



**FINANCIAL AND STATISTICAL REPORT**  
**June 30, 2017**  
**(UNAUDITED)**

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**NOVANT HEALTH, INC.**  
**COMBINED STATEMENTS OF REVENUES AND EXPENSES**  
**FOR THE THREE MONTHS ENDED JUNE 30, 2017 AND 2016**

(in thousands of dollars)

	June 30, 2017				June 30, 2016			
	Combined Group	Unrestricted Affiliates	Eliminations	Total	Combined Group	Unrestricted Affiliates	Eliminations	Total
<b>Operating revenues</b>								
Patient service revenues (net of contractual allowances and discounts)	\$ 968,918	\$ 115,688	\$ -	\$ 1,084,606	\$ 946,071	\$ 119,625	\$ -	\$ 1,065,696
Provision for bad debts	(38,631)	(7,033)	-	(45,664)	(43,191)	(6,496)	-	(49,687)
Net patient service revenues less provision for bad debts	930,287	108,655	-	1,038,942	902,880	113,129	-	1,016,009
Other revenue	43,574	22,810	7,130	73,514	59,592	21,968	(8,694)	72,866
Total operating revenues	973,861	131,465	7,130	1,112,456	962,472	135,097	(8,694)	1,088,875
<b>Operating expenses</b>								
Salaries and employee benefits	541,168	82,615	(1,561)	622,222	512,403	71,108	(9,782)	573,729
Supplies and other	315,382	45,176	11,290	371,848	318,074	53,349	1,384	372,807
Total operating expenses	856,550	127,791	9,729	994,070	830,477	124,457	(8,398)	946,536
Operating cash flow	117,311	3,674	(2,599)	118,386	131,995	10,640	(296)	142,339
Depreciation and amortization	49,696	10,293	-	59,989	50,034	11,655	-	61,689
Interest	16,305	2,409	-	18,714	18,169	3,884	-	22,053
Operating income (loss)	51,310	(9,028)	(2,599)	39,683	63,792	(4,899)	(296)	58,597
<b>Non-operating income (expense)</b>								
Investment income	38,013	6,637	358	45,008	20,249	10,130	312	30,691
Other net periodic pension costs	(27)	(135)	-	(162)	(1,726)	(255)	-	(1,981)
Income tax expense	(503)	(195)	-	(698)	(397)	(618)	-	(1,015)
Other, net	6	80	-	86	(6)	22	-	16
<b>Excess (deficit) of revenues over expenses</b>	<b>\$ 88,799</b>	<b>\$ (2,641)</b>	<b>\$ (2,241)</b>	<b>\$ 83,917</b>	<b>\$ 81,912</b>	<b>\$ 4,380</b>	<b>\$ 16</b>	<b>\$ 86,308</b>

**NOVANT HEALTH, INC.**  
**COMBINED STATEMENTS OF REVENUES AND EXPENSES**  
**FOR THE SIX MONTHS ENDED JUNE 30, 2017 AND 2016**

(in thousands of dollars)

	June 30, 2017				June 30, 2016			
	Combined Group	Unrestricted Affiliates	Eliminations	Total	Combined Group	Unrestricted Affiliates	Eliminations	Total
<b>Operating revenues</b>								
Patient service revenues (net of contractual allowances and discounts)	\$ 1,954,076	\$ 237,491	\$ -	\$ 2,191,567	\$ 1,855,882	\$ 232,497	\$ -	\$ 2,088,379
Provision for bad debts	(81,396)	(14,836)	-	(96,232)	(91,340)	(12,316)	-	(103,656)
Net patient service revenues less provision for bad debts	1,872,680	222,655	-	2,095,335	1,764,542	220,181	-	1,984,723
Other revenue	72,066	68,018	(8,722)	131,362	98,443	39,350	(13,695)	124,098
Total operating revenues	1,944,746	290,673	(8,722)	2,226,697	1,862,985	259,531	(13,695)	2,108,821
<b>Operating expenses</b>								
Salaries and employee benefits	1,101,626	150,644	(3,141)	1,249,129	1,007,147	138,954	(19,719)	1,126,382
Supplies and other	624,153	133,756	(2,029)	755,880	611,183	99,161	6,616	716,960
Total operating expenses	1,725,779	284,400	(5,170)	2,005,009	1,618,330	238,115	(13,103)	1,843,342
Operating cash flow	218,967	6,273	(3,552)	221,688	244,655	21,416	(592)	265,479
Depreciation and amortization	98,581	20,353	-	118,934	97,589	22,225	-	119,814
Interest	30,850	4,702	-	35,552	36,122	7,763	-	43,885
Operating income (loss)	89,536	(18,782)	(3,552)	67,202	110,944	(8,572)	(592)	101,780
<b>Non-operating income (expense)</b>								
Investment income	123,869	16,074	738	140,681	37,734	7,824	633	46,191
Other net periodic pension costs	(645)	(268)	-	(913)	(3,452)	(510)	-	(3,962)
Income tax expense	(503)	(667)	-	(1,170)	(397)	(943)	-	(1,340)
Other, net	6	80	-	86	(6)	22	-	16
<b>Excess (deficit) of revenues over expenses</b>	<b>\$ 212,263</b>	<b>\$ (3,563)</b>	<b>\$ (2,814)</b>	<b>\$ 205,886</b>	<b>\$ 144,823</b>	<b>\$ (2,179)</b>	<b>\$ 41</b>	<b>\$ 142,685</b>

**NOVANT HEALTH, INC.**  
**COMBINING BALANCE SHEETS**

	June 30, 2017				December 31, 2016			
	Combined Group	Unrestricted Affiliates	Eliminations	Total	Combined Group	Unrestricted Affiliates	Eliminations	Total
<i>(in thousands of dollars)</i>								
<b>Assets</b>								
<b>Current assets</b>								
Cash and cash equivalents	\$ 220,537	\$ 53,776	\$ -	\$ 274,313	\$ 210,738	\$ 50,250	\$ -	\$ 260,988
Accounts receivable, net	429,328	57,059	-	486,387	460,672	50,977	-	511,649
Short-term investments	304,797	58	-	304,855	260,261	58	-	260,319
Current portion of assets limited as to use	6,496	12,090	-	18,586	6,496	12,090	-	18,586
Deferred tax asset	-	2,093	-	2,093	-	-	-	-
Current assets held for sale	-	-	-	-	-	14,173	-	14,173
Receivable for settlement with third-party payors	10,484	6,314	-	16,798	9,734	4,163	-	13,897
Other current assets	164,313	32,715	(5,023)	192,005	166,382	15,456	(88)	181,750
Total current assets	<u>1,135,955</u>	<u>164,105</u>	<u>(5,023)</u>	<u>1,295,037</u>	<u>1,114,283</u>	<u>147,167</u>	<u>(88)</u>	<u>1,261,362</u>
Assets limited as to use	120,960	40,095	-	161,055	105,207	41,917	-	147,124
Long-term assets held for sale	-	-	-	-	-	57,193	-	57,193
Long-term investments	1,867,891	281,690	-	2,149,581	1,750,494	264,194	-	2,014,688
Property and equipment, net	1,654,864	310,167	-	1,965,031	1,653,746	287,146	(250)	1,940,642
Intangible assets and goodwill, net	245,483	84,177	-	329,660	246,015	41,814	(363)	287,466
Investments in affiliates	73,839	22,693	(59,073)	37,459	68,272	19,118	(55,344)	32,046
Other assets	81,451	18,276	-	99,727	82,592	24,419	-	107,011
Total assets	<u>\$ 5,180,443</u>	<u>\$ 921,203</u>	<u>\$ (64,096)</u>	<u>\$ 6,037,550</u>	<u>\$ 5,020,609</u>	<u>\$ 882,968</u>	<u>\$ (56,045)</u>	<u>\$ 5,847,532</u>
<b>Liabilities and Net Assets</b>								
<b>Current liabilities</b>								
Current portion of long-term debt	\$ 62,365	\$ 4,716	\$ -	\$ 67,081	\$ 64,735	\$ 1,889	\$ -	\$ 66,624
Short-term borrowings	83,124	53	-	83,177	83,528	99	-	83,627
Accounts payable	133,037	17,074	-	150,111	142,429	17,763	-	160,192
Accrued liabilities	286,899	53,353	(2,211)	338,041	320,334	38,439	(88)	358,685
Current liabilities held for sale	-	-	-	-	-	13,498	-	13,498
Estimated third-party payor settlements	57,170	6,192	-	63,362	28,462	4,834	-	33,296
Due to (from) related organizations	(180,574)	180,574	-	-	(146,500)	146,500	-	-
Total current liabilities	<u>442,021</u>	<u>261,962</u>	<u>(2,211)</u>	<u>701,772</u>	<u>492,988</u>	<u>223,022</u>	<u>(88)</u>	<u>715,922</u>
Long-term debt, net of current portion	1,295,179	27,735	-	1,322,914	1,294,663	31,147	-	1,325,810
Deferred tax liability	-	793	-	793	-	-	-	-
Long-term liabilities held for sale	-	-	-	-	-	1,682	-	1,682
Derivative financial instruments	48,460	-	-	48,460	50,305	-	-	50,305
Employee benefits and other liabilities	265,939	55,268	-	321,207	248,052	57,424	-	305,476
Total liabilities	<u>2,051,599</u>	<u>345,758</u>	<u>(2,211)</u>	<u>2,395,146</u>	<u>2,086,008</u>	<u>313,275</u>	<u>(88)</u>	<u>2,399,195</u>
<b>Net assets</b>								
Unrestricted - attributable to Novant Health	3,126,655	499,787	(123,066)	3,503,376	2,931,737	479,258	(119,326)	3,291,669
Unrestricted - noncontrolling interests	-	17,850	61,181	79,031	675	32,576	63,369	96,620
Total unrestricted net assets	<u>3,126,655</u>	<u>517,637</u>	<u>(61,885)</u>	<u>3,582,407</u>	<u>2,932,412</u>	<u>511,834</u>	<u>(55,957)</u>	<u>3,388,289</u>
Temporarily restricted	2,189	46,482	-	48,671	2,189	46,578	-	48,767
Permanently restricted	-	11,326	-	11,326	-	11,281	-	11,281
Total net assets	<u>3,128,844</u>	<u>575,445</u>	<u>(61,885)</u>	<u>3,642,404</u>	<u>2,934,601</u>	<u>569,693</u>	<u>(55,957)</u>	<u>3,448,337</u>
Total liabilities and net assets	<u>\$ 5,180,443</u>	<u>\$ 921,203</u>	<u>\$ (64,096)</u>	<u>\$ 6,037,550</u>	<u>\$ 5,020,609</u>	<u>\$ 882,968</u>	<u>\$ (56,045)</u>	<u>\$ 5,847,532</u>

**NOVANT HEALTH, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE SIX MONTHS ENDED JUNE 30, 2017 AND 2016**

<i>(in thousands of dollars)</i>	<u>June 30, 2017</u>	<u>June 30, 2016</u>
<b>Cash flows from operating activities</b>		
Increase in net assets	\$ 194,067	\$ 231,990
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation, amortization, and accretion	118,644	118,810
Gain on sale of real estate	(2,074)	(2,185)
Increase in unrestricted net assets related to consolidated affiliated entities	-	(97,337)
Share of earnings in affiliates, net of distributions	625	1,682
Net realized and unrealized gains on assets limited as to use and investments	(135,080)	(40,110)
Change in fair value of interest rate swap	(1,845)	14,134
Contributions restricted for capital	(60)	(1,461)
Provision for bad debts	96,232	103,656
Changes in operating assets and liabilities:		
Accounts receivable	(79,746)	(135,455)
Accounts payable and accrued liabilities	(34,638)	(16,056)
Deferred taxes, net	541	791
Other assets and liabilities, net	43,373	28,774
Net cash provided by operating activities	<u>200,039</u>	<u>207,233</u>
<b>Cash flows from investing activities</b>		
Capital expenditures	(133,950)	(138,548)
Proceeds from sale of long-term investments	655,823	297,035
Purchase of long-term investments	(663,344)	(428,574)
Proceeds from sales of short-term investments	240,066	375,110
Purchase of short-term investments	(284,615)	(246,148)
Proceeds from sale of property and equipment	2,471	531
Other investing activities	(17,249)	11,151
Net cash used in investing activities	<u>(200,798)</u>	<u>(129,443)</u>
<b>Cash flows from financing activities</b>		
Principal payments on long-term debt	(13,581)	(9,101)
Proceeds from sale of accounts receivable, net	15,033	17,620
Proceeds from line of credit and other financing	13,036	450
Cash receipts (payments) for repurchase agreements, net	(404)	1,305
Proceeds from contributions restricted for capital and long-term investment	-	135
Net cash provided by financing activities	<u>14,084</u>	<u>10,409</u>
Net increase in cash and cash equivalents	13,325	88,199
<b>Cash and cash equivalents</b>		
Beginning of year	<u>260,988</u>	<u>354,403</u>
End of quarter	<u>\$ 274,313</u>	<u>\$ 442,602</u>

NOVANT HEALTH, INC.  
COMBINED GROUP STATISTICS  
FOR THE THREE MONTHS ENDED JUNE 30, 2017 AND 2016

	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 Brunswick Medical Center	Novant Health Kernersville Medical Center	Novant Health Clemmons Medical Center	Novant Health Prince William Medical Center	Novant Health Haymarket Medical Center	Novant Health Medical Group	Three Months Ended	
														June 30, 2017	June 30, 2016
<b><u>INPATIENT STATISTICS</u></b>															
Average Daily Census	389	107	68	23	637	7	72	39	28	-	81	20	-	1,471	1,451
Discharges	6,631	2,719	1,843	755	10,157	247	1,179	1,087	700	-	1,800	615	-	27,733	27,079
Average Length of Stay	5.2	3.4	3.4	2.7	5.6	2.8	5.6	3.4	3.7	-	4.1	2.9	-	4.8	5.0
Patient Days	35,382	9,732	6,166	2,066	57,971	673	6,590	3,506	2,516	-	7,348	1,789	-	133,739	133,519
<b><u>ADJUSTED STATISTICS</u></b>															
Adjusted Patient Days	72,502	22,746	16,771	3,063	90,161	3,541	16,766	10,810	6,887	-	18,841	7,198	-	269,286	264,803
Adjusted Discharges	13,588	6,355	5,013	1,119	15,797	1,299	3,000	3,352	1,916	-	4,615	2,474	-	58,528	56,250
<b><u>OUTPATIENT STATISTICS</u></b>															
ED Visits	22,754	12,354	9,996	-	21,298	-	8,431	8,356	8,309	4,370	11,643	6,188	-	113,699	116,399
Encounters	-	-	-	-	-	-	-	-	-	-	-	-	1,101,404	1,101,404	1,055,688
Cases	49,127	24,344	18,863	3,049	37,090	3,654	15,065	17,267	11,757	5,847	25,143	15,742	-	226,948	210,168
<b><u>SURGERY STATISTICS</u></b>															
IP Surgical Cases	1,196	378	311	748	2,714	225	203	269	297	-	192	89	-	6,622	6,792
OP Surgical Cases	4,388	979	896	990	3,637	2,125	935	888	744	313	489	300	-	16,684	17,067
Total Surgical Cases	5,584	1,357	1,207	1,738	6,351	2,350	1,138	1,157	1,041	313	681	389	-	23,306	23,859
<b><u>OTHER STATISTICS</u></b>															
Total Births	1,252	551	399	-	1,543	-	165	119	-	-	359	158	-	4,546	4,461
Cath Lab Procedures	1,217	337	-	-	1,563	-	42	-	-	-	-	-	-	3,159	3,188
Open Heart Surgeries	137	-	-	-	149	-	-	-	-	-	-	-	-	286	257
Endoscopy Procedures	1,489	615	790	-	1,521	-	252	900	-	-	292	315	-	6,174	6,228
Radiology Procedures	40,808	26,068	17,422	3,976	58,793	1,170	13,490	13,165	13,265	5,133	24,226	15,633	-	233,149	227,829
Licensed Beds	586	157	91	80	921	22	146	74	50	-	130	60	-	2,317	2,317
Staffed Beds	442	125	83	25	712	18	82	50	35	-	81	20	-	1,673	1,664
Occupancy as % of Staffed Beds	88.0%	85.4%	81.6%	89.9%	89.4%	40.4%	88.3%	76.8%	78.8%	-	99.7%	98.3%	-	87.9%	87.2%

NOVANT HEALTH, INC.  
COMBINED GROUP STATISTICS  
FOR THE SIX MONTHS ENDED JUNE 30, 2017 AND 2016

	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 Brunswick Medical Center	Novant Health Kernersville Medical Center	Novant Health Clemmons Medical Center	Novant Health Prince William Medical Center	Novant Health Haymarket Medical Center	Novant Health Medical Group	Six Months Ended June 30, 2017	Six Months Ended June 30, 2016
<b><u>INPATIENT STATISTICS</u></b>															
Average Daily Census	400	108	71	25	647	8	70	43	28	-	81	21	-	1,502	1,474
Discharges	13,685	5,446	3,738	1,550	20,781	480	2,374	2,332	1,445	-	3,541	1,213	-	56,585	54,385
Average Length of Stay	5.3	3.5	3.4	2.7	5.6	3.1	5.5	3.4	3.7	-	4.2	3.1	-	4.8	4.9
Patient Days	72,417	19,465	12,767	4,450	117,192	1,479	12,673	7,821	5,154	-	14,718	3,712	-	271,848	268,183
<b><u>ADJUSTED STATISTICS</u></b>															
Adjusted Patient Days	145,479	45,143	33,453	6,598	179,975	7,643	32,172	22,453	13,858	-	37,265	14,427	-	538,466	529,518
Adjusted Discharges	27,492	12,630	9,795	2,298	31,914	2,481	6,027	6,695	3,885	-	8,966	4,714	-	116,897	112,141
<b><u>OUTPATIENT STATISTICS</u></b>															
ED Visits	46,853	24,827	19,780	-	43,223	-	17,057	16,674	16,831	8,597	23,637	12,421	-	229,900	230,791
Encounters	-	-	-	-	-	-	-	-	-	-	-	-	2,251,155	2,251,155	2,098,767
Cases	97,047	49,210	37,402	6,461	75,155	7,699	30,680	34,377	23,508	11,522	49,960	30,567	-	453,588	413,567
<b><u>SURGERY STATISTICS</u></b>															
IP Surgical Cases	2,529	764	676	1,554	5,455	460	429	553	598	-	391	168	-	13,577	13,282
OP Surgical Cases	8,761	2,034	1,821	2,025	7,243	4,376	1,931	1,753	1,546	658	939	555	-	33,642	33,552
Total Surgical Cases	11,290	2,798	2,497	3,579	12,698	4,836	2,360	2,306	2,144	658	1,330	723	-	47,219	46,834
<b><u>OTHER STATISTICS</u></b>															
Total Births	2,435	1,077	790	-	3,055	-	333	240	-	-	699	289	-	8,918	8,855
Cath Lab Procedures	2,398	697	-	-	3,143	-	81	-	-	-	-	-	-	6,319	6,318
Open Heart Surgeries	264	-	-	-	292	-	-	-	-	-	-	-	-	556	483
Endoscopy Procedures	2,977	1,271	1,599	-	3,109	-	483	1,890	-	-	551	646	-	12,526	12,089
Radiology Procedures	81,074	52,341	38,818	8,549	119,822	2,492	27,262	26,649	26,147	10,143	48,459	31,126	-	472,882	460,261
Licensed Beds	586	157	91	80	921	22	146	74	50	-	130	60	-	2,317	2,317
Staffed Beds	453	126	86	27	722	19	80	55	36	-	82	21	-	1,707	1,672
Occupancy as % of Staffed Beds	88.3%	85.2%	82.1%	91.3%	89.7%	42.0%	88.1%	78.6%	79.5%	-	99.8%	99.2%	-	88.0%	88.1%