

**SPAULDING P.R.A.Y. RESIDENCE CORP.
Certificate of Incorporation**

Appendix D

**SPAULDING P.R.A.Y. RESIDENCE CORP.
By-Laws**

Appendix E

Plan of Merger

Appendix F

Certificate of Merger

Appendix G

**ACCESSCNY, INC.
Resolution of Board of Directors
Authorizing
Adoption of Plan of Merger
& Filing of Certificate of Merger**

Appendix H

**SPAULDING P.R.A.Y. RESIDENCE CORP.
Resolution of Board of Directors of Sole Corporate Member
Authorizing
Adoption of Plan of Merger
& Filing of Certificate of Merger**

Appendix I

**ACCESSCNY, INC.
Internal Revenue Service Form 990/Annual Independent Audit
Fiscal Year 2016**

Appendix J

**SPAULDING P.R.A.Y. RESIDENCE CORP.
Internal Revenue Service Form 990/Annual Independent Audit
Fiscal Year 2016**

Appendix K

**ACCESSCNY, INC.
List of Restricted Funds**

Appendix L

**SPAULDING P.R.A.Y. RESIDENCE CORP.
List of Restricted Funds**

Appendix M

**ACCESSNY, INC.
Roster of Currently Serving Directors**

Appendix N

**SPAULDING P.R.A.Y. RESIDENCE CORP.
Roster of Currently Serving Directors**

**VERIFIED PETITION
OF
ACCESSCNY, INC.
AND
SPAULDING P.R.A.Y. RESIDENCE CORP.
INTO
ACCESSCNY, INC.**

UNDER SECTIONS 904 & 907-B OF THE NOT-FOR-PROFIT CORPORATION LAW

Filed by:

*Lisa Weinstein, Esq.
New York Council of Nonprofits, Inc.
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