



FINANCIAL AND STATISTICAL REPORT
March 31, 2018
(UNAUDITED)

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NOVANT HEALTH, INC.
COMBINED STATEMENTS OF REVENUES AND EXPENSES
FOR THE THREE MONTHS ENDED MARCH 31, 2018 AND 2017

(in thousands of dollars)

	March 31, 2018				March 31, 2017			
	Combined Group	Unrestricted Affiliates	Eliminations	Total	Combined Group	Unrestricted Affiliates	Eliminations	Total
Operating revenues								
Patient service revenues (net of contractual allowances and discounts)	\$ 1,011,793	\$ 116,982	\$ -	\$ 1,128,775	\$ 942,393	\$ 114,000	\$ -	\$ 1,056,393
Other revenue	25,610	45,557	(6,264)	64,903	28,492	45,208	(15,852)	57,848
Total operating revenues	<u>1,037,403</u>	<u>162,539</u>	<u>(6,264)</u>	<u>1,193,678</u>	<u>970,885</u>	<u>159,208</u>	<u>(15,852)</u>	<u>1,114,241</u>
Operating expenses								
Salaries and employee benefits	604,682	70,657	(1,789)	673,550	560,458	68,029	(1,580)	626,907
Supplies and other	318,573	81,976	(1,154)	399,395	308,771	88,580	(13,319)	384,032
Total operating expenses	<u>923,255</u>	<u>152,633</u>	<u>(2,943)</u>	<u>1,072,945</u>	<u>869,229</u>	<u>156,609</u>	<u>(14,899)</u>	<u>1,010,939</u>
Operating cash flow	114,148	9,906	(3,321)	120,733	101,656	2,599	(953)	103,302
Depreciation and amortization	50,439	9,186	-	59,625	48,885	10,060	-	58,945
Interest	14,600	2,383	-	16,983	14,545	2,293	-	16,838
Operating income (loss)	49,109	(1,663)	(3,321)	44,125	38,226	(9,754)	(953)	27,519
Non-operating income (expense)								
Investment income (loss)	(8,030)	(836)	-	(8,866)	85,856	9,518	380	95,754
Other net periodic pension costs	-	-	-	-	(618)	(133)	-	(751)
Income tax expense	-	(319)	-	(319)	-	(472)	-	(472)
Excess (deficit) of revenues over expenses	<u>\$ 41,079</u>	<u>\$ (2,818)</u>	<u>\$ (3,321)</u>	<u>\$ 34,940</u>	<u>\$ 123,464</u>	<u>\$ (841)</u>	<u>\$ (573)</u>	<u>\$ 122,050</u>

NOVANT HEALTH, INC.
COMBINING BALANCE SHEETS

	March 31, 2018				December 31, 2017			
	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	\$ 199,201	\$ 73,381	\$ -	\$ 272,582	\$ 335,358	\$ 73,340	\$ -	\$ 408,698
Accounts receivable, net	484,038	56,632	-	540,670	459,011	59,491	-	518,502
Short-term investments	369,649	159	-	369,808	299,912	159	-	300,071
Current portion of assets limited as to use	6,484	12,229	-	18,713	6,484	12,229	-	18,713
Receivable for settlement with third-party payors	28,536	4,519	-	33,055	17,881	3,351	-	21,232
Other current assets	160,640	31,872	(3,046)	189,466	172,113	25,869	(934)	197,048
Total current assets	1,248,548	178,792	(3,046)	1,424,294	1,290,759	174,439	(934)	1,464,264
Assets limited as to use	139,170	45,361	-	184,531	137,527	43,613	-	181,140
Long-term investments	1,998,465	311,460	-	2,309,925	2,003,142	311,542	-	2,314,684
Property and equipment, net	1,689,866	350,031	-	2,039,897	1,678,436	340,472	-	2,018,908
Intangible assets and goodwill, net	243,765	81,443	-	325,208	244,337	81,579	-	325,916
Investments in affiliates	69,826	23,705	(55,262)	38,269	75,278	23,678	(55,480)	43,476
Deferred tax asset	-	4,278	-	4,278	-	4,594	-	4,594
Other assets	80,507	18,886	-	99,393	84,612	26,477	-	111,089
Total assets	\$ 5,470,147	\$ 1,013,956	\$ (58,308)	\$ 6,425,795	\$ 5,514,091	\$ 1,006,394	\$ (56,414)	\$ 6,464,071
Liabilities and Net Assets								
Current liabilities								
Current portion of long-term debt	\$ 62,882	\$ 1,717	\$ -	\$ 64,599	\$ 62,880	\$ 4,729	\$ -	\$ 67,609
Short-term borrowings	87,333	-	-	87,333	88,041	8	-	88,049
Accounts payable	139,422	16,296	-	155,718	173,299	21,439	-	194,738
Accrued liabilities	322,198	55,919	674	378,791	362,595	52,291	(535)	414,351
Estimated third-party payor settlements	35,378	4,905	-	40,283	35,554	4,152	-	39,706
Due to (from) related organizations	(284,243)	284,243	-	-	(247,053)	247,053	-	-
Total current liabilities	362,970	363,080	674	726,724	475,316	329,672	(535)	804,453
Long-term debt, net of current portion	1,344,731	11,163	-	1,355,894	1,316,794	26,882	-	1,343,676
Deferred tax liability	-	1,158	-	1,158	-	1,158	-	1,158
Derivative financial instruments	37,998	-	-	37,998	44,832	-	-	44,832
Employee benefits and other liabilities	278,724	54,917	-	333,641	281,729	58,345	-	340,074
Total liabilities	2,024,423	430,318	674	2,455,415	2,118,671	416,057	(535)	2,534,193
Net assets								
Without donor restrictions- attributable to Novant Health	3,443,536	497,175	(121,159)	3,819,552	3,393,231	503,772	(118,749)	3,778,254
Without donor restrictions - noncontrolling interests	-	15,387	62,177	77,564	-	14,769	62,870	77,639
Total unrestricted net assets	3,443,536	512,562	(58,982)	3,897,116	3,393,231	518,541	(55,879)	3,855,893
With donor restrictions	2,188	71,076	-	73,264	2,189	71,796	-	73,985
Total net assets	3,445,724	583,638	(58,982)	3,970,380	3,395,420	590,337	(55,879)	3,929,878
Total liabilities and net assets	\$ 5,470,147	\$ 1,013,956	\$ (58,308)	\$ 6,425,795	\$ 5,514,091	\$ 1,006,394	\$ (56,414)	\$ 6,464,071

NOVANT HEALTH, INC.
STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2018 AND 2017

<i>(in thousands of dollars)</i>	March 31, 2018	March 31, 2017
	<u> </u>	<u> </u>
Cash flows from operating activities		
Increase in net assets	\$ 40,502	\$ 109,246
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation, amortization, and accretion	60,948	58,632
Gain on sale of real estate	(961)	(999)
Share of earnings in affiliates, net of distributions	353	358
Net realized and unrealized losses (gains) on assets limited as to use and investments	16,020	(88,622)
Change in fair value of interest rate swap	(6,834)	(2,204)
Contributions restricted for capital and long-term investment	(37)	(60)
Changes in operating assets and liabilities		
Accounts receivable	(28,949)	(7,893)
Accounts payable and accrued liabilities	(52,863)	(36,077)
Other assets and liabilities, net	(10,039)	13,202
Net cash provided by operating activities	<u>18,140</u>	<u>45,583</u>
Cash flows from investing activities		
Capital expenditures	(93,365)	(66,631)
Proceeds from sale of long-term investments	613,571	219,693
Purchase of long-term investments	(622,520)	(222,474)
Proceeds from sale of short-term investments	194,486	85,176
Purchase of short-term investments	(264,334)	(114,766)
Proceeds from sale of property and equipment	1,276	2,153
Other investing activities	390	(5,107)
Net cash used in investing activities	<u>(170,496)</u>	<u>(101,956)</u>
Cash flows from financing activities		
Principal payments on long-term debt	(18,801)	(1,083)
Proceeds from sale of accounts receivable, net	6,635	7,331
Cash payments for repurchase agreements, net	(708)	(245)
Cash proceeds from revolving credit facility	28,000	-
Cash proceeds from other financing	1,114	5,036
Net cash provided by financing activities	<u>16,240</u>	<u>11,039</u>
Net decrease in cash and cash equivalents	(136,116)	(45,334)
Cash and cash equivalents		
Beginning of year	<u>408,698</u>	<u>260,988</u>
End of quarter	<u>\$ 272,582</u>	<u>\$ 215,654</u>

NOVANT HEALTH, INC.
COMBINED GROUP STATISTICS
FOR THE THREE MONTHS ENDED MARCH 31, 2018 AND 2017

	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	
														March 31, 2018	March 31, 2017
<u>INPATIENT STATISTICS</u>															
Average Daily Census	451	110	76	20	677	7	77	45	37	13	79	27	-	1,619	1,538
Discharges	7,238	2,863	1,962	779	10,180	209	1,253	1,144	908	566	1,676	878	-	29,656	29,069
Average Length of Stay	5.8	3.6	3.5	2.2	6.0	3.2	5.3	3.6	3.7	2.2	4.2	2.8	-	4.9	4.8
Patient Days	40,596	9,858	6,839	1,801	60,937	662	6,894	4,026	3,301	1,170	7,070	2,435	-	145,589	138,462
<u>ADJUSTED STATISTICS</u>															
Adjusted Patient Days	79,166	21,738	17,298	2,666	93,428	3,816	16,680	11,498	8,486	2,482	16,720	8,643	-	282,621	270,234
Adjusted Discharges	14,115	6,313	4,963	1,153	15,608	1,205	3,032	3,267	2,334	1,201	3,964	3,116	-	60,271	58,889
<u>OUTPATIENT STATISTICS</u>															
ED Visits	23,005	12,699	9,999	-	20,929	-	8,567	8,051	8,988	5,271	11,603	6,468	-	115,580	116,201
Encounters	-	-	-	-	-	-	-	-	-	-	-	-	1,213,255	1,213,255	1,149,751
Cases	50,926	25,758	18,762	2,916	35,949	3,949	15,546	17,621	12,707	7,141	22,554	15,350	-	229,179	226,641
<u>SURGERY STATISTICS</u>															
IP Surgical Cases	1,322	376	372	866	2,521	213	183	276	362	380	185	77	-	7,133	6,955
OP Surgical Cases	4,554	987	873	1,063	3,778	2,206	902	938	843	434	382	321	-	17,281	16,958
Total Surgical Cases	5,876	1,363	1,245	1,929	6,299	2,419	1,085	1,214	1,205	814	567	398	-	24,414	23,913
<u>OTHER STATISTICS</u>															
Total Births	1,287	583	405	-	1,543	-	123	120	-	-	270	269	-	4,600	4,372
Cath Lab Procedures	1,084	403	-	-	1,610	-	40	-	-	-	-	-	-	3,137	3,160
Open Heart Surgeries	115	-	-	-	153	-	-	-	-	-	-	-	-	268	270
Endoscopy Procedures	1,569	682	807	-	1,490	-	264	948	-	-	261	329	-	6,350	6,352
Radiology Procedures	43,523	25,937	19,565	3,738	60,784	1,162	13,940	16,397	13,933	7,529	22,655	15,439	-	244,602	240,304
Licensed Beds	608	157	91	64	927	22	146	74	50	36	130	60	-	2,365	2,328
Staffed Beds	508	131	92	22	759	18	88	59	45	17	79	27	-	1,845	1,724
Occupancy as % of Staffed Beds	88.8%	83.7%	82.5%	90.9%	89.2%	39.9%	87.4%	76.2%	81.4%	78.5%	99.9%	100.2%	-	87.8%	89.2%