

**CROZER-KEYSTONE HEALTH SYSTEM**

**Consolidated Financial Statements**

**March 31, 2014**

FINAL: APRIL 15, 2014



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**CROZER-KEYSTONE HEALTH SYSTEM**  
**MANAGEMENT DISCUSSION**  
**MARCH 2014**

For the nine months ended March 31, 2014, the adults and pediatric patient days were 105,195 a decrease of 2.9% from the budget year-to-date. This equates to an average daily census of 384 and an occupancy rate of 61.6% on set up and staffed beds. The average length of stay (ALOS) for the period was 4.64 which is over budget by 0.9% and a decline of 2.7% from the prior year. Total admissions for the nine-month period were 22,671 which is a decrease of 892 or 3.8% compared to the budget. In addition to this admissions decrease is Observation cases which are 458 or 7.3% lower than budget YTD. Observations as a percentage of the aggregate of admissions and observations were 20.4% which is 2.9% lower than the budgeted 21.0%. Emergency department (ED) visits were 95,313 and are 7.2% less than budget and 2.7% less than prior year.

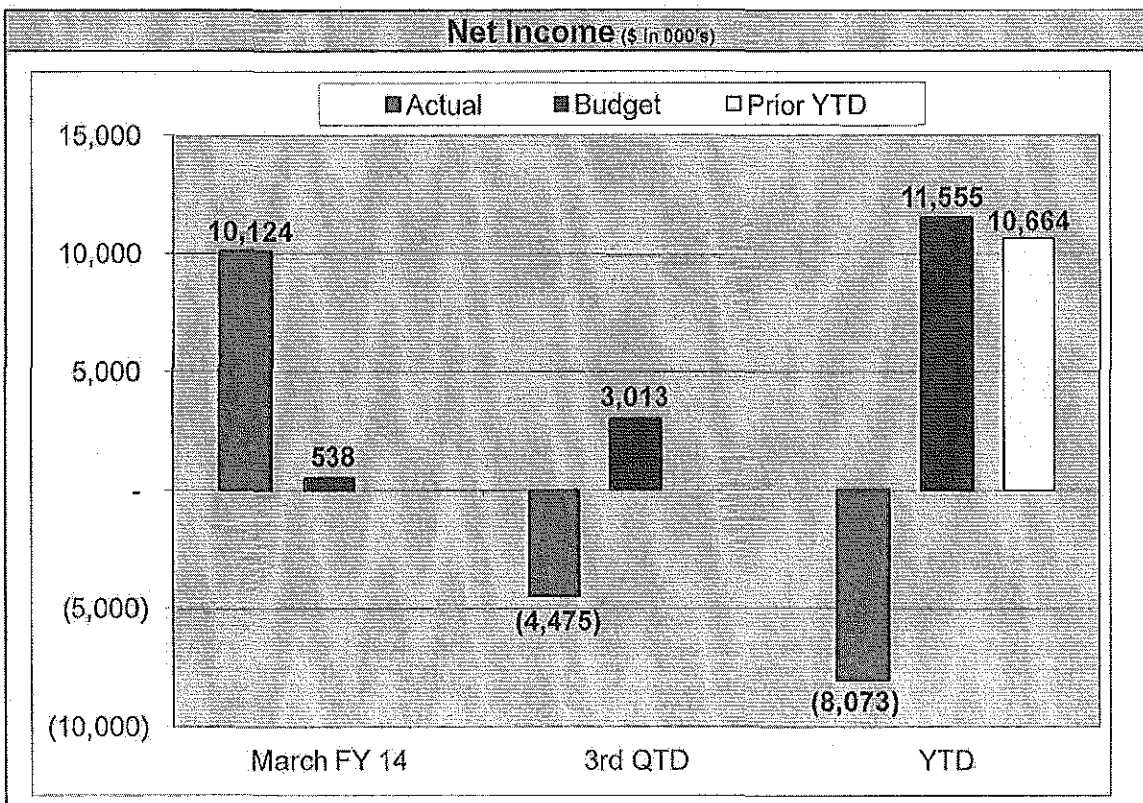
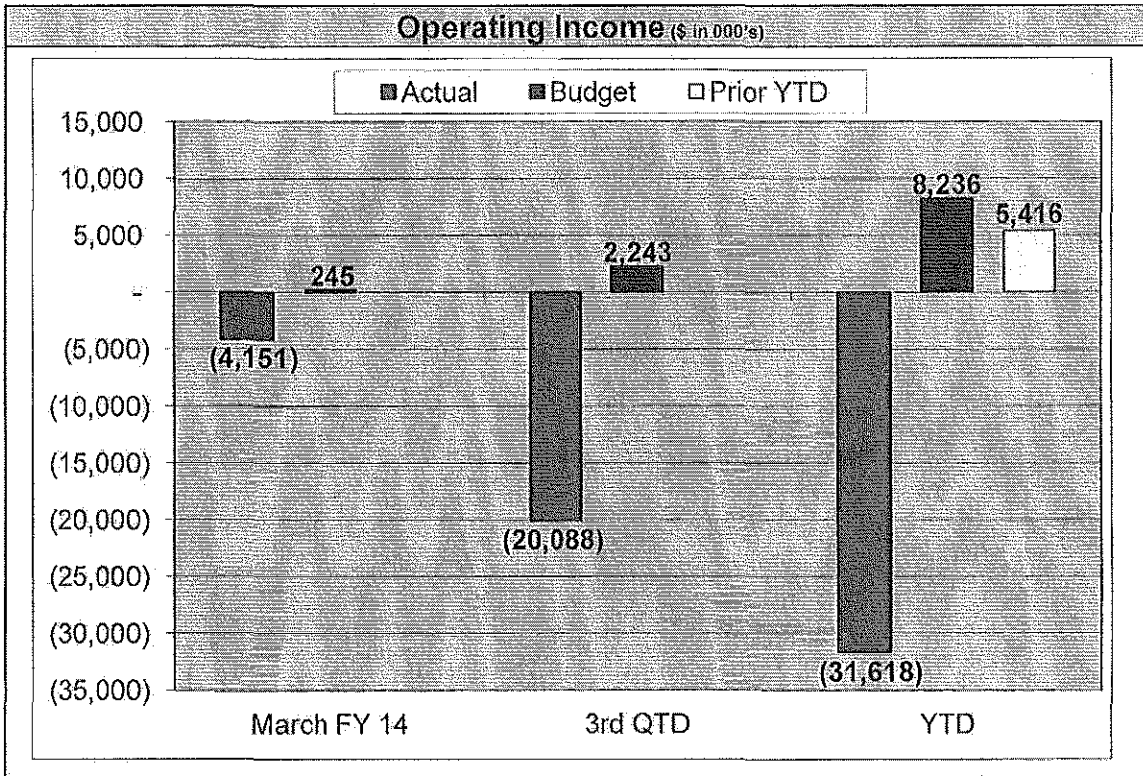
The balance sheet reflects **105** days cash on hand and a current ratio of **1.64**. Cash & Investments of **\$247.9M** as of March 31, 2014 have decreased **\$5.4M** or **2.1%** since June 30, 2013. The property, plant & equipment purchases for the nine months totaled **\$9.2M** on a total annual budget of **\$23.0M**.

Total operating revenues of **\$575.8M** were below budget **6.9%** through nine months. The operating expenses of **\$607.4M** are **\$2.9M** favorable to budget and include a **\$6.0M** restructuring charge for the expenses associated with the reduction in force which occurred in February. The FTE's per adjusted occupied bed through March was **5.92** which is **0.7%** under budget and under prior year.

Non-operating revenues of **\$23.5M** were **\$20.2M** higher than budget fiscal year-to-date. Net loss from operations of **(\$31.6M)** and the excess of expenses over revenues **(\$8.1M)** for the nine months produced the following margins compared to the budget and prior year:

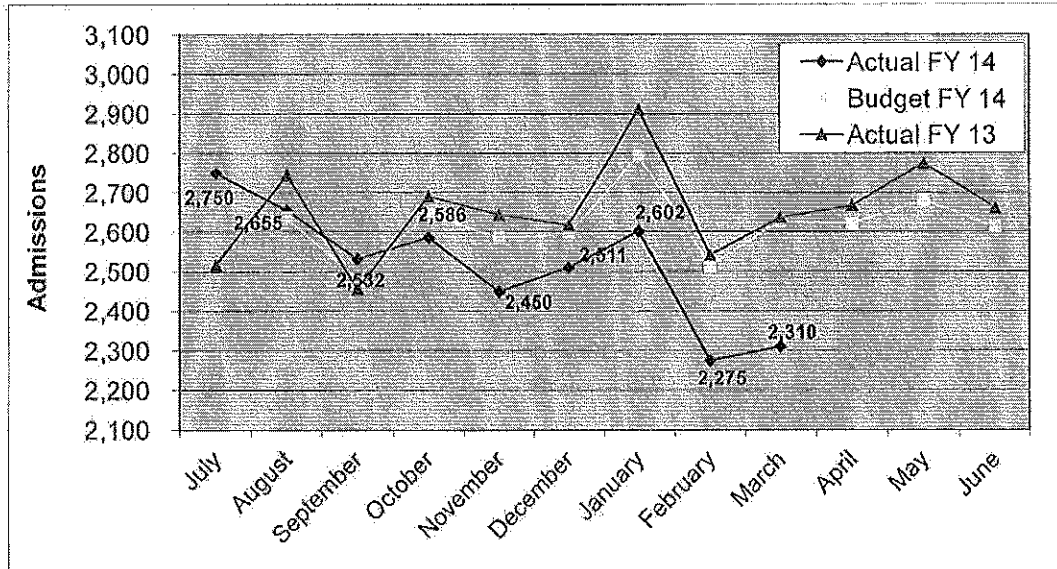
	<u>Current YTD</u>	<u>Budget YTD</u>	<u>Prior YTD</u>
Operating Margin	-5.5%	1.3%	0.9%
Total Margin	-1.4%	1.9%	1.8%

## Income

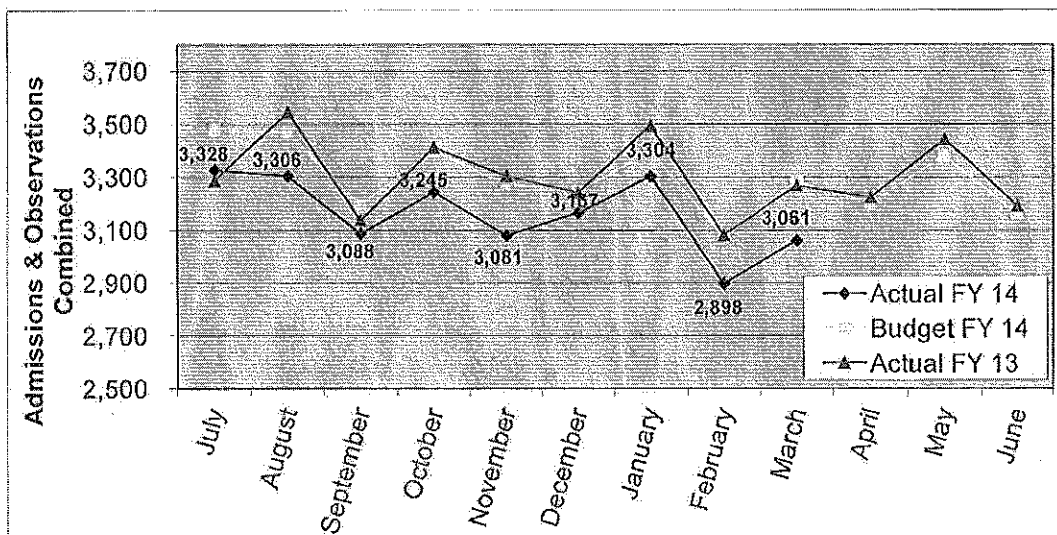


## Patient Activity

Admissions					
	FY 2014				FY 2013
	Actual	Budget	Variance	Percent	Actual
Current Month	2,310	2,627	(317)	-12.1%	2,637
FYTD 2014	22,671	23,563	(892)	-3.8%	23,761

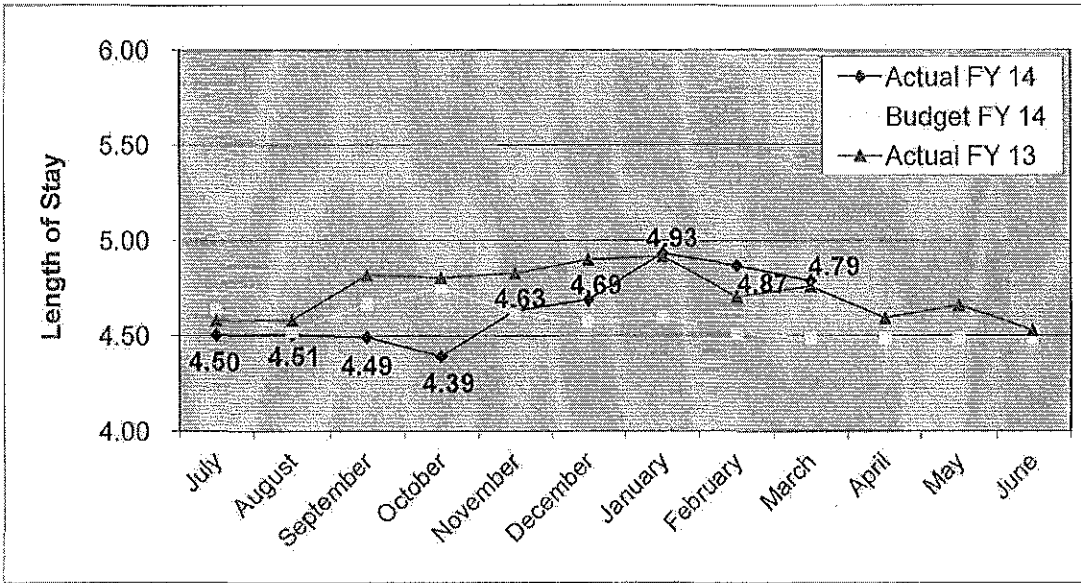


Admissions and Observations Combined					
	FY 2013				FY 2012
	Actual	Budget	Variance	Percent	Actual
Current Month	3,061	3,283	(222)	-6.8%	3,270
Obs % to total	24.5%	20.0%	4.6%	22.8%	19.4%
FYTD 2014	28,478	29,828	(1,350)	-4.5%	29,784
Obs % to total	20.4%	21.0%	-0.6%	-2.9%	20.2%

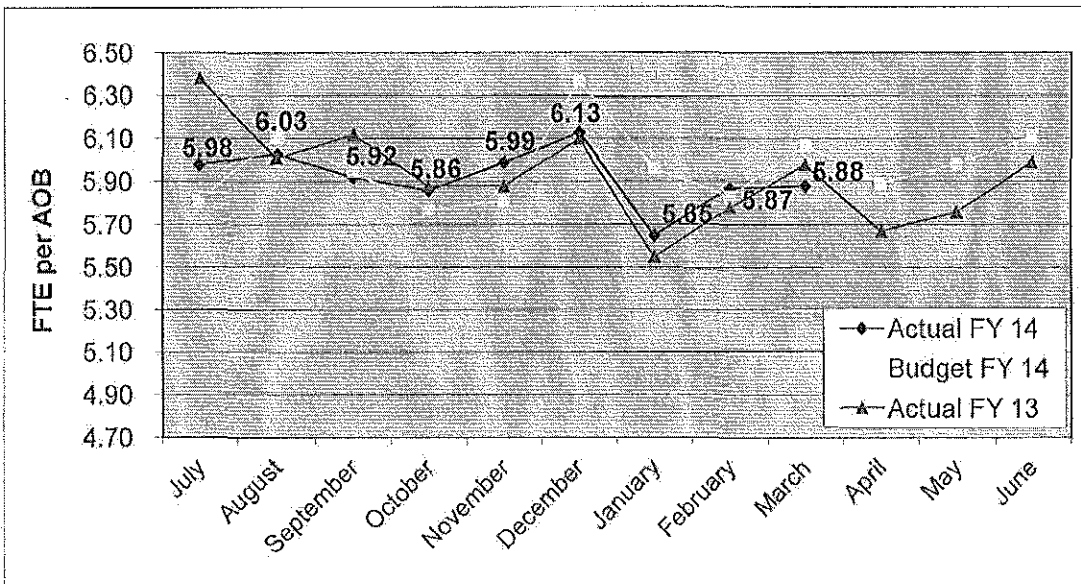


### Patient Activity (cont.)

Length of Stay					
	FY 2014				FY 2013
Current Month	Actual	Budget	Variance	Percent	Actual
Current Month	4.79	4.49	0.31	6.8%	4.76
FYTD 2014	4.64	4.60	0.04	0.9%	4.77

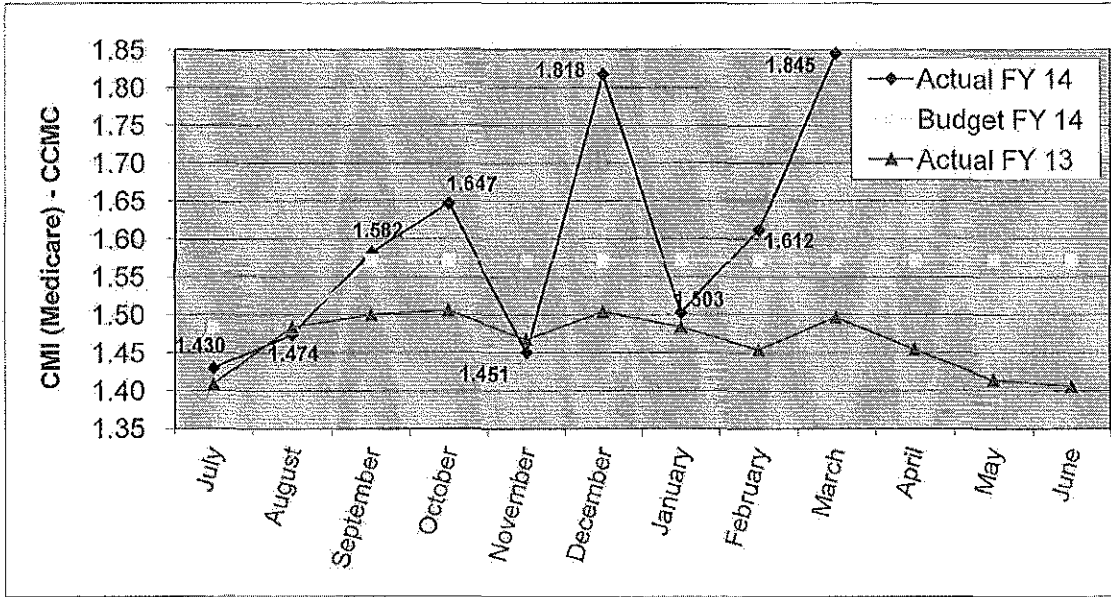


Paid FTE per Adjusted Occupied Bed					
	FY 2014				FY 2013
Current Month	Actual	Budget	Variance	Percent	Actual
Current Month	5.88	6.07	0.19	3.1%	5.98
FYTD 2014	5.92	5.96	0.04	0.7%	5.96

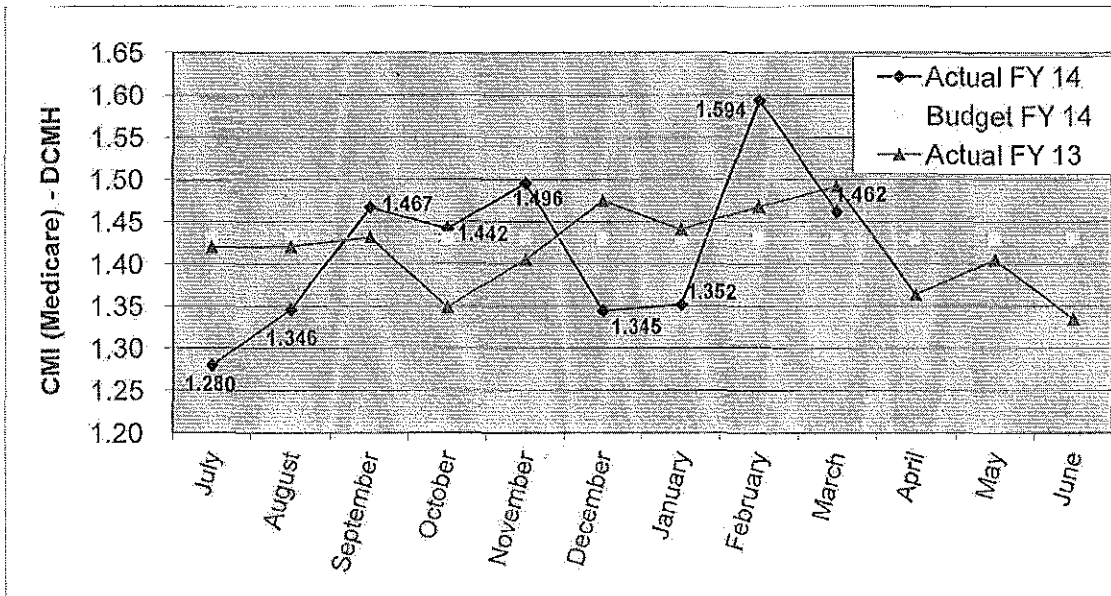


### Patient Activity (cont.)

Case Mix Index (Medicare) - CCMC					
	FY 2014				FY 2013
	Actual	Budget	Variance	Percent	Actual
Current Month	1.845	1.572	0.273	17.4%	1.497
FYTD 2014	1.597	1.551	0.046	3.0%	1.483



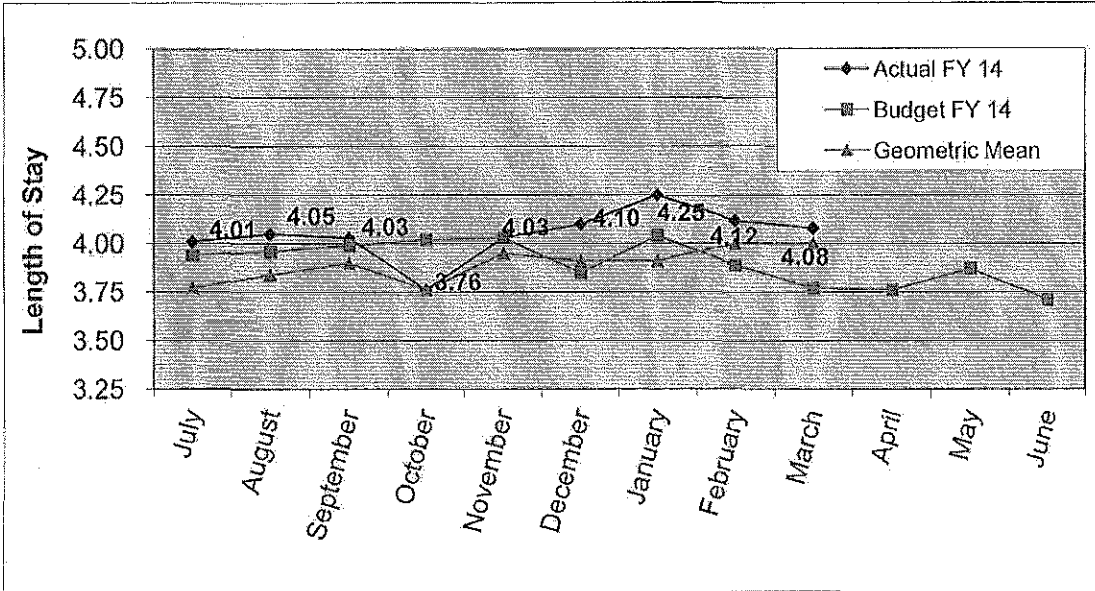
Case Mix Index (Medicare) - DCMH					
	FY 2014				FY 2013
	Actual	Budget	Variance	Percent	Actual
Current Month	1.462	1.431	0.031	2.2%	1.492
FYTD 2014	1.422	1.431	(0.009)	-0.6%	1.431



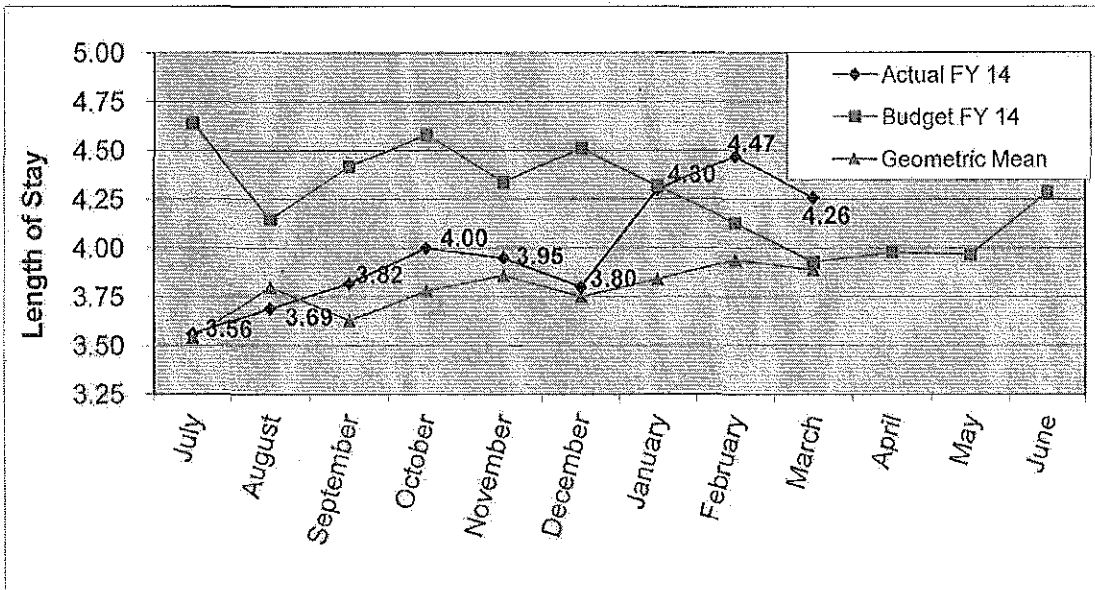


### Patient Activity (cont.)

Length of Stay - Routine & Other CCMC			
FY 2014			
	Actual	Budget	Geometric Mean
Current Month	4.08	3.77	4.00
FYTD 2014	4.04	3.94	3.89



Length of Stay - Routine & Other DCMH			
FY 2014			
	Actual	Budget	Geometric Mean
Current Month	4.26	3.93	3.89
FYTD 2014	3.96	4.34	3.78





## Operating Revenue

Gross Inpatient Revenues (\$ in 000's)					
FY 2014					FY 2013
	Actual	Budget	Variance	Percent	Actual
Current Month	214,614	269,899	(55,285)	-20.5%	282,756
FYTD 2014	2,164,615	2,459,611	(294,996)	-12.0%	2,573,350

\* Monthly Inpatient Gross Revenue under budget -20.5% due to unfavorable Admissions (317) or -12.1% and Patient Days (717) or -6.1%.

Gross Outpatient Revenues (\$ in 000's)					
FY 2014					FY 2013
	Actual	Budget	Variance	Percent	Actual
Current Month	205,569	231,677	(26,108)	-11.3%	220,164
FYTD 2014	1,912,689	2,100,482	(187,793)	-8.9%	1,961,725

\* Monthly Outpatient Gross Revenue under budget -11.3% for the month primarily due to Radiology charge reduction \$13M, CyberKnife (\$1.4M), Sleep Labs (\$1.7M), Pharmacy (\$1.7M) and Haverford ASC (\$886k).

Gross Combined Patient Revenues (\$ in 000's)					
FY 2014					FY 2013
	Actual	Budget	Variance	Percent	Actual
Current Month	420,183	501,576	(81,393)	-16.2%	502,920
FYTD 2014	4,077,304	4,560,093	(482,789)	-10.6%	4,535,075

Contractual Deductions (\$ in 000's)					
FY 2014					FY 2013
	Actual	Budget	Variance	Percent	Actual
Current Month	(345,569)	(418,270)	72,701	17.4%	(436,943)
FYTD 2014	(3,400,794)	(3,810,775)	409,981	10.8%	(3,814,661)

Free Care (\$ in 000's)					
FY 2014					FY 2013
	Actual	Budget	Variance	Percent	Actual
Current Month	(15,444)	(16,677)	1,233	7.4%	(178)
FYTD 2014	(114,323)	(153,310)	38,987	25.4%	(146,591)

Provisions for Bad Debts (\$ in 000's)					
FY 2014					FY 2013
	Actual	Budget	Variance	Percent	Actual
Current Month	(2,248)	(1,337)	(911)	-68.1%	(2,772)
FYTD 2014	(24,656)	(12,109)	(12,547)	-103.6%	(12,191)

\* In aggregate, total Free Care and Provisions for Bad Debts is 4.2% of gross charges and compared favorable to budget by \$322k.

## Operating Revenue (cont.)

Net Patient Revenues (\$ in 000's)					
	FY 2014				FY 2013
	Actual	Budget	Variance	Percent	Actual
Current Month	56,922	65,292	(8,370)	-12.8%	63,027
FYTD 2014	537,531	583,899	(46,368)	-7.9%	561,632

Other Operating Revenues (\$ in 000's)					
	FY 2014				FY 2013
	Actual	Budget	Variance	Percent	Actual
Current Month	4,640	3,930	710	18.1%	4,146
FY 2014	41,234	36,594	4,640	12.7%	33,603

\* Other Operating Revenues over budget for the month primarily due to favorable Pharmacy/340B Retail sales \$944k partially offset by unfavorable IT Meaningful Use (\$123k) and Foundations (\$23k).

Net Assets Released (\$ in 000's)					
	FY 2014				FY 2013
	Actual	Budget	Variance	Percent	Actual
Current Month	9	14	(5)	-35.7%	15
FY 2014	176	126	50	39.7%	116

Net Income (Loss) in Related Entities (\$ in 000's)					
	FY 2014				FY 2013
	Actual	Budget	Variance	Percent	Actual
Current Month	26	6	20	100.0%	117
FY 2014	(3,191)	(2,094)	(1,097)	-52.4%	1,671

Total Revenues (\$ in 000's)					
	FY 2014				FY 2013
	Actual	Budget	Variance	Percent	Actual
Current Month	61,597	69,242	(7,645)	-11.0%	67,305
FY 2014	575,750	618,525	(42,775)	-6.9%	597,022

## Operating Expenses

Salaries and Benefits (\$ in 000's)					
	FY 2014				FY 2013
	Actual	Budget	Variance	Percent	Actual
Current Month	41,263	44,148	2,885	6.5%	43,501
FYTD 2014	375,508	386,865	11,357	2.9%	377,707

\* Salaries favorable \$1,480k for the month due to several factors:

- \* Volume variance favorable \$1,344k, FTE's favorable 215.37
- \* Vacation Adjustment favorable \$177k
- \* All Other Rate variances unfavorable (\$41k).

Benefits under budget \$1,405k as a result of:

- \* Pension Plan expense favorable \$480k recurring
- \* Health Insurance favorable \$444k
- \* All Other Benefits favorable \$481k - driven by 2013 TSA and Defined Contribution match reconciliation.

Restructuring (\$ in 000's)					
	FY 2014				FY 2013
	Actual	Budget	Variance	Percent	Actual
Current Month	-	-	-	0.0%	-
FYTD 2014	6,000	-	(6,000)	0.0%	-

Professional Fees (\$ in 000's)					
	FY 2014				FY 2013
	Actual	Budget	Variance	Percent	Actual
Current Month	1,812	2,003	191	9.5%	1,944
FYTD 2014	17,185	18,030	845	4.7%	17,094

\* Favorable Professional Fees driven by Managed Care Fees - Globals \$102k

Supplies and Other (\$ in 000's)					
	FY 2014				FY 2013
	Actual	Budget	Variance	Percent	Actual
Current Month	12,215	12,086	(129)	-1.1%	11,862
FYTD 2014	111,533	110,670	(863)	-0.8%	105,806

\* Supplies and Other expenses are over budget primarily due to unfavorable cost per equivalent patient day for Drugs (\$451k) partially offset by cost per equivalent patient day for Supplies \$426k. All Other expenses were unfavorable (\$104k) driven by high Repairs & Maintenance.

Insurance (\$ in 000's)					
	FY 2014				FY 2013
	Actual	Budget	Variance	Percent	Actual
Current Month	373	819	446	54.5%	347
FYTD 2014	6,718	7,359	641	8.7%	6,308

\* Insurance favorable due to Malpractice 2013 reconciliation \$475k.

## Operating Expenses (cont.)

Purchased Services - Other (\$ in 000's)					
FY 2014					FY 2013
	Actual	Budget	Variance	Percent	Actual
Current Month	6,444	6,007	(437)	-7.3%	5,719
FYTD 2014	55,671	52,075	(3,596)	-6.9%	48,769

\* Purchased Services are unfavorable for the month due to:

- \* Initiatives not yet realized (\$253k)
- \* Media Marketing unfavorable (\$361k)
- \* CyberKnife favorable \$216k

Interest Expense (\$ in 000's)					
FY 2014					FY 2013
	Actual	Budget	Variance	Percent	Actual
Current Month	728	656	(72)	-11.0%	720
FYTD 2014	5,970	5,962	(8)	-0.1%	6,177

Depreciation and Amortization (\$ in 000's)					
FY 2014					FY 2013
	Actual	Budget	Variance	Percent	Actual
Current Month	1,678	2,057	379	18.4%	2,133
FYTD 2014	17,817	18,339	522	2.8%	18,981

\* Depreciation favorable due to quarterly reconciliation based on timing of capital

Total Operating Expenses (\$ in 000's)					
FY 2014					FY 2013
	Actual	Budget	Variance	Percent	Actual
Current Month	65,748	68,997	3,249	4.7%	67,422
FYTD 2014	607,368	610,289	2,921	0.5%	591,606

## Changes in Cash and Investment Discussion

For the month, Crozer-Keystone Health System created a positive cash flow of \$2.5M as a result of:

- \* Investment Market Values updated with an decrease of \$14.0M.
- \* Increase in Accounts Receivable and Other Receivables of \$4.7M.
- \* Increase in Accounts Payable and Accrued Expenses of \$10.2M.
- \* Net Pension funding of \$1.7M, with expense of \$2.4M and funding of \$4.1M for the month.
- \* Capital expenditures of \$1,150k.

Year-to-date a negative cash flow of (\$5.4M) has been realized, including an unfavorable (\$10.8M) change in investment market valuation.



## Statement of Operations - Current Month

**Crozer-Keystone Health System**  
**Statements of Operations for the Month ended March 31, 2014 and 2013**  
 (Combined - \$ in thousands)

	FY 2014				FY 2013
	Actual	Budget	Variance	Percent	Actual
Admissions	2,310	2,627	(317)	-12.1%	2,637
Observations - O/P	751	656	95	14.5%	633
Total	3,061	3,283	(222)	-6.8%	3,270
Observations-% to Total	24.5%	20.0%	4.6%	22.8%	19.4%
Patient Days	11,069	11,786	(717)	-6.1%	12,557
Length of Stay	4.79	4.49	0.31	6.8%	4.76
Paid FTE per Adjusted Occupied Bed	5.88	6.07	0.19	3.1%	5.98
CKHN Total Encounters	61,493	66,335	(4,842)	-7.3%	61,886
<b>Operating Revenues</b>					
Gross Inpatient Revenues	\$ 214,614	\$ 269,899	\$ (55,285)	-20.5%	\$ 282,756
Gross Outpatient Revenues	205,569	231,677	(26,108)	-11.3%	220,164
Gross Patient Revenues	420,183	501,576	(81,393)	-16.2%	502,920
Contractual Deductions	(345,569)	(418,270)	72,701	17.4%	(436,943)
Free Care	(15,444)	(16,877)	1,233	7.4%	(178)
Net Patient Revenues before Bad Debt	59,170	66,629	(7,459)	-11.2%	65,799
Provision for Bad Debts	(2,248)	(1,337)	(911)	-68.1%	(2,772)
Net Patient Revenues	56,922	65,292	(8,370)	-12.8%	63,027
Other Operating Revenues	4,640	3,930	710	18.1%	4,146
Net Asset Released	9	14	(5)	-35.7%	15
Net Income (Loss) in Related Entities	26	6	20	333.3%	117
<b>Total Revenues</b>	<b>\$ 61,597</b>	<b>\$ 69,242</b>	<b>\$ (7,645)</b>	<b>-11.0%</b>	<b>\$ 67,305</b>
<b>Operating Expenses</b>					
Salaries and Benefits	\$ 41,263	\$ 44,148	\$ 2,885	6.5%	\$ 43,501
Restructuring Costs	-	-	-	0.0%	-
Professional Fees	1,812	2,003	191	9.5%	1,944
Supplies and Other	12,215	12,086	(129)	-1.1%	11,862
MA Assessment	1,235	1,221	(14)	-1.1%	1,196
Insurance	373	819	446	54.5%	347
Purchased Services - Other	6,444	6,007	(437)	-7.3%	5,719
Interest Expense	728	656	(72)	-11.0%	720
Depreciation and Amortization	1,678	2,057	379	18.4%	2,133
<b>Total Operating Expenses</b>	<b>\$ 65,748</b>	<b>\$ 68,997</b>	<b>\$ 3,249</b>	<b>4.7%</b>	<b>\$ 67,422</b>
<b>Income from Operations</b>	<b>\$ (4,151)</b>	<b>\$ 245</b>	<b>\$ (4,396)</b>	<b>-1794.3%</b>	<b>\$ (117)</b>
<b>Operating Margin</b>	<b>-6.7%</b>	<b>0.4%</b>			<b>-0.2%</b>
Investment Income & Other Non-Op	14,275	293	13,982	4772.0%	230
<b>Net Income before Other Items</b>	<b>\$ 10,124</b>	<b>\$ 538</b>	<b>\$ 9,586</b>	<b>1781.8%</b>	<b>\$ 113</b>
<b>Total Margin, before Other Items</b>	<b>16.4%</b>	<b>0.8%</b>			<b>0.2%</b>
<b>Other Items:</b>					
Loss on Early Extinguishment of Debt	-	-	-	0.0%	-
<b>Net Income</b>	<b>\$ 10,124</b>	<b>\$ 538</b>	<b>\$ 9,586</b>	<b>1781.8%</b>	<b>\$ 113</b>
Equity Transfer From (To)	-	-	-	0.0%	-
Change in Net Unrealized Gains and Losses on Investment (incl. CIOL & UTP)	(13,518)	-	(13,518)	0.0%	1,580
Other Changes in Pension Liability and Post Retirement Benefits	-	-	-	0.0%	-
Contributed to Grant Income	-	-	-	0.0%	-
Net Assets Released from Restrictions Used for Purchase of Property and Equipment	-	-	-	0.0%	-
<b>Increase (Decrease) in Unrestricted Net Assets</b>	<b>\$ (3,394)</b>	<b>\$ 538</b>	<b>\$ (3,932)</b>	<b>-730.9%</b>	<b>\$ 1,693</b>



## Statement of Operations - YTD FY 14

**Crozer-Keystone Health System**  
**Statements of Operations for the Nine Months ended March 31, 2014 and 2013**  
**(Combined - \$ in thousands)**

	FY 2014				FY 2013
	Actual	Budget	Variance	Percent	Actual
Admissions	22,671	23,563	(892)	-3.8%	23,761
Observations - O/P	5,807	6,265	(458)	-7.3%	6,023
Total	28,478	29,828	(1,350)	-4.5%	29,784
Observations % to Total	20.4%	21.0%	-0.6%	-2.9%	20.2%
Patient Days	105,195	108,346	(3,151)	-2.9%	113,319
Length of Stay	4.64	4.60	0.04	0.9%	4.77
Paid FTE per Adjusted Occupied Bed	5.92	5.96	0.04	0.7%	5.96
CKHN Total Encounters	557,072	611,851	(54,779)	-9.0%	555,454
<b>Operating Revenues</b>					
Gross Inpatient Revenues	\$2,164,615	\$2,459,611	\$ (294,996)	-12.0%	\$2,573,350
Gross Outpatient Revenues	1,912,689	2,100,482	(187,793)	-8.9%	1,961,725
Gross Patient Revenues	4,077,304	4,560,093	(482,789)	-10.6%	4,535,075
Contractual Deductions	(3,400,794)	(3,810,775)	409,981	10.8%	(3,814,661)
Free Care	(114,323)	(153,310)	38,987	25.4%	(146,591)
Net Patient Revenues before Bad Debt	562,187	596,008	(33,821)	-5.7%	573,823
Provision for Bad Debts	(24,656)	(12,109)	(12,547)	-103.6%	(12,191)
Net Patient Revenues	537,531	583,899	(46,368)	-7.9%	561,632
Other Operating Revenues	41,234	36,594	4,640	12.7%	33,603
Net Asset Released	176	126	50	39.7%	116
Net Income (Loss) in Related Entities	(3,191)	(2,094)	(1,097)	52.4%	1,671
<b>Total Revenues</b>	<b>\$ 575,750</b>	<b>\$ 618,525</b>	<b>\$ (42,775)</b>	<b>-6.9%</b>	<b>\$ 597,022</b>
<b>Operating Expenses</b>					
Salaries and Benefits	\$ 375,508	\$ 386,865	\$ 11,357	2.9%	\$ 377,707
Restructuring Costs	6,000	-	(6,000)	0.0%	-
Professional Fees	17,185	18,030	845	4.7%	17,094
Supplies and Other	111,533	110,670	(863)	-0.8%	105,806
MA Assessment	10,966	10,989	23	0.2%	10,764
Insurance	6,718	7,359	641	8.7%	6,308
Purchased Services - Other	55,671	52,075	(3,596)	-6.9%	48,769
Interest Expense	5,970	5,962	(8)	-0.1%	6,177
Depreciation and Amortization	17,817	18,339	522	2.8%	18,981
<b>Total Operating Expenses</b>	<b>\$ 607,368</b>	<b>\$ 610,289</b>	<b>\$ 2,921</b>	<b>0.5%</b>	<b>\$ 591,606</b>
<b>Income from Operations</b>	<b>\$ (31,618)</b>	<b>\$ 8,236</b>	<b>\$ (39,854)</b>	<b>-483.9%</b>	<b>\$ 5,416</b>
<b>Operating Margin</b>	<b>-5.5%</b>	<b>1.3%</b>			<b>0.9%</b>
Investment Income & Other Non-Op	23,545	3,319	20,226	609.4%	5,248
Net Income before Other Items	\$ (8,073)	\$ 11,555	\$ (19,628)	-169.9%	\$ 10,664
<b>Total Margin, before Other Items</b>	<b>-1.4%</b>	<b>1.9%</b>			<b>1.8%</b>
<b>Other Items:</b>					
Loss on Early Extinguishment of Debt	-	-	-	0.0%	-
<b>Net Income</b>	<b>\$ (8,073)</b>	<b>\$ 11,555</b>	<b>\$ (19,628)</b>	<b>-169.9%</b>	<b>\$ 10,664</b>
Equity Transfer From (To)	-	-	-	0.0%	-
Change In Net Unrealized Gains and Losses on Investment (incl. CIGL & UTP)	(11,104)	-	(11,104)	0.0%	5,783
Other Changes in Pension Liability and Post Retirement Benefits	-	-	-	0.0%	-
Contributed to Grant Income	-	-	-	0.0%	253
Net Assets Released from Restrictions Used for Purchase of Property and Equipment	-	-	-	0.0%	77
<b>Increase (Decrease) in Unrestricted Net Assets</b>	<b>\$ (19,177)</b>	<b>\$ 11,555</b>	<b>\$ (30,732)</b>	<b>-266.0%</b>	<b>\$ 16,777</b>





## Statement of Changes in Cash and Investments

Crozer-Keystone Health System Statements of Changes in Cash and Investments (Combined - \$ in thousands)			
	Month and Year to Date ended March 31, 2014		FY 2014 Budget
	Current Month	Year to Date	
<b>SOURCES:</b>			
Net Income, before Other Items	\$ 10,124	\$ (8,073)	\$ 15,030
Depreciation and Amortization	1,678	17,817	24,412
Short-term Borrowings	15,000	15,000	15,000
Proceeds from Long-term Debt	0	8,000	
Changes in Working Capital and Other	7,745	12,154	7,235
<b>Total Sources</b>	<b>\$ 34,547</b>	<b>\$ 44,898</b>	<b>\$ 61,677</b>
<b>USES:</b>			
Capital			
Replacement	\$ (1,150)	\$ (9,165)	\$ (19,000)
Strategic	-	-	(4,000)
Acquisition of Businesses, Net of Assets Acquired In-Process	-	-	-
Total Capital Expenditures	(1,150)	(9,165)	(23,000)
Net Funding Requirements of Pension	(1,722)	(5,332)	(5,069)
Short-term Repayment	(15,000)	(15,000)	(15,000)
Principal Repayment on Debt	(187)	(10,001)	(10,215)
<b>Total Uses</b>	<b>\$ (18,059)</b>	<b>\$ (39,498)</b>	<b>\$ (53,284)</b>
<b>Net Cash Flow before Market Valuation</b>	<b>16,487</b>	<b>5,400</b>	<b>8,393</b>
Market Valuation	(14,004)	(10,785)	-
<b>Net Cash Flow</b>	<b>\$ 2,483</b>	<b>\$ (5,385)</b>	<b>\$ 8,393</b>
<b>Cash and Investments - Beginning of Period</b>			
Cash and Investments	136,271	147,701	150,415
Debt Services Reserve Fund	9,594	9,642	9,596
Assets Limited to Use, Bond Project Fund	205	3,812	3,907
Board Designated Funds	89,560	83,223	85,820
Endowment and Restricted Funds	9,748	8,868	9,018
<b>Total Cash and Investments (Restricted and Unrestricted)</b>	<b>\$ 245,378</b>	<b>\$ 253,246</b>	<b>\$ 258,756</b>
<b>Cash and Investments - End of Period</b>			
Cash and Investments	135,493	135,493	156,599
Debt Services Reserve Fund	9,594	9,594	9,596
Assets Limited to Use, Bond Project Fund	3,234	3,234	4,083
Board Designated Funds	89,860	89,860	87,965
Endowment and Restricted Funds	9,680	9,680	8,906
<b>Total Cash and Investments (Restricted and Unrestricted)</b>	<b>\$ 247,861</b>	<b>\$ 247,861</b>	<b>\$ 267,149</b>
Days Cash on Hand - System		104.7	112.9



## Statement of Changes in Cash and Investments

Crozer-Keystone Health System Support for Changes in Working Capital and Other (Combined - \$ in thousands)			
	Month and Year to Date ended March 31, 2014		FY 2014 Budget
	Current Month	Year to Date	
Changes in Working Capital and Other:	\$ 7,745	\$ 12,154	\$ 7,235
Net Patients Accounts Receivable and Other Receivables	(4,672)	(1,334)	(462)
Inventories and Prepaid Expenses	701	(772)	686
Deferred Financing Costs	19	80	188
Investment in Joint Ventures	0	3,901	3,529
Beneficial Interest in Perpetual Trust	57	(390)	4
Other Assets	(1,487)	(5,202)	219
Accounts Payable and Accrued Expenses	10,215	5,054	3,585
Restructuring Liability - Salaries	0	0	0
Restructuring Liability - Benefits	0	0	0
Estimated Third-Party Payor Settlements	901	8,071	0
Amortization of Bond Premiums/Discounts	(21)	(149)	(124)
Capital Leases assumed	0	0	0
Loan Payable	0	0	0
Restricted Net Assets	332	1,032	(210)
Net Assets Released from Restrictions	0	0	0
Net Assets Contributed to Project	0	0	0
Loss on Early Extinguishment of Debt	0	0	0
Other Liabilities	1,700	1,863	(180)
<b>Total Changes in Working Capital and Other</b>	<b>\$ 7,745</b>	<b>\$ 12,154</b>	<b>\$ 7,235</b>

# Combined Balance Sheet

Crozer-Keystone Health System Combined Balance Sheet (Combined - \$ in thousands)							
	March 31, 2014	February 28, 2014	June 30, 2013		March 31, 2014	February 28, 2014	June 30, 2013
<b>ASSETS</b>				<b>LIABILITIES AND NET ASSETS</b>			
<b>Current Assets:</b>				<b>Current Liabilities:</b>			
Cash and investments	\$ 135,493	\$ 136,271	\$ 147,701	Current portion of long-term debt	\$ 22,419	\$ 9,689	\$ 9,925
Patients receivables, less estimated uncollectibles	103,777	100,781	103,001	Accounts payable and accrued expenses	111,600	101,384	106,545
Other accounts receivable	17,472	15,796	16,914	Bank notes payable	15,000	15,000	15,000
Due from third parties	0	0	0	Current portion of pension liability	0	0	0
Inventories, at cost	9,537	9,343	8,694	Due to third parties	18,101	17,200	10,030
Prepaid expenses and other	4,629	5,524	4,700				
Current Portion of Assets Limited to Use	3,234	205	3,812	<b>Total Current Liabilities</b>	<b>167,120</b>	<b>143,273</b>	<b>141,500</b>
<b>Total Current Assets</b>	<b>274,142</b>	<b>267,920</b>	<b>284,822</b>	<b>Long Term Liabilities:</b>			
<b>Assets Limited as to Use:</b>				Bonds payable	151,382	164,219	172,822
Debt Service Reserve Fund	9,594	9,594	9,642	Notes and loans payable	10,460	10,542	3,645
Project fund	0	0	0	Long-term oblig.- Financing	12,987	7,857	7,207
Board designated funds	89,860	89,560	83,223	Pension liability	213,826	215,549	219,158
Endowment and Restricted Funds	9,680	9,748	8,868	Insurance/restricted liabilities	24,163	23,083	22,553
Trustee-held funds	0	0	0	Other liabilities *	41,093	41,230	41,937
Property, Buildings, and Equipment at cost, net of accumulated depreciation	164,159	160,296	166,058	<b>Total Long Term Liabilities</b>	<b>453,911</b>	<b>462,480</b>	<b>467,322</b>
<b>Other Assets:</b>				<b>Net Assets:</b>			
Deferred financing costs	1,579	1,598	1,859	Unrestricted	(1,900)	1,496	17,277
Investment in Joint Ventures	41,985	41,985	46,424	Temporarily Restricted	6,792	6,889	6,450
Beneficial Interest in Perpetual Trust	5,528	5,585	5,138	Permanently Restricted	8,582	8,639	8,111
Other Assets	37,978	36,491	34,826	<b>Total Net Assets</b>	<b>13,474</b>	<b>17,024</b>	<b>31,838</b>
<b>Total Assets</b>	<b>\$ 634,505</b>	<b>\$ 622,777</b>	<b>\$ 640,660</b>	<b>Total Liabilities and Net Assets</b>	<b>\$ 634,505</b>	<b>\$ 622,777</b>	<b>\$ 640,660</b>

\* Included in Other Liabilities is deferred gains on the Sale/Leaseback of the Healthplex of \$8,051 and Taylor II Condo of \$2,125



## Summary Statement of Operations

<b>Crozer-Keystone Health System</b> <b>Summary Statement of Operations</b> <b>(Combined - \$ in thousands)</b>
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**For the Nine Months Ended March 31, 2014**

	<u>Current Month</u>			<u>Year-to-Date</u>			<u>Prior Yr</u>
	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>YTD</u>
Crozer Chester Medical Center	\$9,240	\$1,889	\$7,351	\$1,324	\$17,852	(\$16,528)	\$9,777
Delaware County Memorial Hospital	2,961	(539)	3,500	2,128	(346)	2,474	(1,702)
Hospitals Sub-Total	12,201	1,350	10,851	3,452	17,506	(14,054)	8,075
Crozer Keystone Health Network	(2,012)	(468)	(1,544)	(9,116)	(2,341)	(6,775)	(1,674)
CKHS - Parent	3	(357)	360	(2,000)	(3,511)	1,511	4,419
PA Health Club	(68)	13	(81)	(409)	(99)	(310)	(156)
Increase in unrestricted net assets before unrealized gains and losses on Inv. & loss on early extinguishment of debt	\$10,124	\$538	\$9,586	(\$8,073)	\$11,555	(\$19,628)	\$10,664



## Performance Measures

<b>Crozer-Keystone Health System Performance Measures Combined</b>
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	<u>Actual 6/30/13</u>	<u>YTD Actual 3/31/14</u>	<u>Budget FY 2014</u>
Total Margin, before Other Items	1.76%	(1.40%)	1.80%
Operating Margin, before Other Items	1.00%	(5.49%)	1.30%
Days Cash on Hand	109	105	113
Days in Accounts Receivable	50	52	49
Annual Debt Service Coverage	2.62	1.51	2.59
Debt to Capitalization	91.71	100.98	108.10



# Statistics

**Crozer-Keystone Health System  
Statistics  
For the Nine Months Ended,  
March 31, 2014**

	CURRENT			YEAR-TO-DATE			Prior Year
	Actual	Budget	Variance	Actual	Budget	Variance	
Hospitals:							
Admissions	2,310	2,627	(317)	22,671	23,563	(892)	23,761
Patient Days	11,069	11,786	(717)	105,195	108,346	(3,151)	113,319
Length of Stay	4.79	4.49	0.30	4.64	4.60	0.04	4.77
Paid FTE per Adj. Occupied Bed	5.88	6.07	0.19	5.92	5.96	0.04	5.96
Births	237	284	(47)	2,371	2,502	(131)	2,511
Surgeries	2,270	2,544	(274)	20,820	22,341	(1,521)	16,416
O/P Radiology Procedures	24,064	24,228	(164)	210,566	223,644	(13,078)	214,150
ER Visits	10,323	10,579	(256)	95,313	102,721	(7,408)	97,949
Observations - O/P	751	656	95	5,807	6,265	(458)	6,023
Primary Care and Specialty Practices:							
Encounters	61,493	66,335	(4,842)	557,072	611,851	(54,779)	555,454
PA Health Club Active Members	6,595	6,774	(179)	6,595	6,774	(179)	6,574

