



FINANCIAL AND STATISTICAL REPORT
December 31, 2019
(UNAUDITED)

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NOVANT HEALTH, INC.
COMBINED STATEMENTS OF REVENUES AND EXPENSES
FOR THE THREE MONTHS ENDED DECEMBER 31, 2019 AND 2018

(in thousands of dollars)

	December 31, 2019				December 31, 2018			
	Combined Group	Unrestricted Affiliates	Eliminations	Total	Combined Group	Unrestricted Affiliates	Eliminations	Total
Operating revenues								
Net patient service revenues	\$ 1,234,593	\$ 101,896	\$ -	\$ 1,336,489	\$ 1,132,903	\$ 139,431	\$ -	\$ 1,272,334
Other revenue	65,396	70,547	(13,119)	122,824	64,405	61,503	(35,397)	90,511
Total operating revenues	<u>1,299,989</u>	<u>172,443</u>	<u>(13,119)</u>	<u>1,459,313</u>	<u>1,197,308</u>	<u>200,934</u>	<u>(35,397)</u>	<u>1,362,845</u>
Operating expenses								
Salaries and employee benefits	696,560	63,774	(1,730)	758,604	633,550	82,465	(1,758)	714,257
Supplies and other	431,933	99,864	(10,714)	521,083	373,497	106,729	(32,819)	447,408
Total operating expenses	<u>1,128,493</u>	<u>163,638</u>	<u>(12,444)</u>	<u>1,279,687</u>	<u>1,007,047</u>	<u>189,194</u>	<u>(34,577)</u>	<u>1,161,665</u>
Operating cash flow	171,496	8,805	(675)	179,626	190,261	11,740	(820)	201,180
Depreciation and amortization	69,008	4,306	-	73,314	56,192	11,144	-	67,336
Interest	13,066	(1,893)	-	11,173	17,362	2,543	-	19,905
Operating income (loss)	89,422	6,392	(675)	95,139	116,707	(1,947)	(820)	113,939
Non-operating income (expense)								
Investment income (loss)	117,336	14,473	-	131,809	(198,929)	(27,302)	-	(226,231)
Income tax (expense) benefit	(2,274)	(3,436)	-	(5,710)	(224)	2,342	-	2,118
Other net periodic pension benefit (costs)	688	(66)	-	622	(3,588)	(238)	-	(3,826)
Excess (deficit) of revenues over expenses	<u>\$ 205,172</u>	<u>\$ 17,363</u>	<u>\$ (675)</u>	<u>\$ 221,860</u>	<u>\$ (86,034)</u>	<u>\$ (27,146)</u>	<u>\$ (820)</u>	<u>\$ (114,000)</u>

NOVANT HEALTH, INC.
COMBINED STATEMENTS OF REVENUES AND EXPENSES
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2019 AND 2018

(in thousands of dollars)

	December 31, 2019				December 31, 2018			
	Combined Group	Unrestricted Affiliates	Eliminations	Total	Combined Group	Unrestricted Affiliates	Eliminations	Total
Operating revenues								
Net patient service revenues	\$ 4,491,552	\$ 563,884	\$ -	\$ 5,055,436	\$ 4,203,329	\$ 494,096	\$ -	\$ 4,697,425
Other revenue	187,632	244,709	(52,832)	379,509	152,203	193,563	(57,315)	288,451
Total operating revenues	<u>4,679,184</u>	<u>808,593</u>	<u>(52,832)</u>	<u>5,434,945</u>	<u>4,355,532</u>	<u>687,659</u>	<u>(57,315)</u>	<u>4,985,876</u>
Operating expenses								
Salaries and employee benefits	2,703,515	327,413	(7,051)	3,023,877	2,447,707	295,499	(6,860)	2,736,346
Supplies and other	1,525,266	430,206	(45,413)	1,910,059	1,343,438	358,541	(44,604)	1,657,375
Total operating expenses	<u>4,228,781</u>	<u>757,619</u>	<u>(52,464)</u>	<u>4,933,936</u>	<u>3,791,145</u>	<u>654,040</u>	<u>(51,464)</u>	<u>4,393,721</u>
Operating cash flow	450,403	50,974	(368)	501,009	564,387	33,619	(5,851)	592,155
Depreciation and amortization	223,445	42,788	-	266,233	213,492	36,142	-	249,634
Interest	69,327	9,965	-	79,292	60,653	9,665	-	70,318
Operating income (loss)	157,631	(1,779)	(368)	155,484	290,242	(12,188)	(5,851)	272,203
Non-operating income (expense)								
Investment income (loss)	334,659	43,888	-	378,547	(139,243)	(21,266)	-	(160,509)
Income tax (expense) benefit	(2,559)	(4,799)	-	(7,358)	(515)	1,045	-	530
Other net periodic pension (costs) benefits	(4,971)	1,780	-	(3,191)	(16,021)	(2,191)	-	(18,212)
Excess (deficit) of revenues over expenses	<u>\$ 484,760</u>	<u>\$ 39,090</u>	<u>\$ (368)</u>	<u>\$ 523,482</u>	<u>\$ 134,463</u>	<u>\$ (34,600)</u>	<u>\$ (5,851)</u>	<u>\$ 94,012</u>

NOVANT HEALTH, INC.
COMBINING BALANCE SHEETS

<i>(in thousands of dollars)</i>	December 31, 2019				December 31, 2018			
	Combined Group	Unrestricted Affiliates	Eliminations	Total	Combined Group	Unrestricted Affiliates	Eliminations	Total
Assets								
Current assets								
Cash and cash equivalents	\$ 292,171	\$ 110,365	\$ -	\$ 402,536	\$ 142,480	\$ 86,173	\$ -	\$ 228,653
Accounts receivable, net	531,942	78,528	-	610,470	498,832	71,242	-	570,074
Short-term investments	195,459	160	-	195,619	485,293	159	-	485,452
Current portion of assets limited as to use	59,896	11,125	-	71,021	9,477	11,419	-	20,896
Receivable for settlement with third-party payors	13,339	2,892	-	16,231	10,314	2,926	-	13,240
Other current assets	209,881	40,102	(19,108)	230,875	171,210	39,083	(9,110)	201,183
Total current assets	1,302,688	243,172	(19,108)	1,526,752	1,317,606	211,002	(9,110)	1,519,498
Assets limited as to use	174,378	39,100	-	213,478	135,075	44,956	-	180,031
Long-term investments	2,180,009	327,700	-	2,507,709	1,872,533	284,344	-	2,156,877
Property and equipment, net	2,010,932	309,947	-	2,320,879	1,756,701	416,320	-	2,173,021
Operating lease right-of-use assets, net	464,736	44,472	(15,803)	493,405	-	-	-	-
Intangible assets and goodwill, net	61,165	252,809	-	313,974	242,051	81,040	-	323,091
Investments in affiliates	125,893	28,953	(75,562)	79,284	100,304	25,137	(75,358)	50,083
Deferred tax asset	-	6,646	-	6,646	-	10,725	-	10,725
Other assets	98,728	15,853	(665)	113,916	90,455	18,776	-	109,231
Total assets	\$ 6,418,529	\$ 1,268,652	\$ (111,138)	\$ 7,576,043	\$ 5,514,725	\$ 1,092,300	\$ (84,468)	\$ 6,522,557
Liabilities and Net Assets								
Current liabilities								
Current portion of long-term debt	\$ 56,468	\$ 651	\$ -	\$ 57,119	\$ 303,790	\$ 1,305	\$ -	\$ 305,095
Short-term borrowings	88,176	-	-	88,176	87,558	-	-	87,558
Accounts payable	189,499	27,336	(9,421)	207,414	187,637	26,147	(2,859)	210,925
Accrued liabilities	365,352	60,855	(3,116)	423,091	346,103	54,041	-	400,144
Current portion of operating lease liabilities	81,007	9,818	(2,456)	88,369	-	-	-	-
Estimated third-party payor settlements	32,688	3,674	-	36,362	31,582	3,965	-	35,547
Due to (from) related organizations	(194,354)	194,354	-	-	(346,180)	346,180	-	-
Total current liabilities	618,836	296,688	(14,993)	900,531	610,490	431,638	(2,859)	1,039,269
Long-term debt, net of current portion	1,268,823	15,116	-	1,283,939	1,045,276	15,601	-	1,060,877
Deferred tax liability	-	5,223	-	5,223	-	5,928	-	5,928
Operating lease liabilities, net of current portion	399,842	36,044	(13,560)	422,326	-	-	-	-
Derivative financial instruments	43,897	-	-	43,897	36,370	-	-	36,370
Employee benefits and other liabilities	302,535	51,659	-	354,194	284,711	56,502	-	341,213
Total liabilities	2,633,933	404,730	(28,553)	3,010,110	1,976,847	509,669	(2,859)	2,483,657
Net assets								
Without donor restrictions- attributable to Novant Health	3,782,406	772,469	(154,493)	4,400,382	3,535,689	485,609	(143,647)	3,877,651
Without donor restrictions - noncontrolling interests	-	8,911	71,908	80,819	-	21,678	62,038	83,716
Total unrestricted net assets	3,782,406	781,380	(82,585)	4,481,201	3,535,689	507,287	(81,609)	3,961,367
With donor restrictions	2,190	82,542	-	84,732	2,189	75,344	-	77,533
Total net assets	3,784,596	863,922	(82,585)	4,565,933	3,537,878	582,631	(81,609)	4,038,900
Total liabilities and net assets	\$ 6,418,529	\$ 1,268,652	\$ (111,138)	\$ 7,576,043	\$ 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 TWELVE MONTHS ENDED DECEMBER 31, 2019 AND 2018

<i>(in thousands of dollars)</i>	December 31, 2019	December 31, 2018
Cash flows from operating activities		
Increase in net assets	\$ 527,033	\$ 109,022
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation, amortization and accretion	266,287	249,739
Gain on sale of real estate	(5,461)	(3,534)
Gain on sale of consolidated entities	(38,521)	-
Actuarial loss on pension and postretirement benefits	936	19,063
Change in funded status of defined benefit plans	2,233	(3,064)
Share of earnings in affiliates, net of distributions	4,282	(12,599)
Net realized and unrealized gains on assets limited as to use and investments	(327,494)	203,400
Change in fair value of interest rate swap	7,527	(8,462)
Contributions restricted for capital	(7,825)	(6,296)
Changes in operating assets and liabilities, net of assets acquired and liabilities assumed		
Accounts receivable	(80,345)	(88,370)
Accounts payable and accrued liabilities	13,025	(8,168)
Deferred taxes, net	3,374	(1,361)
Other assets and liabilities, net	(12,165)	(7,559)
Net cash provided by operating activities	352,886	441,811
Cash flows from investing activities		
Capital expenditures	(413,369)	(390,843)
Proceeds from sale of long-term investments	965,892	1,096,700
Purchase of long-term investments	(904,147)	(1,196,353)
Proceeds from sale of short-term investments	665,036	680,178
Purchase of short-term investments	(373,458)	(863,874)
Proceeds from sale of property and equipment	3,844	6,594
Proceeds from sale of consolidated entities	34,143	-
Investments in unconsolidated affiliates	(21,033)	(1,519)
Other investing activities	(1,715)	(2,659)
Net cash used in investing activities	(44,807)	(671,776)
Cash flows from financing activities		
Principal payments on long-term debt	(268,643)	(82,832)
Proceeds from sale of accounts receivable, net	40,024	37,788
Bond proceeds received from the trustee, net	212,700	-
Cash proceeds from (payments on) repurchase agreements, net	618	(483)
Cash proceeds from revolving credit facility	31,800	31,500
Other financing activities	7,140	3,489
Net cash provided by (used in) financing activities	23,639	(10,538)
Net increase (decrease) in cash, cash equivalents and restricted cash	331,718	(240,503)
Cash, cash equivalents and restricted cash		
Beginning of year	302,331	542,834
End of year	\$ 634,049	\$ 302,331

Effective January 1, 2019, Novant Health, Inc. adopted the provisions of ASU 2016-18 related to the inclusion of restricted cash in the statements of cash flows. This guidance requires retrospective application, therefore, the 2018 Statement of Cash Flows has been revised to include restricted cash and the related cash flows activity.

NOVANT HEALTH, INC.
COMBINED GROUP STATISTICS
FOR THE THREE MONTHS ENDED DECEMBER 31, 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	
														December 31, 2019	December 31, 2018
<u>INPATIENT STATISTICS</u>															
Average Daily Census	472	123	88	24	20	586	7	72	43	30	16	87	28	1,596	1,526
Discharges	8,041	2,995	2,253	930	597	8,964	224	1,103	1,099	834	719	1,712	870	30,341	29,521
Average Length of Stay	5.4	3.7	3.5	2.1	3.1	6.0	2.8	5.9	3.5	3.5	1.9	4.7	2.9	4.8	4.8
Patient Days	43,468	11,276	8,106	2,239	1,881	53,900	613	6,657	3,942	2,771	1,430	7,970	2,555	146,808	140,421
<u>ADJUSTED STATISTICS</u>															
Adjusted Patient Days	84,039	23,645	19,891	3,493	7,856	88,252	3,813	16,641	11,602	7,885	2,750	19,287	8,548	297,702	282,581
Adjusted Discharges	15,546	6,280	5,529	1,451	2,493	14,677	1,393	2,757	3,235	2,373	1,383	4,143	2,911	64,171	62,260
<u>OUTPATIENT STATISTICS</u>															
ED Visits	22,725	11,586	10,270	-	6,096	21,924	-	8,536	7,917	9,456	5,162	10,990	6,446	121,108	116,881
Novant Health Medical Group Encounters	-	-	-	-	-	-	-	-	-	-	-	-	-	1,339,229	1,254,500
Cases	54,814	24,449	20,857	4,246	11,166	37,241	4,402	15,626	19,034	14,182	8,086	24,207	16,730	255,040	243,477
<u>SURGERY STATISTICS</u>															
IP Surgical Cases	1,359	499	430	985	35	2,276	224	262	358	289	575	238	129	7,659	7,617
OP Surgical Cases	4,621	990	1,155	1,854	271	3,756	2,589	1,183	1,038	695	531	530	505	19,718	18,512
Total Surgical Cases	5,980	1,489	1,585	2,839	306	6,032	2,813	1,445	1,396	984	1,106	768	634	27,377	26,129
<u>OTHER STATISTICS</u>															
Total Births	1,556	607	400	-	116	1,023	-	147	122	-	-	220	268	4,459	4,799
Cath Lab Procedures	1,098	452	-	-	-	1,536	-	35	-	-	-	-	-	3,121	3,182
Open Heart Surgeries	103	-	-	-	-	87	-	-	-	-	-	-	-	190	247
Endoscopy Procedures	1,608	741	884	-	60	1,738	-	203	392	-	-	224	371	6,221	6,143
Radiology Procedures	44,187	26,031	21,619	4,561	13,689	61,300	1,204	15,013	18,421	15,207	8,916	24,079	16,539	270,766	254,732
Licensed Beds	576	157	139	48	36	859	22	146	74	50	36	130	60	2,333	2,347
Staffed Beds	528	144	109	28	27	664	18	85	56	38	20	86	27	1,830	1,784
Occupancy as % of Staffed Beds	89.4%	85.4%	80.7%	85.7%	74.1%	88.3%	38.9%	84.7%	76.8%	78.9%	80.0%	101.2%	103.7%	87.2%	85.5%

NOVANT HEALTH, INC.
COMBINED GROUP STATISTICS
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 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	Twelve Months Ended	
														December 31, 2019	December 31, 2018
<u>INPATIENT STATISTICS</u>															
Average Daily Census	468	121	82	24	21	624	7	70	41	30	13	82	27	1,610	1,538
Discharges	30,812	11,706	8,552	3,466	2,353	38,474	838	4,662	4,415	3,303	2,436	6,897	3,481	121,395	116,894
Average Length of Stay	5.5	3.8	3.5	2.2	3.3	5.9	3.0	5.3	3.3	3.4	2.0	4.3	2.8	4.8	4.8
Patient Days	170,964	44,196	29,817	8,666	7,623	227,597	2,528	25,399	14,844	10,976	4,758	29,964	9,739	587,071	561,217
<u>ADJUSTED STATISTICS</u>															
Adjusted Patient Days	334,359	95,187	75,524	13,048	27,666	363,739	14,918	65,810	44,882	30,927	9,688	71,729	33,945	1,181,422	1,123,569
Adjusted Discharges	60,260	25,212	21,662	5,219	8,540	61,488	4,945	12,079	13,349	9,307	4,960	16,510	12,133	255,664	245,113
<u>OUTPATIENT STATISTICS</u>															
ED Visits	91,280	47,744	40,822	-	22,637	90,165	-	35,689	32,898	38,760	21,846	44,105	25,585	491,531	460,530
Novant Health Medical Group Encounters	-	-	-	-	-	-	-	-	-	-	-	-	-	5,192,762	4,854,763
Cases	217,253	100,380	80,221	15,804	39,563	159,235	15,687	62,622	76,150	56,307	32,244	94,465	64,394	1,014,325	934,189
<u>SURGERY STATISTICS</u>															
IP Surgical Cases	5,252	1,786	1,502	3,621	142	9,813	838	998	1,199	1,153	1,885	838	425	29,452	28,718
OP Surgical Cases	17,983	3,928	4,098	6,499	825	15,653	9,063	4,542	3,885	2,173	1,727	1,984	1,746	74,106	70,677
Total Surgical Cases	23,235	5,714	5,600	10,120	967	25,466	9,901	5,540	5,084	3,326	3,612	2,822	2,171	103,558	99,395
<u>OTHER STATISTICS</u>															
Total Births	5,814	2,274	1,754	-	402	5,551	-	645	509	-	-	907	1,082	18,938	19,175
Cath Lab Procedures	4,481	1,915	-	-	-	6,450	-	139	-	-	-	-	-	12,985	12,693
Open Heart Surgeries	426	-	-	-	-	426	-	-	-	-	-	-	-	852	1,001
Endoscopy Procedures	6,073	3,055	3,167	-	268	7,079	-	900	1,666	-	-	1,025	1,468	24,701	24,638
Radiology Procedures	173,136	105,974	84,718	17,012	48,945	244,355	4,196	59,173	72,892	59,393	34,804	95,503	64,071	1,064,172	986,510
Licensed Beds	576	157	139	48	36	859	22	146	74	50	36	130	60	2,333	2,347
Staffed Beds	525	143	100	27	27	714	17	82	57	39	17	82	27	1,857	1,784
Occupancy as % of Staffed Beds	89.1%	84.6%	82.0%	88.9%	77.8%	87.4%	41.2%	85.4%	71.9%	76.9%	76.5%	100.0%	100.0%	86.7%	86.2%