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2019

Annual Report 2019: Combined Financial Statements

Lehigh Valley Health Network

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Recommended Citation

Lehigh Valley Health Network, "Annual Report 2019: Combined Financial Statements" (2019). *LVHN Annual & Statistical Reports*. .

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YOUR HEALTH DESERVES A **PARTNER**
2019 Combined Financial Statements



COMBINED STATEMENTS OF FINANCIAL POSITION

(In Thousands) For the periods ended June 30, 2019 and 2018

	2019	2018
ASSETS		
Current Assets		
Cash and cash equivalents	\$148,941	\$109,202
Patient accounts receivable, net	326,931	321,558
Other accounts receivable	31,426	21,783
Other current assets	<u>113,716</u>	<u>105,918</u>
TOTAL CURRENT ASSETS	<u>621,014</u>	<u>558,461</u>
Noncurrent Assets		
Assets whose use is limited or restricted	1,594,326	1,434,929
Property and equipment, net	1,310,155	1,307,850
Partnership investments	6,678	7,009
Goodwill and intangible assets, net	110,512	104,320
Other noncurrent assets	<u>15,732</u>	<u>10,000</u>
TOTAL NONCURRENT ASSETS	<u>3,037,403</u>	<u>2,864,108</u>
Total Assets	<u>3,658,417</u>	<u>3,422,569</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Pension	14,736	15,456
Current portion of long-term debt	22,293	21,534
Capital lease and financing obligations	3,074	2,880
Other current liabilities	<u>354,181</u>	<u>289,629</u>
TOTAL CURRENT LIABILITIES	<u>394,284</u>	<u>329,499</u>
Noncurrent liabilities		
Long-term debt, net of current portion	809,546	832,091
Capital lease and financing obligations	128,956	131,834
Deferred compensation and other liabilities	128,858	114,421
Pension	169,758	115,990
Professional liability	95,222	93,742
Derivative instruments	11,238	9,414
Other liabilities	<u>20,809</u>	<u>14,352</u>
TOTAL NONCURRENT LIABILITIES	<u>1,364,387</u>	<u>1,311,844</u>
Total Liabilities	<u>1,758,671</u>	<u>1,641,343</u>
NET ASSETS		
LVHN and subsidiaries	1,618,706	1,526,895
Noncontrolling interests in subsidiaries	<u>39,905</u>	<u>37,401</u>
TOTAL UNRESTRICTED NET ASSETS	<u>1,658,611</u>	<u>1,564,296</u>
With donor restrictions	241,135	216,930
Total Net Assets	<u>1,899,746</u>	<u>1,781,226</u>
Total Liabilities and Net Assets	<u>\$3,658,417</u>	<u>\$3,422,569</u>

COMBINED STATEMENTS OF OPERATIONS

(In Thousands) For the periods ended June 30, 2019 and 2018

PATIENT SERVICES AND SUPPORTING OPERATIONS

Revenues

Net patient service revenue (net of contractual allowances and discounts)	\$2,919,754	\$2,669,212
Other supporting operations revenue	49,778	50,037
Net assets released from restrictions used for operations	<u>8,664</u>	<u>14,141</u>
TOTAL REVENUES	2,978,196	2,733,390

Expenses

Salaries and wages	1,344,413	1,293,527
Benefits	209,730	207,988
Supplies	570,431	513,126
Purchased services	337,763	288,847
Other	196,493	179,872
Depreciation and amortization	153,476	155,564
Interest expense	40,711	39,337
Bad Debt	<u>6,887</u>	<u>5,619</u>
TOTAL EXPENSES BEFORE INTEGRATION AND OTHER NON-RECURRING COSTS	2,859,904	2,683,880
Operating income before integration and other non-recurring costs	<u>118,292</u>	<u>49,510</u>
Integration and other non-recurring costs	<u>2,958</u>	<u>14,367</u>

Operating income

115,334 **35,143**

OTHER NONOPERATING GAINS AND LOSSES

Realized and unrealized investment earnings, net	44,568	46,590
Change in net unrealized (losses) gains on swaps	(1,824)	5,272
Other nonoperating gains	19,302	21,786
Other nonoperating gains and losses, net	<u>62,046</u>	<u>73,648</u>
Revenues and gains in excess of expenses and losses before income tax	177,380	108,791
Provision for income taxes	(2,555)	(2,116)
Revenues and gains in excess of expenses and losses before noncontrolling interests	174,825	106,675
Noncontrolling interests	(19,445)	(16,726)
Revenues and gains in excess of expenses and losses attributed to LVHN and subsidiaries	\$155,380	\$89,949

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.