



FINANCIAL AND STATISTICAL REPORT
June 30, 2019
(UNAUDITED)

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NOVANT HEALTH, INC.
COMBINED STATEMENTS OF REVENUES AND EXPENSES
FOR THE THREE MONTHS ENDED JUNE 30, 2019 AND 2018

(in thousands of dollars)

	June 30, 2019				June 30, 2018			
	Combined Group	Unrestricted Affiliates	Eliminations	Total	Combined Group	Unrestricted Affiliates	Eliminations	Total
Operating revenues								
Net patient service revenues	\$ 1,073,724	\$ 153,122	\$ -	\$ 1,226,846	\$ 1,016,727	\$ 119,289	\$ -	\$ 1,136,016
Other revenue	45,654	56,200	(12,852)	89,002	26,416	41,754	(9,171)	58,999
Total operating revenues	<u>1,119,378</u>	<u>209,322</u>	<u>(12,852)</u>	<u>1,315,848</u>	<u>1,043,143</u>	<u>161,043</u>	<u>(9,171)</u>	<u>1,195,015</u>
Operating expenses								
Salaries and employee benefits	647,859	85,801	(1,855)	731,805	590,629	68,389	(1,784)	657,234
Supplies and other	373,160	107,943	(10,816)	470,287	317,794	84,825	(7,210)	395,409
Total operating expenses	<u>1,021,019</u>	<u>193,744</u>	<u>(12,671)</u>	<u>1,202,092</u>	<u>908,423</u>	<u>153,214</u>	<u>(8,994)</u>	<u>1,052,643</u>
Operating cash flow	98,359	15,578	(181)	113,756	134,720	7,829	(177)	142,372
Depreciation and amortization	51,123	12,498	-	63,621	51,673	9,425	-	61,098
Interest	19,634	4,690	-	24,324	14,559	2,358	-	16,917
Operating income (loss)	27,602	(1,610)	(181)	25,811	68,488	(3,954)	(177)	64,357
Non-operating income (expense)								
Investment income	19,994	4,244	-	24,238	24,052	2,359	-	26,411
Other net periodic pension (costs) benefit	207	(705)	-	(498)	(590)	(3)	-	(593)
Income tax (expense) benefit	(685)	186	-	(499)	(151)	(448)	-	(599)
Excess (deficit) of revenues over expenses	<u>\$ 47,118</u>	<u>\$ 2,115</u>	<u>\$ (181)</u>	<u>\$ 49,052</u>	<u>\$ 91,799</u>	<u>\$ (2,046)</u>	<u>\$ (177)</u>	<u>\$ 89,576</u>

NOVANT HEALTH, INC.
COMBINED STATEMENTS OF REVENUES AND EXPENSES
FOR THE SIX MONTHS ENDED JUNE 30, 2019 AND 2018

(in thousands of dollars)

	June 30, 2019				June 30, 2018			
	Combined Group	Unrestricted Affiliates	Eliminations	Total	Combined Group	Unrestricted Affiliates	Eliminations	Total
Operating revenues								
Net patient service revenues	\$ 2,181,903	\$ 305,796	\$ -	\$ 2,487,699	\$ 2,028,520	\$ 236,271	\$ -	\$ 2,264,791
Other revenue	76,705	118,255	(25,716)	169,244	52,026	87,311	(15,435)	123,902
Total operating revenues	<u>2,258,608</u>	<u>424,051</u>	<u>(25,716)</u>	<u>2,656,943</u>	<u>2,080,546</u>	<u>323,582</u>	<u>(15,435)</u>	<u>2,388,693</u>
Operating expenses								
Salaries and employee benefits	1,328,694	173,914	(3,842)	1,498,766	1,195,311	139,046	(3,573)	1,330,784
Supplies and other	733,902	213,006	(18,955)	927,953	636,367	166,801	(8,364)	794,804
Total operating expenses	<u>2,062,596</u>	<u>386,920</u>	<u>(22,797)</u>	<u>2,426,719</u>	<u>1,831,678</u>	<u>305,847</u>	<u>(11,937)</u>	<u>2,125,588</u>
Operating cash flow	196,012	37,131	(2,919)	230,224	248,868	17,735	(3,498)	263,105
Depreciation and amortization	102,181	25,357	-	127,538	102,112	18,611	-	120,723
Interest	36,087	7,997	-	44,084	29,159	4,741	-	33,900
Operating income (loss)	57,744	3,777	(2,919)	58,602	117,597	(5,617)	(3,498)	108,482
Non-operating income (expense)								
Investment income	194,798	26,515	-	221,313	16,022	1,523	-	17,545
Other net periodic pension costs	(135)	(777)	-	(912)	(590)	(3)	-	(593)
Income tax expense	(685)	(147)	-	(832)	(151)	(767)	-	(918)
Excess (deficit) of revenues over expenses	<u>\$ 251,722</u>	<u>\$ 29,368</u>	<u>\$ (2,919)</u>	<u>\$ 278,171</u>	<u>\$ 132,878</u>	<u>\$ (4,864)</u>	<u>\$ (3,498)</u>	<u>\$ 124,516</u>

NOVANT HEALTH, INC.
COMBINING BALANCE SHEETS

<i>(in thousands of dollars)</i>	June 30, 2019				December 31, 2018			
	Combined Group	Unrestricted Affiliates	Eliminations	Total	Combined Group	Unrestricted Affiliates	Eliminations	Total
Assets								
Current assets								
Cash and cash equivalents	\$ 253,986	\$ 93,265	\$ -	\$ 347,251	\$ 142,480	\$ 86,173	\$ -	\$ 228,653
Accounts receivable, net	520,951	86,037	-	606,988	498,832	71,242	-	570,074
Short-term investments	350,075	159	-	350,234	485,293	159	-	485,452
Current portion of assets limited as to use	9,477	11,419	-	20,896	9,477	11,419	-	20,896
Receivable for settlement with third-party payors	15,797	3,968	-	19,765	10,314	2,926	-	13,240
Other current assets	178,617	46,005	(12,248)	212,374	171,210	39,083	(9,110)	201,183
Total current assets	1,328,903	240,853	(12,248)	1,557,508	1,317,606	211,002	(9,110)	1,519,498
Assets limited as to use	160,839	42,629	-	203,468	135,075	44,956	-	180,031
Long-term investments	2,052,165	310,578	-	2,362,743	1,872,533	284,344	-	2,156,877
Property and equipment, net	1,798,357	418,820	-	2,217,177	1,756,701	416,320	-	2,173,021
Operating lease right-of-use assets, net	434,971	50,293	(18,873)	466,391	-	-	-	-
Intangible assets and goodwill, net	61,165	259,322	-	320,487	242,051	81,040	-	323,091
Investments in affiliates	125,118	29,022	(83,205)	70,935	100,304	25,137	(75,358)	50,083
Deferred tax asset	-	10,245	-	10,245	-	10,725	-	10,725
Other assets	92,860	14,113	-	106,973	90,455	18,776	-	109,231
Total assets	\$ 6,054,378	\$ 1,375,875	\$ (114,326)	\$ 7,315,927	\$ 5,514,725	\$ 1,092,300	\$ (84,468)	\$ 6,522,557
Liabilities and Net Assets								
Current liabilities								
Current portion of long-term debt	\$ 303,908	\$ 682	\$ -	\$ 304,590	\$ 303,790	\$ 1,305	\$ -	\$ 305,095
Short-term borrowings	87,649	-	-	87,649	87,558	-	-	87,558
Accounts payable	162,239	22,942	(5,746)	179,435	187,637	26,147	-	213,784
Accrued liabilities	318,850	59,235	2,665	380,750	346,103	54,041	(2,859)	397,285
Current portion of operating lease liabilities	26,430	8,112	(3,569)	30,973	-	-	-	-
Estimated third-party payor settlements	47,455	5,314	-	52,769	31,582	3,965	-	35,547
Due to (from) related organizations	(339,027)	339,027	-	-	(346,180)	346,180	-	-
Total current liabilities	607,504	435,312	(6,650)	1,036,166	610,490	431,638	(2,859)	1,039,269
Long-term debt, net of current portion	1,096,408	15,349	-	1,111,757	1,045,276	15,601	-	1,060,877
Deferred tax liability	-	5,777	-	5,777	-	5,928	-	5,928
Operating lease liabilities, net of current portion	417,962	42,421	(15,304)	445,079	-	-	-	-
Derivative financial instruments	44,753	-	-	44,753	36,370	-	-	36,370
Employee benefits and other liabilities	302,408	51,555	-	353,963	284,711	56,502	-	341,213
Total liabilities	2,469,035	550,414	(21,954)	2,997,495	1,976,847	509,669	(2,859)	2,483,657
Net assets								
Without donor restrictions- attributable to Novant Health	3,583,154	715,231	(145,407)	4,152,978	3,535,689	485,609	(143,647)	3,877,651
Without donor restrictions - noncontrolling interests	-	31,744	53,035	84,779	-	21,678	62,038	83,716
Total unrestricted net assets	3,583,154	746,975	(92,372)	4,237,757	3,535,689	507,287	(81,609)	3,961,367
With donor restrictions	2,189	78,486	-	80,675	2,189	75,344	-	77,533
Total net assets	3,585,343	825,461	(92,372)	4,318,432	3,537,878	582,631	(81,609)	4,038,900
Total liabilities and net assets	\$ 6,054,378	\$ 1,375,875	\$ (114,326)	\$ 7,315,927	\$ 5,514,725	\$ 1,092,300	\$ (84,468)	\$ 6,522,557

Effective January 1, 2019, Novant Health, Inc. adopted the provisions of ASC 842 related to accounting for leases. Novant Health, Inc. has elected to apply these provisions prospectively.

NOVANT HEALTH, INC.
STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 2019 AND 2018

<i>(in thousands of dollars)</i>	June 30, 2019	June 30, 2018
	<u> </u>	<u> </u>
Cash flows from operating activities		
Increase in net assets	\$ 279,532	\$ 139,998
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation, amortization, and accretion	128,992	123,828
Gain on sale of real estate	(951)	(1,960)
Change in funded status of defined benefit plans	-	(428)
Gain on sale of consolidated entities	(15,842)	-
Share of earnings in affiliates, net of distributions	(924)	339
Net realized and unrealized gains on assets limited as to use and investments	(202,060)	(4,872)
Change in fair value of interest rate swap	8,383	(9,897)
Contributions restricted for capital	(2,143)	(182)
Changes in operating assets and liabilities, net of assets acquired and liabilities assumed		
Accounts receivable	(57,084)	(9,315)
Accounts payable and accrued liabilities	(32,911)	(65,354)
Other assets and liabilities, net	17,902	42,648
Net cash provided by operating activities	<u>122,894</u>	<u>214,805</u>
Cash flows from investing activities		
Capital expenditures	(186,631)	(169,157)
Proceeds from sale of long-term investments	687,016	619,373
Purchase of long-term investments	(711,287)	(636,954)
Proceeds from sale of short-term investments	375,344	314,344
Purchase of short-term investments	(238,674)	(434,411)
Proceeds from sale of property and equipment	1,450	1,435
Proceeds from sale of consolidated entities	14,411	-
Investments in unconsolidated affiliates	(19,928)	(1,469)
Other investing activities	(568)	947
Net cash used in investing activities	<u>(78,867)</u>	<u>(305,892)</u>
Cash flows from financing activities		
Principal payments on long-term debt	(3,649)	(67,658)
Proceeds from sale of accounts receivable, net	21,374	15,564
Cash proceeds from (payments on) repurchase agreements, net	91	(98)
Cash proceeds from revolving credit facility	54,500	1,468
Other financing activities	2,255	30,000
Net cash provided by (used in) financing activities	<u>74,571</u>	<u>(20,724)</u>
Net increase (decrease) in cash and cash equivalents	118,598	(111,811)
Cash and cash equivalents		
Beginning of year	228,653	408,698
End of quarter	<u>\$ 347,251</u>	<u>\$ 296,887</u>

**NOVANT HEALTH, INC.
COMBINED GROUP STATISTICS
FOR THE THREE MONTHS ENDED JUNE 30, 2019 AND 2018**

	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	
														June 30, 2019	June 30, 2018
<u>INPATIENT STATISTICS</u>															
Average Daily Census	463	117	77	25	18	652	6	66	39	27	12	76	26	1,604	1,496
Discharges	7,468	2,859	2,020	881	543	10,032	175	1,151	1,018	812	557	1,654	857	30,027	28,686
Average Length of Stay	5.5	3.8	3.6	2.2	3.1	5.8	3.0	5.3	3.6	3.3	2.0	4.2	2.7	4.8	4.8
Patient Days	42,165	10,690	7,050	2,287	1,666	59,341	548	6,046	3,526	2,494	1,087	6,880	2,342	146,122	136,097
<u>ADJUSTED STATISTICS</u>															
Adjusted Patient Days	83,786	23,885	18,294	3,375	6,428	93,312	3,552	16,201	11,229	7,288	2,298	16,942	8,401	294,991	277,750
Adjusted Discharges	14,840	6,388	5,242	1,300	2,095	15,775	1,134	3,084	3,242	2,373	1,178	4,073	3,074	63,798	61,331
<u>OUTPATIENT STATISTICS</u>															
ED Visits	22,824	12,268	10,083	-	5,771	22,863	-	9,120	8,345	9,678	5,422	11,141	6,405	123,920	113,826
Novant Health Medical Group Encounters	-	-	-	-	-	-	-	-	-	-	-	-	-	1,249,694	1,199,606
Cases	54,107	25,309	19,041	3,802	10,023	40,837	3,702	15,943	18,959	14,214	7,856	23,510	15,691	252,994	233,961
<u>SURGERY STATISTICS</u>															
IP Surgical Cases	1,319	422	341	871	26	2,664	177	254	270	341	413	202	84	7,384	6,996
OP Surgical Cases	4,524	1,000	897	1,552	205	3,972	2,155	1,138	939	622	430	474	405	18,313	18,129
Total Surgical Cases	5,843	1,422	1,238	2,423	231	6,636	2,332	1,392	1,209	963	843	676	489	25,697	25,125
<u>OTHER STATISTICS</u>															
Total Births	1,372	540	432	-	78	1,558	-	162	107	-	-	219	283	4,751	4,767
Cath Lab Procedures	1,110	444	-	-	-	1,703	-	28	-	-	-	-	-	3,285	3,259
Open Heart Surgeries	107	-	-	-	-	120	-	-	-	-	-	-	-	227	265
Endoscopy Procedures	1,420	790	758	-	70	1,842	-	227	438	-	-	278	376	6,199	6,166
Radiology Procedures	43,026	26,751	20,847	4,161	12,206	60,816	999	14,679	18,181	14,612	8,468	23,880	15,525	264,151	245,668
Licensed Beds	636	157	139	48	36	859	22	146	74	50	36	130	60	2,393	2,365
Staffed Beds	522	140	95	29	24	744	16	79	56	37	16	76	26	1,860	1,725
Occupancy as % of Staffed Beds	88.7%	83.6%	81.1%	86.2%	75.0%	87.6%	37.5%	83.5%	69.6%	73.0%	75.0%	100.0%	100.0%	86.2%	86.7%

**NOVANT HEALTH, INC.
COMBINED GROUP STATISTICS
FOR THE SIX MONTHS ENDED JUNE 30, 2019 AND 2018**

	Novant Health Presbyterian Medical Center	Novant Health Matthews Medical Center	Novant Health Huntersville Medical Center	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	Six Months Ended June 30, 2019	Six Months Ended June 30, 2018
<u>INPATIENT STATISTICS</u>															
Average Daily Census	466	119	79	23	20	660	7	70	40	32	13	77	26	1,632	1,558
Discharges	14,949	5,696	4,120	1,683	1,125	20,333	395	2,362	2,188	1,714	1,175	3,339	1,668	60,747	58,342
Average Length of Stay	5.5	3.8	3.5	2.2	3.2	5.9	3.0	5.2	3.4	3.4	2.0	4.2	2.8	4.8	4.9
Patient Days	84,391	21,607	14,269	4,192	3,585	119,491	1,236	12,755	7,281	5,763	2,295	13,896	4,700	295,461	282,044
<u>ADJUSTED STATISTICS</u>															
Adjusted Patient Days	165,412	47,585	36,613	6,268	12,350	186,500	7,399	33,076	22,284	15,919	4,705	33,629	16,656	588,396	561,316
Adjusted Discharges	29,301	12,544	10,572	2,516	3,876	31,735	2,365	6,125	6,697	4,735	2,409	8,081	5,911	126,867	121,558
<u>OUTPATIENT STATISTICS</u>															
ED Visits	46,640	24,277	20,413	-	10,787	45,550	-	18,379	16,396	19,698	11,143	22,322	12,710	248,315	229,406
Novant Health Medical Group Encounters	-	-	-	-	-	-	-	-	-	-	-	-	-	2,598,734	2,413,867
Cases	109,439	51,105	39,276	7,674	18,404	79,454	7,515	30,956	37,346	27,974	16,057	47,409	31,561	504,170	463,140
<u>SURGERY STATISTICS</u>															
IP Surgical Cases	2,621	849	721	1,754	77	5,187	389	469	543	679	886	397	183	14,755	14,129
OP Surgical Cases	8,931	1,990	1,949	3,095	364	7,923	4,296	2,152	1,905	1,251	814	951	777	36,398	35,410
Total Surgical Cases	11,552	2,839	2,670	4,849	441	13,110	4,685	2,621	2,448	1,930	1,700	1,348	960	51,153	49,539
<u>OTHER STATISTICS</u>															
Total Births	2,717	1,056	878	-	151	3,210	-	308	242	-	-	442	517	9,521	9,369
Cath Lab Procedures	2,242	952	-	-	-	3,255	-	71	-	-	-	-	-	6,520	6,396
Open Heart Surgeries	220	-	-	-	-	249	-	-	-	-	-	-	-	469	533
Endoscopy Procedures	2,940	1,568	1,511	-	146	3,536	-	473	903	-	-	523	718	12,318	12,516
Radiology Procedures	86,355	53,525	41,970	8,367	22,967	123,112	1,998	29,353	35,422	29,718	17,025	47,910	31,174	528,896	490,270
Licensed Beds	636	157	139	48	36	859	22	146	74	50	36	130	60	2,393	2,365
Staffed Beds	526	143	96	27	25	754	17	84	58	41	17	77	26	1,891	1,785
Occupancy as % of Staffed Beds	88.6%	83.2%	82.3%	85.2%	80.0%	87.5%	41.2%	83.3%	69.0%	78.0%	76.5%	100.0%	100.0%	86.3%	87.3%