



**FINANCIAL AND STATISTICAL REPORT**  
**September 30, 2018**  
**(UNAUDITED)**

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**NOVANT HEALTH, INC.**  
**COMBINED STATEMENTS OF REVENUES AND EXPENSES**  
**FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2018 AND 2017**

(in thousands of dollars)

	September 30, 2018				September 30, 2017			
	Combined Group	Unrestricted Affiliates	Eliminations	Total	Combined Group	Unrestricted Affiliates	Eliminations	Total
<b>Operating revenues</b>								
Net patient service revenues	\$ 1,041,906	\$ 118,394	\$ -	\$ 1,160,300	\$ 956,419	\$ 110,143	\$ -	\$ 1,066,562
Other revenue	35,772	44,749	(6,483)	74,038	34,009	33,172	(5,566)	61,615
Total operating revenues	<u>1,077,678</u>	<u>163,143</u>	<u>(6,483)</u>	<u>1,234,338</u>	<u>990,428</u>	<u>143,315</u>	<u>(5,566)</u>	<u>1,128,177</u>
<b>Operating expenses</b>								
Salaries and employee benefits	618,846	73,988	(1,529)	691,305	579,134	52,353	(2,221)	629,266
Supplies and other	333,574	85,011	(3,421)	415,163	318,165	92,810	(3,700)	407,275
Total operating expenses	<u>952,420</u>	<u>158,999</u>	<u>(4,950)</u>	<u>1,106,468</u>	<u>897,299</u>	<u>145,163</u>	<u>(5,921)</u>	<u>1,036,541</u>
Operating cash flow	125,258	4,144	(1,533)	127,870	93,129	(1,848)	355	91,636
Depreciation and amortization	55,188	6,387	-	61,575	49,300	10,208	-	59,508
Interest	14,132	2,381	-	16,513	14,404	2,229	-	16,633
Operating income (loss)	55,938	(4,624)	(1,533)	49,782	29,425	(14,285)	355	15,495
<b>Non-operating income (expense)</b>								
Investment income	43,664	4,513	-	48,177	71,271	9,622	402	81,295
Other net periodic pension costs	(11,843)	(1,950)	-	(13,793)	(69)	(387)	-	(456)
Income tax expense	(140)	(530)	-	(670)	(4,133)	(606)	-	(4,739)
<b>Excess (deficit) of revenues over expenses</b>	<u>\$ 87,619</u>	<u>\$ (2,590)</u>	<u>\$ (1,533)</u>	<u>\$ 83,496</u>	<u>\$ 96,494</u>	<u>\$ (5,656)</u>	<u>\$ 757</u>	<u>\$ 91,595</u>

**NOVANT HEALTH, INC.**  
**COMBINED STATEMENTS OF REVENUES AND EXPENSES**  
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018 AND 2017**

(in thousands of dollars)

	September 30, 2018				September 30, 2017			
	Combined Group	Unrestricted Affiliates	Eliminations	Total	Combined Group	Unrestricted Affiliates	Eliminations	Total
<b>Operating revenues</b>								
Net patient service revenues	\$ 3,070,426	\$ 354,665	\$ -	\$ 3,425,091	\$ 2,829,099	\$ 332,798	\$ -	\$ 3,161,897
Other revenue	87,798	132,060	(21,918)	197,940	106,075	101,190	(14,288)	192,977
Total operating revenues	<u>3,158,224</u>	<u>486,725</u>	<u>(21,918)</u>	<u>3,623,031</u>	<u>2,935,174</u>	<u>433,988</u>	<u>(14,288)</u>	<u>3,354,874</u>
<b>Operating expenses</b>								
Salaries and employee benefits	1,814,157	213,034	(5,102)	2,022,089	1,680,760	202,997	(5,362)	1,878,395
Supplies and other	969,941	251,812	(11,785)	1,209,967	942,318	226,566	(5,729)	1,163,155
Total operating expenses	<u>2,784,098</u>	<u>464,846</u>	<u>(16,887)</u>	<u>3,232,056</u>	<u>2,623,078</u>	<u>429,563</u>	<u>(11,091)</u>	<u>3,041,550</u>
Operating cash flow	374,126	21,879	(5,031)	390,975	312,096	4,425	(3,197)	313,324
Depreciation and amortization	157,300	24,998	-	182,298	147,881	30,561	-	178,442
Interest	43,291	7,122	-	50,413	45,254	6,931	-	52,185
Operating income (loss)	173,535	(10,241)	(5,031)	158,264	118,961	(33,067)	(3,197)	82,697
<b>Non-operating income (expense)</b>								
Investment income	59,686	6,036	-	65,722	195,146	25,776	1,140	222,062
Other net periodic pension costs	(12,433)	(1,953)	-	(14,386)	(714)	(655)	-	(1,369)
Income tax expense	(291)	(1,297)	-	(1,588)	(4,636)	(1,273)	-	(5,909)
<b>Excess (deficit) of revenues over expenses</b>	<u>\$ 220,497</u>	<u>\$ (7,454)</u>	<u>\$ (5,031)</u>	<u>\$ 208,012</u>	<u>\$ 308,757</u>	<u>\$ (9,219)</u>	<u>\$ (2,057)</u>	<u>\$ 297,481</u>

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

	September 30, 2018				December 31, 2017			
	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	\$ 124,466	\$ 78,483	\$ -	\$ 202,949	\$ 335,358	\$ 73,340	\$ -	\$ 408,698
Accounts receivable, net	458,979	53,616	-	512,595	459,011	59,491	-	518,502
Short-term investments	594,804	159	-	594,963	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	10,556	3,325	-	13,881	17,881	3,351	-	21,232
Other current assets	160,278	33,137	(4,880)	188,535	172,113	25,869	(934)	197,048
Total current assets	1,355,567	180,949	(4,880)	1,531,636	1,290,759	174,439	(934)	1,464,264
Assets limited as to use	150,818	44,612	-	195,430	137,527	43,613	-	181,140
Long-term investments	2,058,574	318,564	-	2,377,138	2,003,142	311,542	-	2,314,684
Property and equipment, net	1,705,610	374,242	-	2,079,852	1,678,436	340,472	-	2,018,908
Intangible assets and goodwill, net	244,254	81,174	-	325,428	244,337	81,579	-	325,916
Investments in affiliates	70,575	24,609	(58,601)	36,583	75,278	23,678	(55,480)	43,476
Deferred tax asset	-	8,307	-	8,307	-	4,594	-	4,594
Other assets	85,322	21,981	-	107,303	84,612	26,477	-	111,089
Total assets	\$ 5,670,720	\$ 1,054,438	\$ (63,481)	\$ 6,661,677	\$ 5,514,091	\$ 1,006,394	\$ (56,414)	\$ 6,464,071
<b>Liabilities and Net Assets</b>								
<b>Current liabilities</b>								
Current portion of long-term debt	\$ 54,001	\$ 1,533	\$ -	\$ 55,534	\$ 62,880	\$ 4,729	\$ -	\$ 67,609
Short-term borrowings	87,399	-	-	87,399	88,041	8	-	88,049
Accounts payable	149,991	16,428	-	166,419	173,299	21,439	-	194,738
Accrued liabilities	367,202	56,622	549	424,373	362,595	52,291	(535)	414,351
Estimated third-party payor settlements	54,498	6,549	-	61,047	35,554	4,152	-	39,706
Due to (from) related organizations	(310,460)	310,460	-	-	(247,053)	247,053	-	-
Total current liabilities	402,631	391,592	549	794,772	475,316	329,672	(535)	804,453
Long-term debt, net of current portion	1,307,841	15,812	-	1,323,653	1,316,794	26,882	-	1,343,676
Deferred tax liability	-	5,909	-	5,909	-	1,158	-	1,158
Derivative financial instruments	31,521	-	-	31,521	44,832	-	-	44,832
Employee benefits and other liabilities	294,361	53,640	-	348,001	281,729	58,345	-	340,074
Total liabilities	2,036,354	466,953	549	2,503,856	2,118,671	416,057	(535)	2,534,193
<b>Net assets</b>								
Without donor restrictions- attributable to Novant Health	3,631,204	496,612	(126,200)	4,001,616	3,393,231	503,772	(118,749)	3,778,254
Without donor restrictions - noncontrolling interests	973	12,956	62,170	76,099	-	14,769	62,870	77,639
Total unrestricted net assets	3,632,177	509,568	(64,030)	4,077,715	3,393,231	518,541	(55,879)	3,855,893
With donor restrictions	2,189	77,917	-	80,106	2,189	71,796	-	73,985
Total net assets	3,634,366	587,485	(64,030)	4,157,821	3,395,420	590,337	(55,879)	3,929,878
Total liabilities and net assets	\$ 5,670,720	\$ 1,054,438	\$ (63,481)	\$ 6,661,677	\$ 5,514,091	\$ 1,006,394	\$ (56,414)	\$ 6,464,071

**NOVANT HEALTH, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018 AND 2017**

<i>(in thousands of dollars)</i>	<u>September 30, 2018</u>	<u>September 30, 2017</u>
<b>Cash flows from operating activities</b>		
Increase in net assets	\$ 227,943	\$ 293,882
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation, amortization, and accretion	185,618	181,325
Gain on sale of real estate	(2,685)	(2,998)
Change in funded status of defined benefit plans	(1,283)	-
Share of earnings in affiliates, net of distributions	901	(1,253)
Net realized and unrealized gains on assets limited as to use and investments	(40,145)	(210,621)
Change in fair value of interest rate swap	(13,312)	(2,708)
Contributions restricted for capital	(6,196)	(76)
Changes in operating assets and liabilities		
Accounts receivable	(19,693)	(4,411)
Accounts payable and accrued liabilities	(5,361)	9,755
Deferred taxes, net	1,038	978
Other assets and liabilities, net	40,264	73,424
Net cash provided by operating activities	<u>367,089</u>	<u>337,297</u>
<b>Cash flows from investing activities</b>		
Capital expenditures	(245,701)	(206,159)
Proceeds from sale of long-term investments	1,252,469	1,098,466
Purchase of long-term investments	(1,279,587)	(1,119,043)
Proceeds from sales of short-term investments	454,469	330,148
Purchase of short-term investments	(748,472)	(419,764)
Proceeds from sale of property and equipment	5,037	2,969
Investments in unconsolidated affiliates	(1,519)	(13,292)
Cash paid for consolidated entities	-	(9,800)
Other investing activities	289	61
Net cash used in investing activities	<u>(563,015)</u>	<u>(336,414)</u>
<b>Cash flows from financing activities</b>		
Principal payments on long-term debt	(68,202)	(14,025)
Proceeds from sale of accounts receivable, net	26,235	27,869
Cash proceeds from other financing and line of credit	30,000	34,549
Cash proceeds from (payments for) repurchase agreements, net	(642)	4,588
Other financing activities	2,786	-
Net cash provided by (used in) financing activities	<u>(9,823)</u>	<u>52,981</u>
Net increase (decrease) in cash and cash equivalents	(205,749)	53,864
<b>Cash and cash equivalents</b>		
Beginning of year	<u>408,698</u>	<u>260,988</u>
End of quarter	<u>\$ 202,949</u>	<u>\$ 314,852</u>

NOVANT HEALTH, INC.  
COMBINED GROUP STATISTICS  
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 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	
														September 30, 2018	September 30, 2017
<b><u>INPATIENT STATISTICS</u></b>															
Average Daily Census	414	113	75	19	634	7	73	39	25	11	76	21	-	1,507	1,433
Discharges	7,116	2,934	2,069	766	9,933	236	1,258	1,028	725	485	1,748	733	-	29,031	27,544
Average Length of Stay	5.3	3.6	3.3	2.3	5.8	2.8	5.2	3.4	3.3	2.0	4.0	2.6	-	4.7	4.8
Patient Days	38,063	10,407	6,939	1,738	58,322	667	6,735	3,564	2,336	979	6,988	1,939	-	138,677	131,808
<b><u>ADJUSTED STATISTICS</u></b>															
Adjusted Patient Days	77,586	23,955	17,794	2,566	93,003	3,366	16,968	10,533	6,988	2,129	16,847	7,842	-	279,577	267,804
Adjusted Discharges	14,505	6,754	5,306	1,131	15,840	1,191	3,169	3,038	2,169	1,055	4,214	2,965	-	61,337	58,485
<b><u>OUTPATIENT STATISTICS</u></b>															
ED Visits	22,525	12,726	9,798	-	21,625	-	8,308	8,139	9,097	4,884	10,739	6,402	-	114,243	112,738
Encounters	-	-	-	-	-	-	-	-	-	-	-	-	1,186,396	1,186,396	1,069,258
Cases	49,832	25,017	18,987	3,334	37,285	3,818	14,972	16,317	13,051	6,825	22,346	15,788	-	227,572	226,790
<b><u>SURGERY STATISTICS</u></b>															
IP Surgical Cases	1,235	390	400	843	2,549	239	229	256	285	398	200	76	-	7,100	6,700
OP Surgical Cases	4,531	960	945	1,160	3,881	2,044	934	869	614	418	464	350	-	17,170	16,701
Total Surgical Cases	5,766	1,350	1,345	2,003	6,430	2,283	1,163	1,125	899	816	664	426	-	24,270	23,401
<b><u>OTHER STATISTICS</u></b>															
Total Births	1,447	582	427	-	1,736	-	192	132	-	-	263	229	-	5,008	4,971
Cath Lab Procedures	1,081	439	-	-	1,553	-	42	-	-	-	-	-	-	3,115	3,053
Open Heart Surgeries	88	-	-	-	133	-	-	-	-	-	-	-	-	221	253
Endoscopy Procedures	1,560	724	830	-	1,603	-	264	444	-	-	257	297	-	5,979	6,223
Radiology Procedures	41,056	26,835	20,276	3,922	59,428	1,066	13,123	15,642	13,545	7,511	23,394	15,710	-	241,508	235,056
Licensed Beds	608	157	91	64	927	22	146	74	50	36	130	60	-	2,365	2,281
Staffed Beds	473	137	92	21	727	17	84	52	33	14	76	21	-	1,747	1,640
Occupancy as % of Staffed Beds	87.5%	82.5%	81.8%	89.7%	87.2%	41.8%	86.8%	74.7%	78.0%	76.0%	99.5%	98.8%	-	86.3%	87.4%

**NOVANT HEALTH, INC.**  
**COMBINED GROUP STATISTICS**  
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 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	Nine Months Ended	
														September 30, 2018	September 30, 2017
<b><u>INPATIENT STATISTICS</u></b>															
Average Daily Census	420	109	74	18	652	7	75	42	30	11	77	24	-	1,539	1,481
Discharges	21,274	8,571	5,996	2,268	30,140	665	3,772	3,340	2,414	1,530	5,040	2,363	-	87,373	84,530
Average Length of Stay	5.4	3.5	3.4	2.2	5.9	3.0	5.4	3.5	3.5	2.1	4.2	2.7	-	4.8	4.8
Patient Days	114,553	29,881	20,218	5,030	178,029	2,030	20,363	11,468	8,206	3,128	21,146	6,484	-	420,536	404,439
<b><u>ADJUSTED STATISTICS</u></b>															
Adjusted Patient Days	232,158	68,668	52,439	7,465	279,633	11,116	50,675	33,329	22,846	6,822	50,974	24,327	-	840,452	808,733
Adjusted Discharges	43,115	19,697	15,552	3,366	47,341	3,641	9,387	9,707	6,721	3,337	12,149	8,866	-	182,879	176,283
<b><u>OUTPATIENT STATISTICS</u></b>															
ED Visits	67,957	37,815	29,667	-	63,805	-	25,447	24,200	26,899	15,083	33,530	19,246	-	343,649	342,638
Encounters	-	-	-	-	-	-	-	-	-	-	-	-	3,600,263	3,600,263	3,320,413
Cases	151,607	76,612	56,830	9,220	111,294	11,970	46,404	51,480	38,786	20,963	68,404	47,142	-	690,712	680,379
<b><u>SURGERY STATISTICS</u></b>															
IP Surgical Cases	3,791	1,149	1,126	2,500	7,629	673	621	804	974	1,127	600	235	-	21,229	20,277
OP Surgical Cases	13,917	2,999	2,779	3,247	11,581	6,452	2,830	2,770	2,408	1,283	1,300	1,014	-	52,580	50,343
Total Surgical Cases	17,708	4,148	3,905	5,747	19,210	7,125	3,451	3,574	3,382	2,410	1,900	1,249	-	73,809	70,620
<b><u>OTHER STATISTICS</u></b>															
Total Births	4,066	1,757	1,290	-	4,912	-	478	360	-	-	791	722	-	14,376	13,889
Cath Lab Procedures	3,218	1,257	-	-	4,906	-	130	-	-	-	-	-	-	9,511	9,372
Open Heart Surgeries	282	-	-	-	472	-	-	-	-	-	-	-	-	754	809
Endoscopy Procedures	4,775	2,157	2,435	-	4,745	-	762	1,898	-	-	773	950	-	18,495	18,749
Radiology Procedures	125,402	79,183	59,775	11,594	181,556	3,435	41,201	48,906	41,277	22,453	70,207	46,789	-	731,778	713,032
Licensed Beds	608	157	91	64	927	22	146	74	50	36	130	60	-	2,365	2,281
Staffed Beds	478	132	91	20	739	18	85	55	38	15	77	24	-	1,772	1,673
Occupancy as % of Staffed Beds	87.8%	82.8%	81.7%	90.0%	88.2%	40.6%	87.8%	75.7%	78.4%	77.0%	100.0%	99.9%	-	86.9%	88.6%