

Interfaith Medical Center

Financial Statements

For the Twelve Months Ended December 31, 2012

(UNAUDITED)

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INTERFAITH MEDICAL CENTER

STATEMENTS OF FINANCIAL POSITION

	December 31, 2012	Audited December 31, 2011		December 31, 2012	Audited December 31, 2011
ASSETS			LIABILITIES AND EQUITIES		
Current assets			Current liabilities		
Cash and cash equivalents	\$ 12,793,796	\$ 9,914,451	Accounts payable and accrued expenses	\$ 4,303,722	\$ 23,035,202
Accounts receivable:			Accrued salaries and related withholdings	2,066,822	3,035,027
Patient care, less allowance for uncollectibles	17,831,751	18,411,552	Accrued vacation payable	3,868,251	3,589,889
Receivable from public goods pools	6,559,163	4,710,018	Accrued fringe benefits payable	1,216,010	1,948,399
Grants & other receivable	2,460,510	2,753,972	Accrued interest payable	-	2,224,678
Net accounts receivable	26,851,424	25,875,542	Bond payable	-	118,880,000
Inventories	774,118	580,066	Current portion of long term debt	-	15,638,625
Prepaid and other current assets	384,717	262,431	Due to Foundation	4,300,000	9,283,694
Assets limited as to use-current portion	-	5,604,454	Other current liabilities	-	1,483,000
Total current assets	40,804,055	42,236,944	Current portion of estimated professional liabilities	-	5,145,297
			Deferred revenue	19,000	-
Noncurrent assets:			Total current liabilities	15,773,806	184,263,812
Assets limited as to use			Noncurrent liabilities:		
Marketable securities			Long-term debt, less current installments	-	7,397,826
Under bond indenture	10,565,216	15,092,036	Estimated professional liabilities, less current portion	-	61,038,179
Lovett Escrow	5,842,707	6,785,398	Accrued retirement benefits	-	52,367,516
Escrow funds	20,079	22,214	Lease obligations	-	14,949,404
Self Insured malpractice fund	-	14,324	Other noncurrent liabilities, less current portion	-	23,926,038
Donor restricted	1,235,774	1,108,930	Total noncurrent liabilities	-	159,678,964
	-	-	Total liabilities	15,773,806	343,942,775
	17,663,776	23,022,902	Liabilities subject to compromise:	338,160,272	-
Less assets limited as to use-current portion	-	(5,604,454)	Fund balance:		
Total assets limited as to use-noncurrent	17,663,776	17,418,448	Unrestricted fund balance	(207,314,390)	(183,629,277)
Property, buildings and equipment-net	72,261,767	86,564,470	Specific Purpose funds	126,926	160,515
Deferred financing fees	1,723,677	1,922,181	Permanently restricted funds	1,108,848	1,108,848
Other long term assets	15,402,188	13,440,818	Net assets deficiency	(206,078,615)	(182,359,914)
Total assets	\$ 147,855,463	\$ 161,582,861	Total liabilities and net deficit	\$ 147,855,463	\$ 161,582,861

INTERFAITH MEDICAL CENTER
STATEMENTS OF OPERATIONS
TWELVE MONTHS ENDED DECEMBER 31, 2012

	CURRENT MONTH			YEAR TO DATE		
	ACTUAL	BUDGET	VARIANCE	ACTUAL	BUDGET	VARIANCE
Revenue:						
Net inpatient revenue	12,555,821	13,051,994	(496,173)	145,034,558	152,971,481	(7,936,923)
Net outpatient revenue	2,986,449	2,513,196	473,253	32,972,789	29,133,209	3,839,580
Net capitation revenue	210,641	125,000	85,641	4,204,529	1,500,000	2,704,529
Net patient revenue	15,752,911	15,690,190	62,721	182,211,876	183,604,690	(1,392,814)
Other operating	1,090,610	520,743	569,867	9,732,865	6,199,757	3,533,108
Total revenue	16,843,522	16,210,934	632,588	191,944,741	189,804,447	2,140,294
Expenses:						
Salaries and wages	8,736,421	8,205,762	(530,659)	102,635,680	97,142,466	(5,493,215)
Employee benefits	2,501,502	2,850,591	349,089	33,228,662	33,655,365	426,703
Professional fees	605,355	91,419	(513,936)	3,449,503	1,079,328	(2,370,175)
Medical supplies	1,130,963	880,126	(250,837)	10,442,118	10,391,121	(50,997)
Other supplies	443,971	511,652	67,681	6,565,543	6,040,954	(524,589)
Purchased services	1,907,726	1,865,836	(41,890)	20,513,140	22,028,836	1,515,696
Utilities	309,273	334,103	24,830	3,817,056	3,944,560	127,504
Insurance-est. malpractice	514,535	520,581	6,046	3,372,373	6,146,197	2,773,824
Provision for bad debt	657,484	657,484	0	7,762,549	7,762,549	0
Interest & mortgage fees	584,879	600,253	15,374	6,723,575	7,086,852	363,277
Depreciation & amortization	1,392,418	1,336,981	(55,437)	15,100,498	15,785,000	684,502
Total operating expenses	18,784,526	17,854,788	(929,738)	213,610,697	211,063,228	(2,547,469)
Loss from operations before Reorganization Costs	(1,941,005)	(1,643,854)	(297,151)	(21,665,956)	(21,258,781)	(407,175)
Reorganization	728,000	-	(728,000)	2,019,157	-	(2,019,157)
Net profit/(loss) from operations	(\$ 2,669,005)	(\$ 1,643,854)	\$ 430,849	(\$ 23,685,112)	(\$ 21,258,781)	\$ 1,611,981

**INTERFAITH MEDICAL CENTER
STATEMENT OF CHANGES IN NET ASSETS**

	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	BALANCE
BALANCE, JANUARY 1, 2012	(\$ 183,629,277)	\$ 160,515	\$ 1,108,848	(\$ 182,359,914)
Net profit/(loss) from operations	(23,685,112)	(33,588)	-	(23,718,701)
BALANCE, DECEMBER 31, 2012	(\$ 207,314,390)	\$ 126,926	\$ 1,108,848	(\$ 206,078,615)

**INTERFAITH MEDICAL CENTER
STATEMENT OF CASH FLOWS
TWELVE MONTHS ENDED DECEMBER 31, 2012**

Operating Activities	YEAR TO DATE
Change in net assets	(\$ 23,718,701)
Adjustments to reconcile net income to net cash provided by operating activities	
Depreciation and leasehold improvement amortization	15,100,498
Amortization of deferred financing fees & original issued premium	(531,136)
Changes in operating assets and liabilities:	
Decrease/(Increase) in accounts receivable	579,800
Decrease/(Increase) in other accounts receivable	(1,555,683)
Decrease/(Increase) in inventories	(194,052)
Decrease/(Increase) in prepaid other current assets	(122,286)
Decrease/(Increase) in due to/from IM Foundation	(66,251)
Decrease/(Increase) in other assets	(1,961,370)
(Decrease)/Increase in accounts payable	3,618,960
(Decrease)/Increase in accrued salaries and related benefits	(968,205)
(Decrease)/Increase in accrued vacation payable	278,362
(Decrease)/Increase in accrued fringe benefits payable	1,177,134
(Decrease)/Increase in accrued interest payable	(82,116)
(Decrease)/Increase in other liabilities	7,002,205
(Decrease)/Increase in estimated professional liabilities	(3,857,572)
(Decrease)/Increase in retirement benefits	4,178,923
(Decrease)/Increase in liabilities subject to compromise	(0)
(Decrease)/Increase in deferred revenue	19,000
Net cash provided by operating activities	(1,102,487)
Investing activities	
Acquisitions of property, building and equipment	(797,794)
Changes in assets limited as to use	5,359,125
Net cash used in investing activities	4,561,331
Financing activities	
Principal payments and repayment of long-term debt	(579,499)
Net cash used in financing activities	(579,499)
Net (decrease)/increase in cash and cash equivalents	2,879,345
Cash and cash equivalents at beginning of year	9,914,451
Cash and cash equivalents, December 31, 2012	<u><u>\$ 12,793,796</u></u>

INTERFAITH MEDICAL CENTER
SCHEDULE OF LIABILITIES SUBJECT TO COMPROMISE

	<u>12/31/2012</u>
DASNY Mortgage, including accrued interes	\$ 128,047,879
DASNY Restructuring Loan	2,000,000
DASNY Loan B	12,181,775
Lease Obligations	15,456,289
Total Debt Obligations	<u>157,685,943</u>
AP & Accrued expenses & benefit	24,273,298
IM Foundation	4,917,443
Third Party Payor Obligation	32,411,244
Accrued retirement benefits	56,546,439
Accrued Malpractice Liabilit	62,325,905
	<u><u>\$ 338,160,272</u></u>

**INTERFAITH MEDICAL CENTER
SCHEDULE OF OTHER REVENUES
TWELVE MONTHS ENDED DECEMBER 31, 2012**

	THIS MONTH			YEAR TO DATE		
	ACTUAL	BUDGET	VARIANCE	ACTUAL	BUDGET	VARIANCE
Other operating revenue						
Grants	333,879	266,730	67,149	3,078,350	3,200,757	(122,407)
Investment income	232,655	3,727	228,928	2,737,889	44,000	2,693,889
Rental of space	26,988	48,702	(21,714)	447,014	575,000	(127,986)
General contributions	59,769	-	59,769	180,779	-	180,779
Medical student training	383,150	159,235	223,915	2,686,800	1,880,000	806,800
Resident training	29,969	-	29,969	245,286	-	245,286
Miscellaneous	24,201	42,350	(18,149)	356,746	500,000	(143,254)
Total	<u>1,090,610</u>	<u>520,743</u>	<u>569,867</u>	<u>9,732,865</u>	<u>6,199,757</u>	<u>3,533,108</u>

**INTERFAITH MEDICAL CENTER
FINANCIAL RATIO ANALYSIS**

<u>Ratio</u>	December 31, 2012	Audited December 31, 2011
Cash summary		
Unrestricted		
Operating	\$ 12,793,796	\$ 9,914,451
Total unrestricted	\$ 12,793,796	\$ 9,914,451
Restricted		
Under bond indenture	10,565,216	15,092,036
Lovett Escrow	5,842,707	6,785,398
Escrow funds	20,079	22,214
Self insured malpractice fund	-	14,324
Permanently restricted	1,235,774	1,108,930
Total Restricted	17,663,776	23,022,902
Debt subschedule		
Long-term debt		
Current portion	-	118,880,000
Capitalized leases		
Current portion	-	15,638,625
Noncurrent portion	-	14,949,404
Other Debt	-	7,397,826
Key Indicators		
Days in AR	37.5	38.4
Current Ratio	2.59	0.23
Days in AP & Other Accrued Expenses	25.9	121
Days Cash On Hand (Unrestricted)	24.5	19.2
DSCR	na	0.54

**INTERFAITH MEDICAL CENTER
STATEMENT OF STATISTICS -INPATIENT
DECEMBER 31, 2012**

	THIS MONTH				YEAR-TO-DATE			
	Actual	Budget	Variance Fav(Unfav)	Prior Year Actual	Actual	Budget	Variance Fav(Unfav)	Prior Year Actual
INPATIENT STATISTICS								
<u>Discharges</u>								
Medical/Surgical	523	485	38	469	5,704	6,071	(367)	5,617
Intensive Care Units	15	21	(6)	20	147	232	(85)	211
GYN	9	5	4	8	103	113	(10)	106
Pediatrics	64	70	(6)	59	661	724	(63)	665
Sub-total Medical/Surgical	611	581	30	556	6,615	7,140	(525)	6,599
Psychiatry	202	204	(2)	195	2,418	2,353	65	2,139
Alcohol Detox	132	104	28	107	1,406	1,304	102	1,199
Drug Rehab	27	27	-	23	267	321	(54)	301
Total Discharges	972	916	56	881	10,706	11,118	(412)	10,238
<u>Patient Days</u>								
Medical/Surgical	2,820	2,258	562	2,287	30,402	28,289	2,113	26,235
Intensive Care Units	363	407	(44)	346	4,058	4,516	(458)	4,134
GYN	21	19	2	37	349	394	(45)	371
Pediatrics	156	175	(19)	155	1,654	1,818	(164)	1,685
Sub-total Medical/Surgical	3,360	2,859	501	2,825	36,463	35,017	1,446	32,425
Psychiatry	3,666	3,605	61	3,364	42,787	41,784	1,003	38,219
Alcohol Detox	512	485	27	498	5,552	6,108	(556)	5,668
Drug Rehab	422	455	(33)	445	4,888	5,453	(565)	5,147
Total Patient Days	7,960	7,404	556	7,132	89,690	88,362	1,328	81,459
<u>Average Length of Stay</u>								
Medical/Surgical	5.39	4.66	(0.74)	4.88	5.33	4.66	(0.67)	4.67
Intensive Care Units	5.42	19.38	13.96	17.30	7.08	19.47	12.38	19.59
GYN	2.33	3.80	1.47	4.63	3.39	3.49	0.10	3.50
Pediatrics	2.44	2.50	0.06	2.63	2.50	2.51	0.01	2.53
Sub-total Medical/Surgical	5.50	4.92	(0.58)	5.08	5.51	4.90	(0.61)	4.91
Psychiatry	18.15	17.67	(0.48)	17.25	17.70	17.76	0.06	17.87
Alcohol Detox	3.88	4.66	0.78	4.65	3.95	4.68	0.73	4.73
Drug Rehab	15.63	16.85	1.22	19.35	18.31	16.99	(1.32)	17.10
Total Average Length of Stay	8.19	8.08	(0.11)	8.10	8.38	7.95	(0.43)	7.96
<u>Case Mix Index (DRG)</u>								
Medicare Indemnity	1.69	1.51	0.18	1.50	1.50	1.51	(0.01)	1.59
Medicare Mng	1.24	1.25	(0.01)	1.49	1.25	1.25	0.00	1.36
Medicaid Indemnity	1.01	1.04	(0.04)	1.19	1.05	1.04	0.01	1.05
Medicaid Mng	1.04	1.04	0.00	0.90	1.07	1.04	0.03	0.95
Percentage of Occupancy	89.50%	83.20%	6.30%	82.80%	85.38%	84.12%	1.26%	85.00%
<u>Inpatient Payor Mix</u>								
Medicare	13.1%	17.5%	(4.4%)	18.4%	16.4%	17.5%	(1.1%)	17.4%
Medicare Mng	10.6%	9.2%	1.4%	8.6%	9.9%	9.2%	0.7%	9.3%
Medicaid	21.9%	36.9%	(15.0%)	34.9%	28.9%	36.9%	(8.0%)	37.3%
Medicaid Mng	37.8%	25.7%	12.1%	21.5%	33.5%	25.7%	7.8%	25.2%
Blue Cross, Com.Ins/Other	6.6%	6.7%	(0.1%)	5.1%	7.6%	6.7%	0.9%	6.8%
Self Pay	10.1%	4.0%	6.1%	11.5%	3.7%	4.0%	(0.3%)	4.0%
Total	100.0%	100.0%		100.0%	100.0%	100.0%		100.0%
Full Time Equivalent Employees	1,432.3	1,414.9	17.4	1,473.2	1,432.3	1,414.9	17.4	1,526.4

**INTERFAITH MEDICAL CENTER
STATEMENT OF STATISTICS - OUTPATIENT
DECEMBER 31, 2012**

	THIS MONTH				YEAR-TO-DATE			
	Actual	Budget	Variance Fav(Unfav)	Prior Year Actual	Actual	Budget	Variance Fav(Unfav)	Prior Year Actual
<u>AMBULATORY STATISTICS</u>								
<u>E.R.</u>								
Total Visits (including Admits)	4,345	4,210	135	4,237	50,615	48,823	1,792	49,123
Total Admits	904	767	137	764	9,638	9,870	(232)	9,825
Total Visits (excluding Admits)	3,441	3,443	(2)	3,473	40,977	38,953	2,024	39,298
<u>CLINICS</u>								
Orris Walker	2,933	3,397	(464)	3,423	41,110	39,527	1,583	39,721
Primary Care/HIV	251	263	(12)	265	3,383	3,008	375	3,022
Dental Center	678	772	(94)	773	8,514	9,514	(1,000)	9,494
Sub-total Medical/Surgical	3,862	4,432	(570)	4,461	53,007	52,049	958	52,237
Chemical Dependence Outpatient Services	395	506	(111)	505	4,865	6,408	(1,543)	6,377
Center for Mental Health	2,020	2,092	(72)	2,057	24,569	25,099	(530)	24,609
CORS	700	735	(35)	700	8,578	9,351	(773)	10,094
Mentally Ill Chemical Abuser	404	338	66	334	4,598	4,640	(42)	4,576
Intensive Psychiatric Rehabilitation Therapy Program	163	183	(20)	181	2,100	2,467	(367)	2,431
Partial Hospital Program	221	219	2	326	2,870	2,548	322	3,780
Behavioral Health Program - Adult Clinic	407	501	(94)	501	5,502	6,608	(1,106)	9,501
Continuing Day Treatment Program	1,300	1,673	(373)		18,850	20,073	(1,223)	20,165
MMTP	1,697	1,673	24	1,766	22,072	20,074	1,998	
Sub-total Behavioral Clinics	7,307	7,920	(613)	6,370	94,004	97,268	(3,264)	81,533
Total Clinic Visits	11,169	12,352	(1,183)	10,831	147,011	149,317	(2,306)	133,770
<u>AMBULATORY SURGERY</u>								
Specialty Surgeries	115	104	11	99	1,398	1,354	44	1,416
Endoscopy	70	84	(14)	70	919	1,065	(146)	1,090
Cardiac Cath	27	25	2	37	320	275	45	311