Lakewood Hospital
a Cleveland Clinic hospital

Lakewood Hospital Association

Financial Statements

June 30, 2013

Lakewood Hospital Association
Unaudited Financial Statements
June 30, 2013

Lakewood Hospital Association

Balance Sheets

(In Thousands)

UNAUDITED

	June 30 2013	December 31 2012
Assets		
Current assets:		
Cash and cash equivalents	$ 4,187	$ 4,348
Patient receivables, net of allowances	15,360	15,315
Other current assets	7,150	8,684
Total current assets	26,697	28,347
Investments:		
Long-term investments	46,964	45,110
Funds held by bond trustees	3,181	3,180
Donor restricted assets	3,579	3,274
	53,724	51,564
Property, plant and equipment, net	46,726	49,758
Beneficial interest in Lakewood Hospital Foundation, Inc.	27,920	27,964
Other assets:		
Pledges receivable, net	621	608
Other noncurrent assets	1,228	1,064
	1,849	1,672
Total assets	$ 156,916	$ 159,305
Liabilities and net assets		
Current liabilities:		
Accounts payable	$ 3,855	$ 4,972
Compensation and amounts withheld from payroll	5,446	4,870
Estimated amounts due to third party payors	1,053	1,316
Current portion of long-term debt	2,944	3,122
Payable to related parties	164	-
Other current liabilities	1,269	2,376
Total current liabilities	14,731	16,656
Long term debt		
Hospital revenue bonds	5,438	8,309
Notes payable and capital leases	10,640	10,640
	16,078	18,949
Other liabilities	575	589
Total liabilities	31,384	36,194
Net assets:		
Unrestricted	90,536	88,120
Temporarily restricted	19,054	19,056
Permanently restricted	15,942	15,935
Total net assets	125,532	123,111
Total liabilities and net assets	$ 156,916	$ 159,305

Lakewood Hospital Association

Statements of Operations
and Changes in Net Assets

(In Thousands)

UNAUDITED

Operations

	Six Months Ended June 30 2013	2012
Unrestricted revenues		
Net patient service revenue	$ 68,350	$ 71,987
Provision for uncollectible accounts	(6,546)	(7,298)
Net patient service revenue less provision for uncollectible accounts	61,804	64,689
Other	3,383	2,573
Total unrestricted revenues	65,187	67,262
Expenses		
Salaries, wages and benefits	32,883	35,710
Supplies	7,051	7,390
Pharmaceuticals	1,917	1,964
Purchased services and other fees	3,103	3,167
Administrative services	12,009	11,654
Facilities	3,899	4,251
Insurance	411	458
	61,273	64,594
Operating income before interest, depreciation and amortization expenses	3,914	2,668
Interest	481	578
Depreciation and amortization	2,845	3,363
Operating income (loss)	588	(1,273)
Nonoperating gains and losses		
Investment return	1,878	2,144
Other	(50)	(25)
Net nonoperating gains and losses	1,828	2,119
Excess of revenues over expenses	$ 2,416	$ 846

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Changes in Net Assets

	Net Assets			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Balances at January 1, 2012	$ 86,756	$ 17,230	$ 15,372	$ 119,358
Excess of revenues over expenses	846			846
Gifts and bequests		82		82
Net investment income		167		167
Net assets released from restrictions and used for operations		(102)		(102)
Change in beneficial interest in Lakewood Hospital Foundation		237	(237)	-
Change in value of perpetual trusts			62	62
Increase (decrease) in net assets	846	384	(175)	1,055
Balances at June 30, 2012	$ 87,602	$ 17,614	$ 15,197	$ 120,413
Balances at January 1, 2013	$ 88,120	$ 19,056	$ 15,935	$ 123,111
Excess of revenues over expenses	2,416			2,416
Gifts and bequests		100		100
Net investment income		125		125
Net assets released from restrictions and used for operations		(183)		(183)
Change in beneficial interest in Lakewood Hospital Foundation		(44)	-	(44)
Change in value of perpetual trusts			7	7
Increase (decrease) in net assets	2,416	(2)	7	2,421
Balances at June 30, 2013	$ 90,536	$ 19,054	$ 15,942	$ 125,532

Lakewood Hospital Association

Statements of Cash Flows

(In Thousands)

UNAUDITED

	Six Months Ended June 30 2013	2012
Operating activities and net nonoperating gains and losses		
Increase in net assets	$ 2,421	$ 1,055
Adjustments to reconcile increase in net assets to net cash provided by operating activities and net nonoperating gains and losses:		
Change in beneficial interest in Lakewood Hospital Association	44	
Net realized and unrealized gains on investments	(1,747)	(1,961)
Income from equity investee	(69)	(163)
Depreciation and amortization	2,845	3,363
Provision for uncollectible accounts	6,546	7,298
Restricted gifts, bequests and investment income	(225)	(249)
Change in value of perpetual trusts	(7)	(62)
Amortization of bond premium	(86)	(86)
Changes in operating assets and liabilities:		
Patient receivables	(6,591)	(9,532)
Other assets	1,168	4,533
Accounts payable and other current liabilities	(1,627)	(171)
Other liabilities	(14)	(63)
Net cash provided by operating activities and net nonoperating gains and losses	2,658	3,962
Financing activities		
Principal payments on long-term debt	(2,963)	(2,660)
Change in pledges receivable	264	(1)
Restricted gifts, bequests and investment income	225	249
Net cash used in financing activities	(2,474)	(2,412)
Investing activities		
Expenditures for property and equipment	68	(4,473)
Net change in cash equivalents reported in long-term investments	(2,781)	(3)
Purchases of investments	(171)	(287)
Sales of investments	2,539	1,500
Net cash used in investing activities	(345)	(3,263)
Decrease in cash and cash equivalents	(161)	(1,713)
Cash and cash equivalents at beginning of year	4,348	3,612
Cash and cash equivalents at end of period	$ 4,187	$ 1,899