

2017

Annual Report 2017: Combined Financial Statements

Lehigh Valley Health Network

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COMBINED STATEMENTS OF FINANCIAL POSITION

(In Thousands) For the periods ended June 30, 2017 and 2016

Assets	2017	2016
CURRENT ASSETS		
Cash and cash equivalents	\$90,394	\$51,210
Patient accounts receivable, net	291,048	263,416
Other accounts receivable	17,925	37,127
Inventories	38,690	31,317
Prepays and other current assets	30,230	20,826
Assets limited under bond debt service fund	24,146	19,341
Assets limited under primary professional liability arrangements	6,334	4,569
TOTAL CURRENT ASSETS	498,767	427,806
NONCURRENT ASSETS		
Assets limited by Board for capital improvements	972,439	758,228
Assets limited by Board for retained excess professional liability arrangements	23,869	22,483
Assets limited under primary professional liability arrangements	66,995	57,168
Assets limited under workers compensation arrangements	129	0
Assets limited by management	30,655	29,481
Assets limited under bond indenture, bond construction, debt service and debt service reserve agreements	7,994	5,028
Assets restricted by donors or grantors	214,087	181,520
Assets limited to fund deferred compensation and other liabilities	98,093	74,275
Property and equipment, net	1,308,160	1,006,892
Partnership investments	7,073	6,025
Goodwill and intangible assets, net	104,732	57,956
Other noncurrent assets	8,860	4,032
TOTAL OTHER ASSETS	2,843,086	2,203,088
Total Assets	3,341,853	2,630,894
Liabilities and Net Assets		
CURRENT LIABILITIES		
Accounts payable	95,145	74,279
Accrual for estimated third-party payer settlements	16,697	13,328
Accrued compensation	120,579	93,667
Other accrued expenses	47,672	33,133
Pension	14,011	7,094
Professional liability	7,109	8,569
Current portion of long-term debt	20,124	21,044
Capital lease and financing obligations	3,560	1,175
TOTAL CURRENT LIABILITIES	324,897	252,289
NONCURRENT LIABILITIES		
Long-term debt, net of current portion	835,932	612,012
Capital lease and financing obligations	134,634	111,161
Deferred compensation and other liabilities	98,093	74,275
Pension	236,137	294,199
Professional liability	82,486	63,882
Derivative instruments	14,686	18,961
Other liabilities	13,866	12,495
TOTAL NONCURRENT LIABILITIES	1,415,834	1,186,985
Total Liabilities	1,740,731	1,439,274
NET ASSETS		
LVHN and subsidiaries	1,352,100	983,567
Noncontrolling interests in subsidiaries	34,935	26,533
TOTAL UNRESTRICTED NET ASSETS	1,387,035	1,010,100
Temporarily restricted	145,279	124,803
Permanently restricted	68,808	56,717
TOTAL RESTRICTED NET ASSETS	214,087	181,520
Total Net Assets	1,601,122	1,191,620
TOTAL LIABILITIES AND NET ASSETS	\$3,341,853	\$2,630,894

COMBINED STATEMENTS OF OPERATIONS

(In Thousands) For the periods ended June 30, 2017 and 2016

PATIENT SERVICES AND SUPPORTING OPERATIONS

Net patient service revenue (net of bad debts)	\$2,371,815	\$1,998,771
Other supporting operations revenue	52,485	40,757
Net assets released from restrictions used for operations	8,552	6,450
TOTAL REVENUE	2,432,852	2,045,978

EXPENSES

Wages	1,148,567	986,907
Benefits	206,289	159,626
Supplies	452,969	372,743
Purchased services	229,875	214,958
Other	175,923	140,673
Depreciation and amortization	137,689	121,115
Interest expense	33,698	30,856
TOTAL EXPENSES	2,385,010	2,026,878

Operating income	47,842	19,100
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OTHER REVENUE AND EXPENSES

Realized and unrealized investment earnings, net	35,871	30,871
Change in net unrealized gains (losses) on swaps	6,990	(2,585)
Other nonoperating (losses) gains	(9,545)	923
Loss on refinancing of debt	(21,364)	0
Contributions received in acquisitions	172,519	0
Provision for income taxes	(2,253)	(317)
Noncontrolling interests	(16,149)	(14,441)

Other revenue and expenses, net	166,069	14,451
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REVENUES AND GAINS IN EXCESS OF EXPENSES AND LOSSES ATTRIBUTED TO LVHN AND SUBSIDIARIES	\$213,911	\$33,551
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Combined Statements of Financial Position includes Lehigh Valley Hospital–Schuylkill as of Sept. 16, 2016 and Lehigh Valley Hospital–Pocono as of Jan. 1, 2017.

Combined Statements of Operations includes Lehigh Valley Hospital–Schuylkill for nine and a half months ended June 30, 2017 and Lehigh Valley Hospital–Pocono for six months ended June 30, 2017.

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.