

COMBINED FINANCIAL STATEMENTS

Lehigh Valley Health Network and Component Entities

COMBINED STATEMENTS OF FINANCIAL POSITION

(In Thousands) For the periods ended June 30, 2014 and 2013

Assets	2014	2013
CURRENT ASSETS		
Cash and cash equivalents	\$44,061	\$25,989
Patient accounts receivable, net	240,766	223,856
Prepays, inventories and other accounts receivable	77,205	51,521
Assets limited under bond-debt service fund	15,329	15,186
Assets limited under primary professional liability arrangements	5,252	5,392
TOTAL CURRENT ASSETS	382,613	321,944
NONCURRENT ASSETS		
Assets limited by Board of Trustees for capital improvements	882,792	804,304
Assets limited by Board of Trustees for retained excess liability arrangements	18,488	16,745
Assets limited under primary professional liability arrangements	53,317	45,675
Assets limited by management	31,599	29,475
Assets limited under bond indenture, bond construction, debt service and debt service reserve agreements	8,452	5,274
Assets restricted by donors or grantors	180,549	151,123
Assets limited to fund deferred compensation and other liabilities	60,010	49,147
Property and equipment, net	831,704	638,460
Partnership investments	9,331	9,481
Goodwill and other noncurrent assets	67,442	38,919
TOTAL OTHER ASSETS	2,143,684	1,788,603
Total Assets	2,526,297	2,110,547
Liabilities and Net Assets		
CURRENT LIABILITIES		
Accounts payable	71,756	59,714
Accrual for estimated third-party payer settlements	11,849	2,419
Accrued compensation	70,532	49,444
Other accrued expenses	40,238	32,054
Pension	4,963	4,054
Professional liability	5,752	5,892
Current portion of long-term debt	14,966	12,303
TOTAL CURRENT LIABILITIES	220,056	165,880
NONCURRENT LIABILITIES		
Long-term debt, net of current portion	691,392	569,369
Deferred compensation and other liabilities funded with matching assets	60,010	49,147
Pension	175,137	176,836
Professional liability	60,108	55,273
Other liabilities	28,964	28,249
TOTAL NONCURRENT LIABILITIES	1,015,611	878,874
Total Liabilities	1,235,667	1,044,754
NET ASSETS		
LVHN and component entities	1,084,665	895,304
Noncontrolling interests in subsidiaries	25,416	19,366
TOTAL UNRESTRICTED NET ASSETS	1,110,081	914,670
Temporarily restricted	129,056	103,382
Permanently restricted	51,493	47,741
TOTAL RESTRICTED NET ASSETS	180,549	151,123
Total Net Assets	1,290,630	1,065,793
TOTAL LIABILITIES AND NET ASSETS	\$2,526,297	\$2,110,547

COMBINED STATEMENTS OF OPERATIONS

(In Thousands) For the periods ended June 30, 2014 and 2013

PATIENT SERVICES AND SUPPORTING OPERATIONS

Net patient service revenue	\$1,644,360	\$1,520,026
Other supporting operations revenue	44,415	36,988
Net assets released from restrictions-operations	5,426	4,858
TOTAL REVENUE	1,694,201	1,561,872

EXPENSES

Wages	803,143	741,399
Benefits	148,147	146,794
Supplies	293,511	272,036
Purchased services	164,195	155,487
Other	122,655	105,879
Depreciation and amortization	95,398	84,574
Interest expense	25,241	22,719
TOTAL EXPENSES	1,652,290	1,528,888

Operating income	41,911	32,984
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OTHER REVENUE AND EXPENSES

Realized investment earnings, gains (losses)	62,238	36,282
Provision for income taxes	(2,076)	(2,935)
Other nonoperating gains (losses)	(6,527)	(6,427)

Other revenue and expenses, net	53,635	26,920
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REVENUES AND GAINS IN EXCESS OF EXPENSES AND LOSSES ATTRIBUTED TO LVHN AND COMPONENT ENTITIES

\$95,546 **\$59,904**

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.