

# COMBINED FINANCIAL STATEMENTS

ANNUAL REPORT  
2015

Lehigh Valley Health Network and Subsidiaries

# COMBINED STATEMENTS OF FINANCIAL POSITION

(In Thousands) For the periods ended June 30, 2015 and 2014

Assets	2015	2014
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$36,370	\$44,061
Patient accounts receivable, net	277,281	240,766
Prepays, inventories and other accounts receivable	69,814	77,205
Assets limited under bond-debt service fund	15,360	15,329
Assets limited under primary professional liability arrangements	5,440	5,252
<b>TOTAL CURRENT ASSETS</b>	<b>404,265</b>	<b>382,613</b>
<b>NONCURRENT ASSETS</b>		
Assets limited by Board of Trustees for capital improvements	793,668	882,792
Assets limited by Board of Trustees for retained excess liability arrangements	19,703	18,488
Assets limited under primary professional liability arrangements	57,963	53,317
Assets limited by management	32,439	31,599
Assets limited under bond indenture, bond construction, debt service and debt service reserve agreements	5,535	8,452
Assets restricted by donors or grantors	178,904	180,549
Assets limited to fund deferred compensation and other liabilities	65,236	60,010
Property and equipment, net	936,287	831,704
Partnership investments	7,565	9,331
Goodwill and other noncurrent assets	71,498	67,442
<b>TOTAL OTHER ASSETS</b>	<b>2,168,798</b>	<b>2,143,684</b>
<b>Total Assets</b>	<b>2,573,063</b>	<b>2,526,297</b>
<b>Liabilities and Net Assets</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	77,478	71,756
Accrual for estimated third-party payer settlements	11,774	11,849
Accrued compensation	81,390	70,532
Other accrued expenses	36,128	40,238
Pension	5,119	4,963
Professional liability	7,190	5,752
Current portion of long-term debt	21,040	14,966
<b>TOTAL CURRENT LIABILITIES</b>	<b>240,119</b>	<b>220,056</b>
<b>NONCURRENT LIABILITIES</b>		
Long-term debt, net of current portion	675,966	691,392
Deferred compensation and other liabilities funded with matching assets	65,236	60,010
Pension	164,377	175,137
Professional liability	62,466	60,108
Other liabilities	27,213	28,964
<b>TOTAL NONCURRENT LIABILITIES</b>	<b>995,258</b>	<b>1,015,611</b>
<b>Total Liabilities</b>	<b>1,235,377</b>	<b>1,235,667</b>
<b>NET ASSETS</b>		
LVHN and subsidiaries	1,130,951	1,084,665
Noncontrolling interests in subsidiaries	27,831	25,416
<b>TOTAL UNRESTRICTED NET ASSETS</b>	<b>1,158,782</b>	<b>1,110,081</b>
Temporarily restricted	127,119	129,056
Permanently restricted	51,785	51,493
<b>TOTAL RESTRICTED NET ASSETS</b>	<b>178,904</b>	<b>180,549</b>
<b>Total Net Assets</b>	<b>1,337,686</b>	<b>1,290,630</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$2,573,063</b>	<b>\$2,526,297</b>

# COMBINED STATEMENTS OF OPERATIONS

(In Thousands) For the periods ended June 30, 2015 and 2014

## PATIENT SERVICES AND SUPPORTING OPERATIONS

Net patient service revenue	\$1,863,965	\$1,644,360
Other supporting operations revenue	43,099	44,415
Net assets released from restrictions-operations	5,860	5,426
<b>TOTAL REVENUE</b>	<b>1,912,924</b>	<b>1,694,201</b>

## EXPENSES

Wages	895,054	803,143
Benefits	144,599	148,147
Supplies	335,004	293,511
Purchased services	197,870	164,195
Other	133,520	122,655
Depreciation and amortization	106,259	95,398
Interest expense	28,602	25,241
<b>TOTAL EXPENSES</b>	<b>1,840,908</b>	<b>1,652,290</b>

<b>Operating income</b>	<b>72,016</b>	<b>41,911</b>
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## OTHER REVENUE AND EXPENSES

Realized investment earnings, gains (losses)	76,572	62,238
Provision for income taxes	(1,074)	(2,076)
Other nonoperating gains (losses)	(14,130)	(6,527)

<b>Other revenue and expenses, net</b>	<b>61,368</b>	<b>53,635</b>
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## REVENUES AND GAINS IN EXCESS OF EXPENSES AND LOSSES ATTRIBUTED TO LVHN AND SUBSIDIARIES

**\$133,384      \$95,546**

### *The following applies only to 2014 data:*

- Combined Statements of Financial Position includes Lehigh Valley Hospital–Hazleton as of Jan. 1, 2014.
- Combined Statements of Operations includes Lehigh Valley Hospital–Hazleton for six months ended June 30, 2014.

## UNDERSTANDING THIS REPORT

The Combined Statements of Financial Position report our assets, liabilities and net assets. The Combined Statements of Operations report our revenues and expenses. The amount of revenues minus the amount of expenses creates our operating income.