



**FINANCIAL AND STATISTICAL REPORT**  
**September 30, 2019**  
**(UNAUDITED)**

PAGE

1. Combined Statements of Revenues and Expenses for the three months ended September 30, 2019 and 2018
2. Combined Statements of Revenues and Expenses for the nine months ended September 30, 2019 and 2018
3. Combining Balance Sheets as of September 30, 2019 and December 31, 2018
4. Statements of Cash Flows for the nine months ended September 30, 2019 and 2018
5. Combined Group Statistics for the three months ended September 30, 2019 and 2018
6. Combined Group Statistics for the nine months ended September 30, 2019 and 2018

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

(in thousands of dollars)

	September 30, 2019				September 30, 2018			
	Combined Group	Unrestricted Affiliates	Eliminations	Total	Combined Group	Unrestricted Affiliates	Eliminations	Total
<b>Operating revenues</b>								
Net patient service revenues	\$ 1,075,056	\$ 156,192	\$ -	\$ 1,231,248	\$ 1,041,906	\$ 118,394	\$ -	\$ 1,160,300
Other revenue	45,531	55,907	(13,997)	87,441	35,772	44,749	(6,483)	74,038
Total operating revenues	<u>1,120,587</u>	<u>212,099</u>	<u>(13,997)</u>	<u>1,318,689</u>	<u>1,077,678</u>	<u>163,143</u>	<u>(6,483)</u>	<u>1,234,338</u>
<b>Operating expenses</b>								
Salaries and employee benefits	678,261	89,725	(1,479)	766,507	618,846	73,988	(1,529)	691,305
Supplies and other	359,431	117,336	(15,744)	461,023	333,574	85,011	(3,421)	415,163
Total operating expenses	<u>1,037,692</u>	<u>207,061</u>	<u>(17,223)</u>	<u>1,227,530</u>	<u>952,420</u>	<u>158,999</u>	<u>(4,950)</u>	<u>1,106,468</u>
Operating cash flow	82,895	5,038	3,226	91,159	125,258	4,144	(1,533)	127,870
Depreciation and amortization	52,256	13,125	-	65,381	55,188	6,387	-	61,575
Interest	<u>20,174</u>	<u>3,861</u>	<u>-</u>	<u>24,035</u>	<u>14,132</u>	<u>2,381</u>	<u>-</u>	<u>16,513</u>
Operating income (loss)	10,465	(11,948)	3,226	1,743	55,938	(4,624)	(1,533)	49,782
<b>Non-operating income (expense)</b>								
Investment income	22,525	2,900	-	25,425	43,664	4,513	-	48,177
Other net periodic pension (costs) benefit	(5,524)	2,623	-	(2,901)	(11,843)	(1,950)	-	(13,793)
Income tax (expense) benefit	<u>400</u>	<u>(1,216)</u>	<u>-</u>	<u>(816)</u>	<u>(140)</u>	<u>(530)</u>	<u>-</u>	<u>(670)</u>
<b>Excess (deficit) of revenues over expenses</b>	<u>\$ 27,866</u>	<u>\$ (7,641)</u>	<u>\$ 3,226</u>	<u>\$ 23,451</u>	<u>\$ 87,619</u>	<u>\$ (2,590)</u>	<u>\$ (1,533)</u>	<u>\$ 83,496</u>

**NOVANT HEALTH, INC.**  
**COMBINED STATEMENTS OF REVENUES AND EXPENSES**  
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019 AND 2018**

(in thousands of dollars)

	September 30, 2019				September 30, 2018			
	Combined Group	Unrestricted Affiliates	Eliminations	Total	Combined Group	Unrestricted Affiliates	Eliminations	Total
<b>Operating revenues</b>								
Net patient service revenues	\$ 3,256,959	\$ 461,988	\$ -	\$ 3,718,947	\$ 3,070,426	\$ 354,665	\$ -	\$ 3,425,091
Other revenue	122,236	174,162	(39,713)	256,685	87,798	132,060	(21,918)	197,940
Total operating revenues	<u>3,379,195</u>	<u>636,150</u>	<u>(39,713)</u>	<u>3,975,632</u>	<u>3,158,224</u>	<u>486,725</u>	<u>(21,918)</u>	<u>3,623,031</u>
<b>Operating expenses</b>								
Salaries and employee benefits	2,006,955	263,639	(5,321)	2,265,273	1,814,157	213,034	(5,102)	2,022,089
Supplies and other	1,093,333	330,342	(34,699)	1,388,976	969,941	251,812	(11,785)	1,209,967
Total operating expenses	<u>3,100,288</u>	<u>593,981</u>	<u>(40,020)</u>	<u>3,654,249</u>	<u>2,784,098</u>	<u>464,846</u>	<u>(16,887)</u>	<u>3,232,056</u>
Operating cash flow	278,907	42,169	307	321,383	374,126	21,879	(5,031)	390,975
Depreciation and amortization	154,437	38,482	-	192,919	157,300	24,998	-	182,298
Interest	56,261	11,858	-	68,119	43,291	7,122	-	50,413
Operating income (loss)	68,209	(8,171)	307	60,345	173,535	(10,241)	(5,031)	158,264
<b>Non-operating income (expense)</b>								
Investment income	217,323	29,415	-	246,738	59,686	6,036	-	65,722
Other net periodic pension (costs) benefits	(5,659)	1,846	-	(3,813)	(12,433)	(1,953)	-	(14,386)
Income tax expense	(285)	(1,363)	-	(1,648)	(291)	(1,297)	-	(1,588)
Excess (deficit) of revenues over expenses	<u>\$ 279,588</u>	<u>\$ 21,727</u>	<u>\$ 307</u>	<u>\$ 301,622</u>	<u>\$ 220,497</u>	<u>\$ (7,454)</u>	<u>\$ (5,031)</u>	<u>\$ 208,012</u>

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

<i>(in thousands of dollars)</i>	September 30, 2019				December 31, 2018			
	Combined Group	Unrestricted Affiliates	Eliminations	Total	Combined Group	Unrestricted Affiliates	Eliminations	Total
<b>Assets</b>								
<b>Current assets</b>								
Cash and cash equivalents	\$ 526,947	\$ 106,790	\$ -	\$ 633,737	\$ 142,480	\$ 86,173	\$ -	\$ 228,653
Accounts receivable, net	495,924	87,758	-	583,682	498,832	71,242	-	570,074
Short-term investments	245,445	160	-	245,605	485,293	159	-	485,452
Current portion of assets limited as to use	64,705	11,124	-	75,829	9,477	11,419	-	20,896
Receivable for settlement with third-party payors	12,492	2,465	-	14,957	10,314	2,926	-	13,240
Other current assets	189,782	42,274	(11,236)	220,820	171,210	39,083	(9,110)	201,183
Total current assets	1,535,295	250,571	(11,236)	1,774,630	1,317,606	211,002	(9,110)	1,519,498
Assets limited as to use	161,592	40,812	-	202,404	135,075	44,956	-	180,031
Long-term investments	2,072,062	312,751	-	2,384,813	1,872,533	284,344	-	2,156,877
Property and equipment, net	1,828,991	420,726	-	2,249,717	1,756,701	416,320	-	2,173,021
Operating lease right-of-use assets, net	428,144	35,003	(19,776)	443,371	-	-	-	-
Intangible assets and goodwill, net	61,165	258,636	-	319,801	242,051	81,040	-	323,091
Investments in affiliates	118,797	29,936	(78,022)	70,711	100,304	25,137	(75,358)	50,083
Deferred tax asset	-	9,811	-	9,811	-	10,725	-	10,725
Other assets	92,366	14,603	(137)	106,832	90,455	18,776	-	109,231
Total assets	\$ 6,298,412	\$ 1,372,849	\$ (109,171)	\$ 7,562,090	\$ 5,514,725	\$ 1,092,300	\$ (84,468)	\$ 6,522,557
<b>Liabilities and Net Assets</b>								
<b>Current liabilities</b>								
Current portion of long-term debt	\$ 304,632	\$ 773	\$ -	\$ 305,405	\$ 303,790	\$ 1,305	\$ -	\$ 305,095
Short-term borrowings	88,151	-	-	88,151	87,558	-	-	87,558
Accounts payable	154,427	24,880	(7,328)	171,979	187,637	26,147	-	213,784
Accrued liabilities	385,444	63,897	2,091	451,432	346,103	54,041	(2,859)	397,285
Current portion of operating lease liabilities	70,486	5,665	(3,336)	72,815	-	-	-	-
Estimated third-party payor settlements	49,904	5,963	-	55,867	31,582	3,965	-	35,547
Due to (from) related organizations	(346,927)	346,927	-	-	(346,180)	346,180	-	-
Total current liabilities	706,117	448,105	(8,573)	1,145,649	610,490	431,638	(2,859)	1,039,269
Long-term debt, net of current portion	1,285,528	15,207	-	1,300,735	1,045,276	15,601	-	1,060,877
Deferred tax liability	-	5,782	-	5,782	-	5,928	-	5,928
Operating lease liabilities, net of current portion	368,249	29,801	(16,635)	381,415	-	-	-	-
Derivative financial instruments	49,413	-	-	49,413	36,370	-	-	36,370
Employee benefits and other liabilities	289,984	48,020	-	338,004	284,711	56,502	-	341,213
Total liabilities	2,699,291	546,915	(25,208)	3,220,998	1,976,847	509,669	(2,859)	2,483,657
<b>Net assets</b>								
Without donor restrictions- attributable to Novant Health	3,596,933	720,016	(139,461)	4,177,488	3,535,689	485,609	(143,647)	3,877,651
Without donor restrictions - noncontrolling interests	-	26,722	55,498	82,220	-	21,678	62,038	83,716
Total unrestricted net assets	3,596,933	746,738	(83,963)	4,259,708	3,535,689	507,287	(81,609)	3,961,367
With donor restrictions	2,188	79,196	-	81,384	2,189	75,344	-	77,533
Total net assets	3,599,121	825,934	(83,963)	4,341,092	3,537,878	582,631	(81,609)	4,038,900
Total liabilities and net assets	\$ 6,298,412	\$ 1,372,849	\$ (109,171)	\$ 7,562,090	\$ 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 NINE MONTHS ENDED SEPTEMBER 30, 2019 AND 2018**

<i>(in thousands of dollars)</i>	<b>September 30, 2019</b>	<b>September 30, 2018</b>
	<u>          </u>	<u>          </u>
<b>Cash flows from operating activities</b>		
Increase in net assets	\$ 302,192	\$ 227,943
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation, amortization, and accretion	192,407	185,618
Gain on sale of real estate	(1,436)	(2,685)
Change in funded status of defined benefit plans	-	(1,283)
Gain on sale of consolidated entities	(16,157)	-
Share of earnings in affiliates, net of distributions	1,498	901
Net realized and unrealized gains on assets limited as to use and investments	(214,758)	(40,145)
Change in fair value of interest rate swap	13,043	(13,312)
Contributions restricted for capital	(3,162)	(6,196)
Changes in operating assets and liabilities, net of assets acquired and liabilities assumed		
Accounts receivable	(42,500)	(19,693)
Accounts payable and accrued liabilities	38,118	(5,361)
Other assets and liabilities, net	2,923	41,302
Net cash provided by operating activities	<u>272,168</u>	<u>367,089</u>
<b>Cash flows from investing activities</b>		
Capital expenditures	(288,767)	(245,701)
Proceeds from sale of long-term investments	1,046,493	1,252,469
Purchase of long-term investments	(1,081,449)	(1,279,587)
Proceeds from sale of short-term investments	500,572	454,469
Purchase of short-term investments	(258,709)	(748,472)
Proceeds from sale of property and equipment	2,702	5,037
Proceeds from sale of consolidated entities	13,001	-
Investments in unconsolidated affiliates	(19,208)	(1,519)
Other investing activities	(218)	289
Net cash used in investing activities	<u>(85,583)</u>	<u>(563,015)</u>
<b>Cash flows from financing activities</b>		
Principal payments on long-term debt	(3,689)	(68,202)
Proceeds from sale of accounts receivable, net	27,730	26,235
Bond proceeds received from the trustee, net	158,569	-
Cash proceeds from (payments on) repurchase agreements, net	593	(642)
Cash proceeds from revolving credit facility	31,800	30,000
Other financing activities	3,496	2,786
Net cash provided by (used in) financing activities	<u>218,499</u>	<u>(9,823)</u>
Net increase (decrease) in cash and cash equivalents	405,084	(205,749)
<b>Cash and cash equivalents</b>		
Beginning of year	<u>228,653</u>	<u>408,698</u>
End of quarter	<u>\$ 633,737</u>	<u>\$ 202,949</u>

**NOVANT HEALTH, INC.**  
**COMBINED GROUP STATISTICS**  
**FOR THE THREE MONTHS ENDED SEPTEMBER 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	
														September 30, 2019	September 30, 2018
<b><u>INPATIENT STATISTICS</u></b>															
Average Daily Census	469	123	81	24	23	589	7	65	39	27	11	88	27	1,573	1,508
Discharges	7,822	3,015	2,179	853	631	9,177	219	1,197	1,128	755	542	1,846	943	30,307	29,031
Average Length of Stay	5.7	3.8	3.5	2.4	3.4	5.9	3.2	4.9	3.1	3.2	2.0	4.4	2.6	4.8	4.7
Patient Days	43,105	11,313	7,442	2,235	2,157	54,206	679	5,987	3,621	2,442	1,033	8,098	2,484	144,802	138,752
<b><u>ADJUSTED STATISTICS</u></b>															
Adjusted Patient Days	84,941	23,952	19,053	3,286	7,462	89,002	3,682	16,079	11,001	7,108	2,231	18,794	8,763	295,354	279,750
Adjusted Discharges	15,414	6,383	5,579	1,254	2,183	15,068	1,188	3,215	3,427	2,198	1,171	4,284	3,327	64,691	61,337
<b><u>OUTPATIENT STATISTICS</u></b>															
ED Visits	21,915	11,881	10,139	-	5,754	22,691	-	8,774	8,585	9,606	5,541	10,793	6,429	122,108	114,243
Novant Health Medical Group Encounters	-	-	-	-	-	-	-	-	-	-	-	-	-	1,253,740	1,186,396
Cases	53,000	24,826	20,088	3,884	9,993	42,540	3,770	16,040	19,770	14,151	8,101	22,849	16,103	255,115	227,572
<b><u>SURGERY STATISTICS</u></b>															
IP Surgical Cases	1,272	438	351	882	30	2,350	225	267	298	289	424	203	113	7,142	7,064
OP Surgical Cases	4,431	948	994	1,550	190	3,973	2,178	1,207	942	483	382	503	464	18,245	17,010
Total Surgical Cases	5,703	1,386	1,345	2,432	220	6,323	2,403	1,474	1,240	772	806	706	577	25,387	24,074
<b><u>OTHER STATISTICS</u></b>															
Total Births	1,541	611	476	-	135	1,318	-	190	145	-	-	245	297	4,958	5,008
Cath Lab Procedures	1,141	511	-	-	-	1,659	-	33	-	-	-	-	-	3,344	3,115
Open Heart Surgeries	103	-	-	-	-	90	-	-	-	-	-	-	-	193	221
Endoscopy Procedures	1,525	746	772	-	62	1,805	-	224	371	-	-	278	379	6,162	5,979
Radiology Procedures	42,594	26,418	21,129	4,084	12,289	59,943	994	14,807	19,049	14,468	8,863	23,514	16,358	264,510	241,508
Licensed Beds	624	157	139	48	36	859	22	146	74	50	36	130	60	2,381	2,365
Staffed Beds	519	143	99	28	29	682	17	78	55	34	15	87	27	1,813	1,747
Occupancy as % of Staffed Beds	90.4%	86.0%	81.8%	85.7%	79.3%	86.4%	41.2%	83.3%	70.9%	79.4%	73.3%	101.1%	100.0%	86.8%	86.3%

NOVANT HEALTH, INC.  
COMBINED GROUP STATISTICS  
FOR THE NINE MONTHS ENDED SEPTEMBER 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	Nine Months Ended	
														September 30, 2019	September 30, 2018
<b><u>INPATIENT STATISTICS</u></b>															
Average Daily Census	467	121	80	24	21	636	7	69	40	30	12	81	26	1,614	1,541
Discharges	22,771	8,711	6,299	2,536	1,756	29,510	614	3,559	3,316	2,469	1,717	5,185	2,611	91,054	87,373
Average Length of Stay	5.6	3.8	3.5	2.3	3.3	5.9	3.1	5.1	3.3	3.4	2.0	4.2	2.8	4.8	4.8
Patient Days	127,496	32,920	21,711	6,427	5,742	173,697	1,915	18,742	10,902	8,205	3,328	21,994	7,184	440,263	420,796
<b><u>ADJUSTED STATISTICS</u></b>															
Adjusted Patient Days	250,343	71,538	55,667	9,555	19,811	275,450	11,078	49,173	33,283	23,041	6,939	52,450	25,418	883,746	841,050
Adjusted Discharges	44,712	18,930	16,151	3,770	6,059	46,797	3,552	9,338	10,124	6,933	3,580	12,365	9,238	191,549	182,879
<b><u>OUTPATIENT STATISTICS</u></b>															
ED Visits	68,555	36,158	30,552	-	16,541	68,241	-	27,153	24,981	29,304	16,684	33,115	19,139	370,423	343,649
Novant Health Medical Group Encounters	-	-	-	-	-	-	-	-	-	-	-	-	-	3,853,533	3,600,263
Cases	162,439	75,931	59,364	11,558	28,397	121,994	11,285	46,996	57,116	42,125	24,157	70,258	47,664	759,284	690,712
<b><u>SURGERY STATISTICS</u></b>															
IP Surgical Cases	3,893	1,287	1,072	2,636	107	7,537	614	736	841	864	1,310	600	296	21,793	21,101
OP Surgical Cases	13,362	2,938	2,943	4,645	554	11,896	6,474	3,359	2,847	1,478	1,196	1,454	1,241	54,387	52,165
Total Surgical Cases	17,255	4,225	4,015	7,281	661	19,433	7,088	4,095	3,688	2,342	2,506	2,054	1,537	76,180	73,266
<b><u>OTHER STATISTICS</u></b>															
Total Births	4,258	1,667	1,354	-	286	4,528	-	498	387	-	-	687	814	14,479	14,376
Cath Lab Procedures	3,383	1,463	-	-	-	4,914	-	104	-	-	-	-	-	9,864	9,511
Open Heart Surgeries	323	-	-	-	-	339	-	-	-	-	-	-	-	662	754
Endoscopy Procedures	4,465	2,314	2,283	-	208	5,341	-	697	1,274	-	-	801	1,097	18,480	18,495
Radiology Procedures	128,949	79,943	63,099	12,451	35,256	183,055	2,992	44,160	54,471	44,186	25,888	71,424	47,532	793,406	731,778
Licensed Beds	624	157	139	48	36	859	22	146	74	50	36	130	60	2,381	2,365
Staffed Beds	523	143	97	27	27	730	17	82	57	39	16	80	26	1,864	1,772
Occupancy as % of Staffed Beds	89.3%	84.6%	82.5%	88.9%	77.8%	87.1%	41.2%	84.1%	70.2%	76.9%	75.0%	101.3%	100.0%	86.6%	87.0%