

Harborview Medical Center
 FY04 Budget/Key Financial Indicators
 Alternative Sources of Funding Research Space

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|------|---|------------------------|-----------------------------|
| I. | Revenues – | | |
| | Charges for Services to Patients | \$762,491,000 | |
| | Amounts Not Paid for Services to Patients | <u>(\$347,224,000)</u> | |
| | Payments Expected | \$415,267,000 | |
| | Other Operating Revenue | \$ 27,510,000 | |
| | State Support for Teaching | <u>\$ 7,315,000</u> | |
| | Total Revenues | | \$450,092,000 |
| | | | |
| II. | Expenses – | | |
| | Labor Costs | \$263,950,000 | |
| | Nonlabor Costs | \$160,269,000 | |
| | Depreciation | <u>\$ 23,188,000</u> | |
| | Total Expenses | | <u>\$447,407,000</u> |
| | | | |
| III. | Operating Income | | \$ 2,685,000 |
| IV. | Nonoperating Income | | <u>\$ 1,800,000</u> |
| V. | Total Income | | \$ 4,485,000 |

- VI. Other Key Financial Indicators – As of June 30, 2003
- A. Operating Cash on Hand - \$28.9M (Represents 25 days of expenses)
 - B. Total Cash - \$70.7M (Excluding Bond Related Funds)
 - C. Total Current Assets - \$134.8M
 - D. Total Current Liabilities - \$46.0M
 - E. Quick Ratio – Cash compared to Current Liabilities – 63%
 - F. Current Ratio – Current Assets compared to Current Liabilities – 2.9

VII. Each year the Medical Center experiences challenging changes in financial requirements and conditions that require the management team to identify and implement opportunities to enhance revenues as well as reduce or avoid costs. The magnitude of the process improvement opportunities ranges from \$15-\$20M annually and these are used to achieve the agreed upon financial targets.

- VIII. In the event that the \$2.3M in funding for research space is impaired in some way, the Medical Center would use its process improvement approach to identify other sources of funding, which may include finding alternative uses for the NJB Research Space: These alternatives could include:
1. Sublease to other agencies who do routine business at HMC and have a desire to be on our campus or have more space allocated. Some examples are LifeCenter Northwest, Visiting Nurses Association, Medic One Foundation, AirLift Northwest, Community Training Center.
 2. Move support departments from areas of main hospital to vacated research space in NJB and turn vacated hospital areas into revenue generating cost centers providing patient care or services as needed.
 3. Fill space with new research grants coming in each year.
 4. Eliminate all off site leases that we currently fund (even after we relocate many in 401 we still have a few left) and consolidate these in vacated space.