

KALEIDA HEALTH

Financial Report June, 2014

Kaleida Health

Consolidated Statement of Operations Year-To-Date June 30, 2014

(Dollars in Thousands)

	Actual	Budget	Variance	Prior Year
Operating Revenues				
Patient Revenue				
Inpatient Services	\$ 814,383	\$ 834,171	\$ (19,788)	\$ 859,114
Outpatient Services	543,433	531,297	12,136	504,446
Gross Patient Revenue	<u>1,357,816</u>	<u>1,365,468</u>	<u>(7,652)</u>	<u>1,363,560</u>
Less:				
Contractual Allowances	727,574	717,029	(10,545)	727,671
Bad Debt & Charity Care	10,870	18,605	7,735	19,773
Total Care Discounts	<u>738,444</u>	<u>735,634</u>	<u>(2,810)</u>	<u>747,444</u>
Net Patient Revenue	<u>619,372</u>	<u>629,834</u>	<u>(10,462)</u>	<u>616,116</u>
Operating Investment Interest & Dividend Income	915	890	25	902
Other Operating Revenue	17,579	16,475	1,104	16,500
Total Operating Revenue	<u>637,866</u>	<u>647,199</u>	<u>(9,333)</u>	<u>633,518</u>
Operating Expenses				
Salary/Wages/Contract Labor	267,739	268,357	618	274,121
Employee Benefits	92,899	95,368	2,469	93,682
Physician Fees	42,546	45,556	3,010	44,330
Purchased Services	27,909	31,122	3,213	24,510
Med & Non-Med Supplies	113,218	113,983	765	115,178
Other Expenses	28,766	30,200	1,434	28,777
Utilities	7,161	6,394	(766)	5,874
Insurance Expense	11,771	12,439	667	12,285
Depreciation & Amortization	32,354	33,147	793	35,397
Interest	7,635	7,960	326	8,090
Total Operating Expenses	<u>631,995</u>	<u>644,525</u>	<u>12,530</u>	<u>642,247</u>
Income (Loss) from Operations	<u>\$ 5,871</u>	<u>\$ 2,674</u>	<u>\$ 3,197</u>	<u>\$ (8,729)</u>
Non Operating Gains (Losses)				
Interest and Dividends	1,435	1,637	(202)	500
Realized Gains (Losses)	5,614	2,750	2,864	2,556
Unrealized Gains (Losses)	6,968	-	6,968	141
Non Operating Gains (Losses), Net	<u>14,017</u>	<u>4,386</u>	<u>9,631</u>	<u>3,197</u>
Excess of Revenues Over Expenses	<u>\$ 19,888</u>	<u>\$ 7,060</u>	<u>\$ 12,828</u>	<u>\$ (5,532)</u>

Kaleida Health

Combined Balance Sheet

(Dollars in Thousands)

	<u>June 30, 2014</u>	<u>December 31, 2013</u>	<u>Change from Prior Year End</u>
Assets			
Current assets:			
Cash and cash equivalents	\$ 98,397	\$ 58,567	\$ 39,830
Current investments	167,616	157,525	10,091
Accounts receivable:			
Patient	157,057	148,058	8,999
Other	5,162	23,151	(17,989)
Estimated third-party payor receivables	18,702	27,775	(9,073)
Inventories	23,197	26,246	(3,049)
Prepaid expenses and other current assets	16,577	14,224	2,353
Total Current Assets	<u>486,708</u>	<u>455,546</u>	<u>31,162</u>
Assets whose use is limited:			
Designated under Self-Insurance Programs	118,387	124,561	(6,174)
Designated under Debt Agreements	37,711	36,184	1,527
Board Designated and Donor Restricted	114,365	107,830	6,535
Other	1,410	2,046	(636)
	<u>271,873</u>	<u>270,621</u>	<u>1,252</u>
Property and equipment, net	444,307	467,241	(22,934)
Receivable for insurance recoveries	4,644	4,644	-
Deferred financing costs	9,647	10,145	(498)
Other assets	13,624	13,519	105
Total Assets	<u>\$ 1,230,803</u>	<u>\$ 1,221,716</u>	<u>\$ 9,087</u>
Liabilities and net assets			
Current portion of long-term debt	\$ 20,954	\$ 20,566	\$ 388
Accounts payable	81,396	90,325	(8,929)
Accrued payroll and related expenses	66,965	61,330	5,635
Estimated third-party payor settlements	26,410	23,073	3,337
Other current liabilities	5,771	11,492	(5,721)
Total Current Liabilities	<u>201,496</u>	<u>206,786</u>	<u>(5,290)</u>
Long-term debt	279,731	290,140	(10,409)
Estimated Self Insurance Reserves	163,557	163,755	(198)
Asset retirement obligations	12,243	11,714	529
Pension and postretirement obligations	194,769	195,059	(290)
Other long-term liabilities	15,399	15,788	(389)
	<u>665,699</u>	<u>676,456</u>	<u>(10,757)</u>
Total Liabilities	<u>867,195</u>	<u>883,242</u>	<u>(16,047)</u>
Net assets			
Unrestricted:			
Available for operations	439,569	419,456	20,113
Provision for future benefit costs	(177,378)	(177,378)	-
	<u>262,191</u>	<u>242,078</u>	<u>20,113</u>
Temporarily restricted	86,017	80,996	5,021
Permanently restricted	15,400	15,400	-
Total Net Assets	<u>363,608</u>	<u>338,474</u>	<u>25,134</u>
Total Liabilities and Net Assets	<u>\$ 1,230,803</u>	<u>\$ 1,221,716</u>	<u>\$ 9,087</u>

Kaleida Health

Statement of Cash Flows

(Dollars in Thousands)

	June 2014	June 2013
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Change in Net Assets	\$ 25,134	\$ (3,684)
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided by (Used in) Operating Activities:		
Depreciation and Amortization	32,354	35,383
Accretion Expense	600	450
Restricted Contributions, Bequests, and Grants	(385)	(1,126)
Change in Receivable for Insurance Recoveries	-	6,350
Net Change in Unrealized Gains and Losses on Investments	(10,275)	(1,373)
Provision for Bad Debt	6,667	13,298
<u>Changes in Operating Assets and Liabilities:</u>		
Patient Accounts Receivable	(15,666)	(21,182)
Other Receivables, Inventories, and Prepaid Expenses	27,758	4,767
Accounts Payable, Accrued Expenses, and Accrued Payroll	(3,294)	8,691
Estimated Third-Party Payor Settlements	3,337	(899)
Other Assets	(105)	(2,345)
Other Liabilities	(6,524)	14,794
	\$ 59,601	\$ 53,124
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Additions to Property and Equipment, net of Change in Construction Cost Payable	\$ (9,067)	\$ (17,348)
Net (Purchases) Sales of Investments	(1,068)	(12,356)
	\$ (10,135)	\$ (29,704)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Principal Payments on Debt and Capital Lease Obligations	\$ (10,021)	\$ (15,091)
Proceeds from Restricted Contributions, Bequests, and Grants	385	1,126
Proceeds from Long-Term Debt	-	3,425
Increase in Deferred Financing Fees	-	(83)
	\$ (9,636)	\$ (10,623)
Net Cash Provided by (Used in) Financing Activities		
Increase (Decrease) in Cash and Cash Equivalents	\$ 39,830	\$ 12,797
Cash and Cash Equivalents, Beginning of Period	\$ 58,567	\$ 54,877
CASH and CASH EQUIVALENTS, END OF PERIOD	\$ 98,397	\$ 67,674

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Statement of Changes in Net Assets Year-To-Date June 2014

(Dollars in Thousands)

UNRESTRICTED NET ASSETS

Excess of Revenues Over Expenses	\$	19,888
Contributions for Capital Acquisitions		8
Net Assets Released from Restrictions for Capital Acquisition		406
Other, net		<u>(189)</u>
Change in Unrestricted Net Assets	\$	20,113

TEMPORARILY RESTRICTED NET ASSETS

Contributions, Bequests and Grants		1,686
Investment Income		1,190
Net Change in Unrealized Gains on Investments		2,103
Other Transfers, net		1,802
Net Assets Released from Restrictions for Operations		(1,354)
Net Assets Released from Restrictions for Capital Acquisition		<u>(406)</u>
Change in Temporarily Restricted Net Assets	\$	5,021

PERMANENTLY RESTRICTED NET ASSETS

Investment Income		723
Net Change in Unrealized Gains on Investments		1,204
Other Transfers, net		<u>(1,927)</u>
Change in Permanently Restricted Net Assets	\$	-

Change in Total Net Assets \$ 25,134

Net Assets, Beginning of Period 338,474

NET ASSETS, END OF PERIOD \$ 363,608