



FINANCIAL AND STATISTICAL REPORT
March 31, 2015
(UNAUDITED)

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NOVANT HEALTH, INC.
COMBINED STATEMENTS OF REVENUES AND EXPENSES
FOR THE THREE MONTHS ENDED MARCH 31, 2015 AND 2014

(in thousands of dollars)

	March 31, 2015				March 31, 2014			
	Combined Group	Unrestricted Affiliates	Eliminations	Total	Combined Group	Unrestricted Affiliates	Eliminations	Total
Operating revenues								
Patient service revenues (net of contractual allowances and discounts)	\$ 832,977	\$ 118,800	\$ -	\$ 951,777	\$ 770,381	\$ 113,531	\$ -	\$ 883,912
Provision for bad debts	(38,631)	(6,415)	-	(45,046)	(39,796)	(8,066)	-	(47,862)
Net patient service revenues less provision for bad debts	794,346	112,385	-	906,731	730,585	105,465	-	836,050
Other revenue	39,890	12,122	(5,327)	46,685	44,318	9,257	(3,640)	49,935
Total operating revenues	<u>834,236</u>	<u>124,507</u>	<u>(5,327)</u>	<u>953,416</u>	<u>774,903</u>	<u>114,722</u>	<u>(3,640)</u>	<u>885,985</u>
Operating expenses								
Salaries and employee benefits	468,745	56,395	(1,480)	523,660	437,775	52,060	(120)	489,715
Supplies and other	278,823	60,371	(3,602)	335,592	256,461	55,762	(3,287)	308,936
Total operating expenses	<u>747,568</u>	<u>116,766</u>	<u>(5,082)</u>	<u>859,252</u>	<u>694,236</u>	<u>107,822</u>	<u>(3,407)</u>	<u>798,651</u>
Operating cash flow	86,668	7,741	(245)	94,164	80,667	6,900	(233)	87,334
Depreciation and amortization	41,477	10,047	-	51,524	34,602	8,773	-	43,375
Interest	15,362	7,608	-	22,970	16,523	7,538	-	24,061
Operating income (loss)	29,829	(9,914)	(245)	19,670	29,542	(9,411)	(233)	19,898
Non-operating income (expense)								
Investment income	23,411	2,700	245	26,356	21,991	1,858	233	24,082
Income tax expense	-	(6)	-	(6)	-	(238)	-	(238)
Unrealized gain on non-hedged derivative financial instruments	-	71	-	71	-	69	-	69
Loss on extinguishment of debt	-	-	-	-	(589)	-	-	(589)
Other, net	-	51	-	51	-	(16)	-	(16)
Excess (deficit) of revenues over expenses	<u>\$ 53,240</u>	<u>\$ (7,098)</u>	<u>\$ -</u>	<u>\$ 46,142</u>	<u>\$ 50,944</u>	<u>\$ (7,738)</u>	<u>\$ -</u>	<u>\$ 43,206</u>

NOVANT HEALTH, INC.
COMBINING BALANCE SHEETS

	March 31, 2015				December 31, 2014			
	Combined Group	Unrestricted Affiliates	Eliminations	Total	Combined Group	Unrestricted Affiliates	Eliminations	Total
<i>(in thousands of dollars)</i>								
Assets								
Current assets								
Cash and cash equivalents	\$ 254,944	\$ 47,587	\$ -	\$ 302,531	\$ 306,728	\$ 47,069	\$ -	\$ 353,797
Accounts receivable, net	359,191	51,568	-	410,759	357,015	48,524	-	405,539
Short-term investments	336,364	109	-	336,473	345,634	107	-	345,741
Deferred tax asset	-	6,770	-	6,770	-	6,802	-	6,802
Receivable for settlement with third-party payors	23,861	3,494	-	27,355	13,921	2,174	-	16,095
Other current assets	145,071	22,207	-	167,278	140,642	23,712	-	164,354
Total current assets	1,119,431	131,735	-	1,251,166	1,163,940	128,388	-	1,292,328
Assets limited as to use	10,672	54,550	-	65,222	10,671	53,085	-	63,756
Long-term investments	1,588,367	155,109	-	1,743,476	1,564,455	151,495	-	1,715,950
Property and equipment, net	1,592,256	274,453	-	1,866,709	1,604,314	267,522	-	1,871,836
Intangible assets and goodwill, net	61,165	276,634	-	337,799	61,165	279,969	-	341,134
Investments in affiliates	280,042	7,883	(224,117)	63,808	246,579	7,309	(224,264)	29,624
Other assets	66,511	15,602	(2,379)	79,734	71,412	19,362	(2,379)	88,395
Total assets	\$ 4,718,444	\$ 915,966	\$ (226,496)	\$ 5,407,914	\$ 4,722,536	\$ 907,130	\$ (226,643)	\$ 5,403,023
Liabilities and Net Assets								
Current liabilities								
Current portion of long-term debt	\$ 57,038	\$ 8,297	\$ -	\$ 65,335	\$ 56,751	\$ 8,039	\$ -	\$ 64,790
Short-term borrowings	88,001	-	-	88,001	83,038	-	-	83,038
Accounts payable	113,179	7,230	-	120,409	129,365	6,282	-	135,647
Accrued liabilities	257,393	57,564	(2,379)	312,578	320,610	57,425	(2,379)	375,656
Estimated third-party payor settlements	18,996	3,530	-	22,526	15,330	2,239	-	17,569
Due to (from) related organizations	(555,107)	555,107	-	-	(539,960)	539,960	-	-
Total current liabilities	(20,500)	631,728	(2,379)	608,849	65,134	613,945	(2,379)	676,700
Long-term debt, net of current portion	1,712,461	37,405	-	1,749,866	1,716,164	37,753	-	1,753,917
Deferred tax liability	-	3,717	-	3,717	-	3,756	-	3,756
Derivative financial instruments	64,540	146	-	64,686	60,125	217	-	60,342
Employee benefits and other liabilities	185,179	53,624	-	238,803	187,486	55,658	-	243,144
Total liabilities	1,941,680	726,620	(2,379)	2,665,921	2,028,909	711,329	(2,379)	2,737,859
Net assets								
Unrestricted- attributable to Novant Health	2,774,576	135,088	(231,132)	2,678,532	2,691,440	142,602	(231,171)	2,602,871
Unrestricted - noncontrolling interests	-	3,827	7,015	10,842	-	4,003	6,907	10,910
Total unrestricted net assets	2,774,576	138,915	(224,117)	2,689,374	2,691,440	146,605	(224,264)	2,613,781
Temporarily restricted	2,188	39,467	-	41,655	2,187	38,233	-	40,420
Permanently restricted	-	10,964	-	10,964	-	10,963	-	10,963
Total net assets	2,776,764	189,346	(224,117)	2,741,993	2,693,627	195,801	(224,264)	2,665,164
Total liabilities and net assets	\$ 4,718,444	\$ 915,966	\$ (226,496)	\$ 5,407,914	\$ 4,722,536	\$ 907,130	\$ (226,643)	\$ 5,403,023

NOVANT HEALTH, INC.
STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2015 AND 2014

<i>(in thousands of dollars)</i>	March 31, 2015	March 31, 2014
Cash flows from operating activities		
Increase in net assets	\$ 43,076	\$ 34,609
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation, amortization, and accretion	52,527	44,021
Gain on sale of real estate	(1,596)	(1,094)
Loss on extinguishment of debt	-	589
Share of earnings in affiliates, net of distributions	(432)	(10,454)
Net realized and unrealized gains on assets limited as to use and investments	(23,767)	(21,701)
Change in fair value of interest rate swap	4,344	6,497
Provision for bad debts	45,046	47,862
Changes in operating assets and liabilities		
Accounts receivable	(52,391)	(75,229)
Accounts payable and accrued liabilities	(79,098)	(63,603)
Other assets and liabilities, net	(1,785)	(43,536)
Net cash used in operating activities	(14,076)	(82,039)
Cash flows from investing activities		
Capital expenditures	(50,354)	(56,591)
Proceeds from sale of investments	198,675	84,219
Purchase of investments	(203,658)	(85,831)
Net purchases and sale of short-term investments	9,246	85,770
Proceeds from sale of property and equipment	1,050	45
Cash receipts for repurchase agreements, net	4,963	157
Repayment of notes receivable and other, net	846	8,219
Net cash provided by (used in) investing activities	(39,232)	35,988
Cash flows from financing activities		
Principal payments on long-term debt	-	(1,529)
Bond proceeds received from trustee	-	10,631
Proceeds from sale of accounts receivable, net	3,269	6,371
Proceeds from (payments for) line of credit and other financing	(1,227)	177
Net cash provided by financing activities	2,042	15,650
Net decrease in cash and cash equivalents	(51,266)	(30,401)
Cash and cash equivalents		
Beginning of year	353,797	249,182
End of year	\$ 302,531	\$ 218,781

NOVANT HEALTH, INC.
COMBINED GROUP STATISTICS
FOR THE THREE MONTHS ENDED MARCH 31, 2015 AND 2014

	Novant Health Presbyterian Medical Center	Novant Health Matthews Medical Center	Novant Health Huntersville Medical Center	Novant Health Charlotte Orthopedic Hospital	Novant Health Forsyth Medical Center	Novant Health Medical Park Hospital	Novant Health Thomasville Medical Center	Novant Health Kernersville Medical Center	Novant Health Clemmons Medical Center	Novant Health Brunswick Medical Center	Novant Health Prince William Medical Center	Novant Health Haymarket Medical Center	Novant Health Medical Group	Three Months Ended	
														March 31, 2015	March 31, 2014
<u>INPATIENT STATISTICS</u>															
Average Daily Census	418	109	68	32	661	9	72	25	-	48	92	18	-	1,552	1,491
Discharges	7,413	2,589	1,732	837	10,258	231	1,067	693	-	1,134	1,958	571	-	28,483	27,632
Average Length of Stay	5.1	3.9	3.6	3.4	5.8	3.7	6.5	3.4	-	3.8	4.2	2.9	-	5.0	4.9
Patient Days	37,593	9,773	6,138	2,878	59,489	854	6,501	2,292	-	4,317	8,298	1,633	-	139,766	134,219
<u>ADJUSTED STATISTICS</u>															
Adjusted Patient Days	67,792	20,662	13,625	4,166	87,999	4,274	16,339	5,913	-	10,186	21,494	6,222	-	258,672	244,948
Adjusted Discharges	13,368	5,474	3,845	1,212	15,174	1,156	2,681	1,788	-	2,676	5,072	2,176	-	54,622	52,050
<u>OUTPATIENT STATISTICS</u>															
ED Visits	22,716	12,107	8,921	-	22,510	-	8,522	7,794	3,050	7,516	13,179	6,327	-	112,642	104,622
Encounters	-	-	-	-	-	-	-	-	-	-	-	-	995,865	-	885,947
Cases	46,043	22,783	15,373	3,107	33,035	3,876	14,181	10,424	3,639	15,113	19,650	10,416	-	197,640	179,392
<u>SURGERY STATISTICS</u>															
IP Surgical Cases	1,414	291	339	773	2,597	225	204	255	-	313	236	63	-	6,710	6,975
OP Surgical Cases	3,949	893	755	927	3,452	2,126	770	619	252	785	675	198	-	15,401	14,208
Total Surgical Cases	5,363	1,184	1,094	1,700	6,049	2,351	974	874	252	1,098	911	261	-	22,111	21,183
<u>OTHER STATISTICS</u>															
Total Births	1,323	480	294	-	1,471	-	175	-	-	102	377	112	-	4,334	4,198
Cath Lab Procedures	1,275	319	-	-	1,438	-	50	-	-	-	266	-	-	3,348	3,193
Open Heart Surgeries	116	-	-	-	151	-	-	-	-	-	-	-	-	267	241
Endoscopy Procedures	1,491	656	615	-	1,496	-	266	-	-	640	450	189	-	5,803	5,293
Radiology Procedures	39,367	25,213	14,766	3,987	59,032	1,435	12,198	10,852	3,484	11,604	25,199	14,264	-	221,401	210,338
Licensed Beds	702	146	75	80	921	22	146	50	-	74	130	60	-	2,406	2,317
Staffed Beds	444	116	81	33	685	14	78	29	-	57	92	18	-	1,647	1,595
Occupancy as % of Staffed Beds	94.1%	93.6%	84.2%	96.9%	96.5%	67.8%	92.6%	87.8%	-	84.2%	100.2%	100.8%	-	94.2%	93.5%