



FINANCIAL AND STATISTICAL REPORT
September 30, 2020
(UNAUDITED)

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NOVANT HEALTH, INC.
COMBINED STATEMENTS OF REVENUES AND EXPENSES
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2020 AND 2019

(in thousands of dollars)

	September 30, 2020				September 30, 2019			
	Combined Group	Unrestricted Affiliates	Eliminations	Total	Combined Group	Unrestricted Affiliates	Eliminations	Total
Operating revenues								
Net patient service revenues	\$ 1,198,702	\$ 147,590	\$ -	\$ 1,346,292	\$ 1,075,056	\$ 156,192	\$ -	\$ 1,231,248
Other revenue	51,937	65,062	(13,297)	103,702	45,531	55,907	(13,997)	87,441
Total operating revenues	<u>1,250,639</u>	<u>212,652</u>	<u>(13,297)</u>	<u>1,449,994</u>	<u>1,120,587</u>	<u>212,099</u>	<u>(13,997)</u>	<u>1,318,689</u>
Operating expenses								
Salaries and employee benefits	677,013	78,243	(800)	754,456	678,261	89,725	(1,479)	766,507
Supplies and other	442,707	122,689	(12,021)	553,375	359,431	117,336	(15,744)	461,023
Total operating expenses	<u>1,119,720</u>	<u>200,932</u>	<u>(12,821)</u>	<u>1,307,831</u>	<u>1,037,692</u>	<u>207,061</u>	<u>(17,223)</u>	<u>1,227,530</u>
Operating cash flow	130,919	11,720	(476)	142,163	82,895	5,038	3,226	91,159
Depreciation and amortization	54,307	10,632	-	64,939	52,256	13,125	-	65,381
Interest	14,883	2,138	-	17,021	20,174	3,861	-	24,035
Operating income (loss)	61,729	(1,050)	(476)	60,203	10,465	(11,948)	3,226	1,743
Non-operating income (expense)								
Investment income	118,502	21,082	-	139,584	22,525	2,900	-	25,425
Other net periodic pension (costs) benefit	228	(281)	-	(53)	(5,524)	2,623	-	(2,901)
Income tax (expense) benefit	(541)	(121)	-	(662)	400	(1,216)	-	(816)
Excess (deficit) of revenues over expenses	<u>\$ 179,918</u>	<u>\$ 19,630</u>	<u>\$ (476)</u>	<u>\$ 199,072</u>	<u>\$ 27,866</u>	<u>\$ (7,641)</u>	<u>\$ 3,226</u>	<u>\$ 23,451</u>

NOVANT HEALTH, INC.
COMBINED STATEMENTS OF REVENUES AND EXPENSES
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020 AND 2019

(in thousands of dollars)

	September 30, 2020				September 30, 2019			
	Combined Group	Unrestricted Affiliates	Eliminations	Total	Combined Group	Unrestricted Affiliates	Eliminations	Total
Operating revenues								
Net patient service revenues	\$ 3,214,408	\$ 392,818	\$ -	\$ 3,607,226	\$ 3,256,959	\$ 461,988	\$ -	\$ 3,718,947
Other revenue	267,415	183,155	(43,373)	407,197	122,236	174,162	(39,713)	256,685
Total operating revenues	<u>3,481,823</u>	<u>575,973</u>	<u>(43,373)</u>	<u>4,014,423</u>	<u>3,379,195</u>	<u>636,150</u>	<u>(39,713)</u>	<u>3,975,632</u>
Operating expenses								
Salaries and employee benefits	1,975,715	231,683	(3,877)	2,203,521	2,006,955	263,639	(5,321)	2,265,273
Supplies and other	1,199,474	338,992	(43,704)	1,494,762	1,093,333	330,342	(34,699)	1,388,976
Total operating expenses	<u>3,175,189</u>	<u>570,675</u>	<u>(47,581)</u>	<u>3,698,283</u>	<u>3,100,288</u>	<u>593,981</u>	<u>(40,020)</u>	<u>3,654,249</u>
Operating cash flow	306,634	5,298	4,208	316,140	278,907	42,169	307	321,383
Depreciation and amortization	159,524	32,287	-	191,811	154,437	38,482	-	192,919
Interest	58,952	7,644	-	66,596	56,261	11,858	-	68,119
Operating income (loss)	88,158	(34,633)	4,208	57,733	68,209	(8,171)	307	60,345
Non-operating income (expense)								
Investment (loss) income	(40,515)	(2,813)	-	(43,328)	217,323	29,415	-	246,738
Other net periodic pension (costs) benefit	(143)	(271)	-	(414)	(5,659)	1,846	-	(3,813)
Income tax (expense) benefit	(558)	17	-	(541)	(285)	(1,363)	-	(1,648)
Excess (deficit) of revenues over expenses	<u>\$ 46,942</u>	<u>\$ (37,700)</u>	<u>\$ 4,208</u>	<u>\$ 13,450</u>	<u>\$ 279,588</u>	<u>\$ 21,727</u>	<u>\$ 307</u>	<u>\$ 301,622</u>

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

	September 30, 2020				December 31, 2019			
	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	\$ 1,670,247	\$ 135,883	\$ -	\$ 1,806,130	\$ 292,171	\$ 110,365	\$ -	\$ 402,536
Accounts receivable, net	488,614	77,880	-	566,494	531,942	78,528	-	610,470
Short-term investments	247,013	160	-	247,173	195,459	160	-	195,619
Current portion of assets limited as to use	33,358	11,124	-	44,482	59,896	11,125	-	71,021
Receivable for settlement with third-party payors	27,376	5,033	-	32,409	13,339	2,892	-	16,231
Other current assets	230,424	50,417	(14,951)	265,890	209,881	40,102	(19,108)	230,875
Total current assets	2,697,032	280,497	(14,951)	2,962,578	1,302,688	243,172	(19,108)	1,526,752
Assets limited as to use	181,321	34,874	-	216,195	174,378	39,100	-	213,478
Long-term investments	2,131,936	321,366	-	2,453,302	2,180,009	327,700	-	2,507,709
Property and equipment, net	2,070,267	319,421	-	2,389,688	2,010,472	309,947	-	2,320,419
Right-of-use assets, net	474,210	54,945	(26,587)	502,568	465,196	44,472	(15,803)	493,865
Intangible assets and goodwill, net	61,165	250,763	-	311,928	61,165	252,809	-	313,974
Investments in affiliates	101,526	28,553	(70,107)	59,972	125,893	28,953	(75,562)	79,284
Deferred tax asset	-	5,981	-	5,981	-	6,646	-	6,646
Other assets	98,116	11,900	(576)	109,440	98,728	15,853	(665)	113,916
Total assets	\$ 7,815,573	\$ 1,308,300	\$ (112,221)	\$ 9,011,652	\$ 6,418,529	\$ 1,268,652	\$ (111,138)	\$ 7,576,043
Liabilities and Net Assets								
Current liabilities								
Current portion of long-term debt	\$ 532,050	\$ 3,652	\$ -	\$ 535,702	\$ 56,468	\$ 651	\$ -	\$ 57,119
Short-term borrowings	170,441	240	-	170,681	88,176	-	-	88,176
Accounts payable	182,553	23,955	(8,278)	198,230	189,499	27,336	(9,421)	207,414
Accrued liabilities	805,070	112,038	(4,336)	912,772	365,352	60,855	(3,116)	423,091
Current portion of operating lease liabilities	81,512	12,012	(3,923)	89,601	81,007	9,818	(2,456)	88,369
Estimated third-party payor settlements	119,960	21,526	-	141,486	32,688	3,674	-	36,362
Due to (from) related organizations	(196,237)	196,237	-	-	(194,354)	194,354	-	-
Total current liabilities	1,695,349	369,660	(16,537)	2,048,472	618,836	296,688	(14,993)	900,531
Long-term debt, net of current portion	1,534,304	11,923	-	1,546,227	1,268,823	15,116	-	1,283,939
Deferred tax liability	-	5,232	-	5,232	-	5,223	-	5,223
Operating lease liabilities, net of current portion	404,749	44,563	(23,171)	426,141	399,842	36,044	(13,560)	422,326
Derivative financial instruments	56,104	-	-	56,104	43,897	-	-	43,897
Employee benefits and other liabilities	285,552	42,270	-	327,822	281,946	51,659	-	333,605
Total liabilities	3,976,058	473,648	(39,708)	4,409,998	2,613,344	404,730	(28,553)	2,989,521
Net assets								
Without donor restrictions- attributable to Novant Health	3,834,668	731,916	(128,590)	4,437,994	3,802,995	772,469	(154,493)	4,420,971
Without donor restrictions - noncontrolling interests	-	22,764	56,077	78,841	-	8,911	71,908	80,819
Total unrestricted net assets	3,834,668	754,680	(72,513)	4,516,835	3,802,995	781,380	(82,585)	4,501,790
With donor restrictions	4,847	79,972	-	84,819	2,190	82,542	-	84,732
Total net assets	3,839,515	834,652	(72,513)	4,601,654	3,805,185	863,922	(82,585)	4,586,522
Total liabilities and net assets	\$ 7,815,573	\$ 1,308,300	\$ (112,221)	\$ 9,011,652	\$ 6,418,529	\$ 1,268,652	\$ (111,138)	\$ 7,576,043

NOVANT HEALTH, INC.
STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020 AND 2019

<i>(in thousands of dollars)</i>	<u>September 30, 2020</u>	<u>September 30, 2019</u>
Cash flows from operating activities		
Increase in net assets	\$ 15,132	\$ 302,192
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation, amortization, and accretion	191,636	192,407
Gain on sale of real estate	(1,047)	(1,436)
Gain on sale of consolidated entities	-	(16,157)
Share of earnings in affiliates, net of distributions	20,647	1,498
Net realized and unrealized losses (gains) on assets limited as to use and investments	63,689	(214,759)
Change in fair value of interest rate swap	12,207	13,043
Contributions restricted for capital	(1,482)	(3,162)
Changes in operating assets and liabilities, net of assets acquired and liabilities assumed		
Accounts receivable	18,802	(42,500)
Accounts payable and accrued liabilities	503,616	38,118
Other assets and liabilities, net	53,994	4,398
Net cash provided by operating activities	<u>877,194</u>	<u>273,642</u>
Cash flows from investing activities		
Capital expenditures	(284,395)	(288,767)
Proceeds from sale of long-term investments	1,782,224	786,098
Purchase of long-term investments	(1,828,774)	(700,760)
Proceeds from sale of short-term investments	269,727	500,572
Purchase of short-term investments	(319,661)	(258,709)
Proceeds from sale of property and equipment	2,305	2,702
Proceeds from sale of consolidated entities	-	13,001
Investments in unconsolidated affiliates	(189)	(19,208)
Other investing activities	(752)	(218)
Net cash (used in) provided by investing activities	<u>(379,515)</u>	<u>34,711</u>
Cash flows from financing activities		
Principal payments on long-term debt	(3,268)	(3,689)
Proceeds from the issuance of long-term debt	264,165	-
Bond proceeds sent to trustee, net	-	212,700
Proceeds from sale of accounts receivable, net	25,129	27,730
Cash proceeds from repurchase agreements, net	82,265	593
Cash proceeds from revolving credit facility, net	475,000	31,800
Other financing activities	2,283	4,592
Net cash provided by financing activities	<u>845,574</u>	<u>273,726</u>
Net increase in cash and cash equivalents	1,343,253	582,079
Cash, cash equivalents and restricted cash		
Beginning of year	<u>634,049</u>	<u>302,331</u>
End of quarter	<u>\$ 1,977,302</u>	<u>\$ 884,410</u>

Novant Health, Inc. adopted Financial Accounting Standards Board Accounting Standards Update 2016-18, "Statement of Cash Flows (Topic 230)" using the retrospective transition method. As a result of the adoption of the new standard, the September 30, 2019 statement of cash flows has been restated.

NOVANT HEALTH, INC.
COMBINED GROUP STATISTICS
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2020 AND 2019

	Novant Health Presbyterian Medical Center	Novant Health Matthews Medical Center	Novant Health Huntersville Medical Center	Novant Health Charlotte Orthopedic Hospital	Novant Health Mint Hill Medical Center	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	Three Months Ended	
														September 30, 2020	September 30, 2019
<u>INPATIENT STATISTICS</u>															
Average Daily Census	497	120	82	31	24	619	8	61	46	33	12	96	16	1,645	1,591
Discharges	7,941	3,043	2,233	854	726	8,862	224	1,055	1,093	723	619	2,188	490	30,051	30,307
Average Length of Stay	5.8	3.6	3.4	3.3	3.0	6.4	3.4	5.3	3.9	4.1	1.8	4.0	3.1	5.0	4.8
Patient Days	45,736	11,056	7,558	2,825	2,163	56,976	758	5,608	4,223	2,997	1,135	8,837	1,500	151,372	144,802
<u>ADJUSTED STATISTICS</u>															
Adjusted Patient Days	84,957	22,863	19,094	4,634	7,618	89,823	4,244	14,414	11,754	8,045	2,512	18,891	4,824	293,673	295,354
Adjusted Discharges	14,751	6,293	5,641	1,401	2,557	13,971	1,254	2,712	3,042	1,941	1,370	4,677	1,576	61,186	64,691
<u>OUTPATIENT STATISTICS</u>															
ED Visits	16,369	9,612	9,038	-	5,560	19,912	-	7,058	7,129	8,137	4,418	8,234	4,993	100,460	122,108
Novant Health Medical Group Encounters	-	-	-	-	-	-	-	-	-	-	-	-	-	1,272,223	1,253,740
Cases	48,162	23,305	22,462	12,168	12,833	39,110	9,322	14,834	19,771	14,220	9,316	19,061	13,422	257,986	255,115
<u>SURGERY STATISTICS</u>															
IP Surgical Cases	1,337	488	375	882	47	2,171	232	226	338	268	461	139	198	7,162	7,142
OP Surgical Cases	4,620	958	1,049	1,915	280	3,252	2,411	1,083	948	540	503	486	463	18,508	18,245
Total Surgical Cases	5,957	1,446	1,424	2,797	327	5,423	2,643	1,309	1,286	808	964	625	661	25,670	25,387
<u>OTHER STATISTICS</u>															
Total Births	1,661	708	427	-	135	1,010	-	171	137	-	-	523	-	4,772	4,958
Cath Lab Patients	559	470	221	-	-	1,159	-	23	8	-	-	284	-	2,724	2,864
Open Heart Surgeries	86	-	-	-	-	94	-	-	-	-	-	-	-	180	193
Endoscopy Procedures	1,536	750	822	-	63	1,718	-	194	477	-	-	100	436	6,096	6,162
Radiology Procedures	42,082	24,354	20,994	4,880	13,685	58,991	1,126	13,446	18,192	14,092	8,251	19,513	14,145	253,751	264,510
Licensed Beds	576	157	139	48	36	859	22	146	74	50	36	130	60	2,333	2,333
Staffed Beds	525	121	98	34	29	671	12	71	57	40	16	102	20	1,796	1,811
Occupancy as % of Staffed Beds	94.7%	99.2%	83.7%	91.2%	82.8%	92.3%	66.7%	85.9%	80.7%	82.5%	75.0%	94.1%	80.0%	91.6%	87.9%

NOVANT HEALTH, INC.
COMBINED GROUP STATISTICS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020 AND 2019

	Novant Health Presbyterian Medical Center	Novant Health Matthews Medical Center	Novant Health Huntersville Medical Center	Novant Health Charlotte Orthopedic Hospital	Novant Health Mint Hill Medical Center	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	Nine Months Ended	
														September 30, 2020	September 30, 2019
<u>INPATIENT STATISTICS</u>															
Average Daily Census	463	116	78	27	22	576	8	66	39	30	12	96	21	1,554	1,613
Discharges	22,705	8,571	6,136	2,329	2,027	25,519	645	3,117	2,925	2,130	1,715	6,216	1,893	85,928	91,054
Average Length of Stay	5.6	3.7	3.5	3.1	3.0	6.2	3.2	5.8	3.7	3.9	1.9	4.2	3.0	5.0	4.8
Patient Days	126,966	31,684	21,423	7,336	6,114	157,763	2,089	18,088	10,753	8,264	3,176	26,416	5,764	425,836	440,263
<u>ADJUSTED STATISTICS</u>															
Adjusted Patient Days	239,058	64,866	54,323	11,990	21,105	246,629	10,999	43,826	30,692	22,414	7,031	54,529	17,708	825,170	883,746
Adjusted Discharges	42,750	17,547	15,559	3,807	6,997	39,894	3,396	7,552	8,349	5,777	3,797	12,831	5,816	174,072	191,549
<u>OUTPATIENT STATISTICS</u>															
ED Visits	52,941	28,644	26,379	-	16,386	57,208	-	21,340	20,899	23,731	13,006	26,678	15,315	302,527	370,423
Novant Health Medical Group Encounters	-	-	-	-	-	-	-	-	-	-	-	-	-	3,562,081	3,853,533
Cases	139,129	63,427	59,336	25,336	33,075	106,690	20,997	40,164	52,973	36,395	24,407	51,958	37,225	691,112	759,284
<u>SURGERY STATISTICS</u>															
IP Surgical Cases	3,618	1,307	1,018	2,332	147	6,317	673	635	902	694	1,252	476	459	19,830	21,793
OP Surgical Cases	11,554	2,571	2,863	4,861	687	8,470	6,507	2,747	2,647	1,540	1,287	1,258	1,212	48,204	54,388
Total Surgical Cases	15,172	3,878	3,881	7,193	834	14,787	7,180	3,382	3,549	2,234	2,539	1,734	1,671	68,034	76,181
<u>OTHER STATISTICS</u>															
Total Births	4,661	1,847	1,185	-	394	3,008	-	460	370	-	-	1,251	295	13,471	14,479
Cath Lab Patients	1,541	1,277	557	-	-	3,345	-	62	24	-	-	796	-	7,602	8,492
Open Heart Surgeries	244	-	-	-	-	265	-	-	-	-	-	-	-	509	662
Endoscopy Procedures	4,048	1,916	2,192	-	202	4,646	-	487	1,209	-	-	415	962	16,077	18,480
Radiology Procedures	121,185	68,551	58,878	12,720	36,473	165,457	3,085	38,288	48,327	38,283	23,188	55,983	39,887	710,305	793,406
Licensed Beds	576	157	139	48	36	859	22	146	74	50	36	130	60	2,333	2,333
Staffed Beds	493	118	94	30	27	628	11	75	50	36	15	102	24	1,703	1,862
Occupancy as % of Staffed Beds	93.9%	98.3%	83.0%	90.0%	81.5%	91.7%	72.7%	88.0%	78.0%	83.3%	80.0%	94.1%	87.5%	91.3%	86.6%