



FINANCIAL AND STATISTICAL REPORT
March 31, 2020
(UNAUDITED)

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NOVANT HEALTH, INC.
COMBINED STATEMENTS OF REVENUES AND EXPENSES
FOR THE THREE MONTHS ENDED MARCH 31, 2020 AND 2019

(in thousands of dollars)

	March 31, 2020				March 31, 2019			
	Combined Group	Unrestricted Affiliates	Eliminations	Total	Combined Group	Unrestricted Affiliates	Eliminations	Total
Operating revenues								
Net patient service revenues	\$ 1,072,388	\$ 151,765	\$ -	\$ 1,224,153	\$ 1,108,179	\$ 152,674	\$ -	\$ 1,260,853
Other revenue	69,008	54,103	(17,830)	105,281	31,051	62,055	(12,864)	80,242
Total operating revenues	<u>1,141,396</u>	<u>205,868</u>	<u>(17,830)</u>	<u>1,329,434</u>	<u>1,139,230</u>	<u>214,729</u>	<u>(12,864)</u>	<u>1,341,095</u>
Operating expenses								
Salaries and employee benefits	644,358	88,390	(2,004)	730,744	680,835	88,113	(1,987)	766,961
Supplies and other	379,986	114,515	(18,935)	475,566	360,742	105,063	(8,139)	457,666
Total operating expenses	<u>1,024,344</u>	<u>202,905</u>	<u>(20,939)</u>	<u>1,206,310</u>	<u>1,041,577</u>	<u>193,176</u>	<u>(10,126)</u>	<u>1,224,627</u>
Operating cash flow	117,052	2,963	3,109	123,124	97,653	21,553	(2,738)	116,468
Depreciation and amortization	50,039	13,358	-	63,397	51,058	12,859	-	63,917
Interest	25,602	5,288	-	30,890	16,453	4,355	-	20,808
Operating income (loss)	41,411	(15,683)	3,109	28,837	30,142	4,339	(2,738)	31,743
Non-operating income (expense)								
Investment (loss) income	(382,430)	(21,140)	-	(403,570)	174,804	22,271	-	197,075
Income tax expense	-	(1)	-	(1)	-	(333)	-	(333)
Other net periodic pension (costs) benefits	(186)	9	-	(177)	(342)	(72)	-	(414)
(Deficit) excess of revenues over expenses	<u>\$ (341,205)</u>	<u>\$ (36,815)</u>	<u>\$ 3,109</u>	<u>\$ (374,911)</u>	<u>\$ 204,604</u>	<u>\$ 26,205</u>	<u>\$ (2,738)</u>	<u>\$ 228,071</u>

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

	March 31, 2020				December 31, 2019			
	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	\$ 958,682	\$ 111,047	\$ -	\$ 1,069,729	\$ 292,171	\$ 110,365	\$ -	\$ 402,536
Accounts receivable, net	461,468	83,070	-	544,538	531,942	78,528	-	610,470
Short-term investments	214,734	160	-	214,894	195,459	160	-	195,619
Current portion of assets limited as to use	47,270	11,125	-	58,395	59,896	11,125	-	71,021
Receivable for settlement with third-party payors	56,910	7,955	-	64,865	13,339	2,892	-	16,231
Other current assets	213,680	55,217	(16,103)	252,794	209,881	40,102	(19,108)	230,875
Total current assets	1,952,744	268,574	(16,103)	2,205,215	1,302,688	243,172	(19,108)	1,526,752
Assets limited as to use	146,376	36,759	-	183,135	174,378	39,100	-	213,478
Long-term investments	1,823,113	304,380	-	2,127,493	2,180,009	327,700	-	2,507,709
Property and equipment, net	1,913,426	425,012	-	2,338,438	2,010,932	309,947	-	2,320,879
Operating lease right-of-use assets, net	462,330	53,139	(17,326)	498,143	464,736	44,472	(15,803)	493,405
Intangible assets and goodwill, net	61,165	252,127	-	313,292	61,165	252,809	-	313,974
Investments in affiliates	114,419	29,063	(75,424)	68,058	125,893	28,953	(75,562)	79,284
Deferred tax asset	-	6,646	-	6,646	-	6,646	-	6,646
Other assets	90,894	12,920	(499)	103,315	98,728	15,853	(665)	113,916
Total assets	\$ 6,564,467	\$ 1,388,620	\$ (109,352)	\$ 7,843,735	\$ 6,418,529	\$ 1,268,652	\$ (111,138)	\$ 7,576,043
Liabilities and Net Assets								
Current liabilities								
Current portion of long-term debt	\$ 154,649	\$ 3,604	\$ -	\$ 158,253	\$ 56,468	\$ 651	\$ -	\$ 57,119
Short-term borrowings	307,201	240	-	307,441	88,176	-	-	88,176
Accounts payable	171,099	28,656	(10,842)	188,913	189,499	27,336	(9,421)	207,414
Accrued liabilities	323,583	80,213	(1,981)	401,815	365,352	60,855	(3,116)	423,091
Current portion of operating lease liabilities	80,352	10,919	(2,769)	88,502	81,007	9,818	(2,456)	88,369
Estimated third-party payor settlements	54,318	5,397	-	59,715	32,688	3,674	-	36,362
Due to (from) related organizations	(345,804)	345,804	-	-	(194,354)	194,354	-	-
Total current liabilities	745,398	474,833	(15,592)	1,204,639	618,836	296,688	(14,993)	900,531
Long-term debt, net of current portion	1,634,665	11,957	-	1,646,622	1,268,823	15,116	-	1,283,939
Deferred tax liability	-	5,223	-	5,223	-	5,223	-	5,223
Operating lease liabilities, net of current portion	399,174	43,504	(14,833)	427,845	399,842	36,044	(13,560)	422,326
Derivative financial instruments	59,092	-	-	59,092	43,897	-	-	43,897
Employee benefits and other liabilities	247,654	45,538	-	293,192	281,946	51,659	-	333,605
Total liabilities	3,085,983	581,055	(30,425)	3,636,613	2,613,344	404,730	(28,553)	2,989,521
Net assets								
Without donor restrictions- attributable to Novant Health	3,476,295	705,388	(132,515)	4,049,168	3,802,995	772,469	(154,493)	4,420,971
Without donor restrictions - noncontrolling interests	-	24,461	53,588	78,049	-	8,911	71,908	80,819
Total unrestricted net assets	3,476,295	729,849	(78,927)	4,127,217	3,802,995	781,380	(82,585)	4,501,790
With donor restrictions	2,189	77,716	-	79,905	2,190	82,542	-	84,732
Total net assets	3,478,484	807,565	(78,927)	4,207,122	3,805,185	863,922	(82,585)	4,586,522
Total liabilities and net assets	\$ 6,564,467	\$ 1,388,620	\$ (109,352)	\$ 7,843,735	\$ 6,418,529	\$ 1,268,652	\$ (111,138)	\$ 7,576,043

NOVANT HEALTH, INC.
STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2020 AND 2019

<i>(in thousands of dollars)</i>	March 31, 2020	March 31, 2019
Cash flows from operating activities		
(Decrease) increase in net assets	\$ (379,400)	\$ 222,383
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation, amortization and accretion	65,041	63,255
Gain on sale of real estate	(529)	(470)
Share of earnings in affiliates, net of distributions	11,250	1,184
Net realized and unrealized losses (gains) on assets limited as to use and investments	407,839	(182,275)
Change in fair value of interest rate swap	15,195	3,009
Contributions restricted for capital	(478)	(643)
Changes in operating assets and liabilities, net of assets acquired and liabilities assumed		
Accounts receivable	59,094	(87,234)
Accounts payable and accrued liabilities	(45,551)	(10,724)
Deferred taxes, net	-	333
Other assets and liabilities, net	(69,165)	(47,899)
Net cash provided by (used in) operating activities	63,296	(39,081)
Cash flows from investing activities		
Capital expenditures	(84,463)	(100,056)
Proceeds from sale of long-term investments	1,219,613	284,911
Purchase of long-term investments	(1,274,599)	(169,039)
Proceeds from sale of short-term investments	50,000	235,042
Purchase of short-term investments	(68,932)	(124,417)
Proceeds from sale of property and equipment	1,370	9,756
Investments in unconsolidated affiliates	-	(19,928)
Other investing activities	132	(180)
Net cash (used in) provided by investing activities	(156,879)	116,089
Cash flows from financing activities		
Principal payments on long-term debt	-	(404)
Proceeds from the issuance of long-term debt	264,165	-
Proceeds from sale of accounts receivable, net	6,682	10,150
Bond proceeds received from the trustee, net	-	-
Cash proceeds from repurchase agreements, net	219,025	151
Cash proceeds from revolving credit facility	200,034	23,000
Other financing activities	1,989	1,363
Net cash provided by financing activities	691,895	34,260
Net increase in cash, cash equivalents and restricted cash	598,312	111,268
Cash, cash equivalents and restricted cash		
Beginning of year	634,049	302,331
End of quarter	\$ 1,232,361	\$ 413,599

Novant Health, Inc. adopted Financial Accounting Standards Board Accounting Standards Update 2016-18, "Statement of Cash Flows (Topic 230)" using the retrospective transition method. As a result of the adoption of the new standard, the March 31, 2019 statement of cash flows has been restated.

NOVANT HEALTH, INC.
COMBINED GROUP STATISTICS
FOR THE THREE MONTHS ENDED MARCH 31, 2020 AND 2019

	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	
														March 31, 2020	March 31, 2019
<u>INPATIENT STATISTICS</u>															
Average Daily Census	471	128	84	27	25	597	8	71	40	31	14	92	30	1,618	1,659
Discharges	7,830	2,953	2,126	791	712	8,911	225	1,140	1,014	795	642	1,931	929	29,999	30,720
Average Length of Stay	5.5	4.0	3.6	3.1	3.2	6.1	3.1	5.6	3.6	3.6	1.9	4.4	2.9	4.9	4.9
Patient Days	42,877	11,683	7,638	2,420	2,291	54,334	703	6,438	3,627	2,862	1,237	8,400	2,725	147,235	149,339
<u>ADJUSTED STATISTICS</u>															
Adjusted Patient Days	82,588	24,195	19,450	3,798	8,158	86,684	3,641	16,005	10,820	7,935	2,648	19,099	8,245	293,266	293,377
Adjusted Discharges	15,082	6,116	5,414	1,241	2,535	14,217	1,165	2,834	3,025	2,204	1,374	4,390	2,811	62,408	63,089
<u>OUTPATIENT STATISTICS</u>															
ED Visits	22,685	11,061	10,172	-	6,595	21,432	-	8,446	7,996	9,219	5,148	11,130	6,344	120,228	124,395
Novant Health Medical Group Encounters	-	-	-	-	-	-	-	-	-	-	-	-	-	1,280,122	1,349,505
Cases	53,465	23,772	20,804	3,786	11,231	37,729	4,051	14,254	18,496	12,286	7,956	20,504	15,097	243,431	251,175
<u>SURGERY STATISTICS</u>															
IP Surgical Cases	1,234	442	341	789	56	2,279	228	223	304	237	446	218	129	6,926	7,311
OP Surgical Cases	3,889	874	958	1,485	216	3,033	2,266	1,016	911	612	458	522	430	16,670	17,966
Total Surgical Cases	5,123	1,316	1,299	2,274	272	5,312	2,494	1,239	1,215	849	904	740	559	23,596	25,277
<u>OTHER STATISTICS</u>															
Total Births	1,487	568	377	-	129	986	-	144	124	-	-	217	277	4,309	4,770
Cath Lab Procedures	850	498	193	-	-	1,588	-	30	7	-	-	290	-	3,456	3,235
Open Heart Surgeries	90	-	-	-	-	90	-	-	-	-	-	-	-	180	242
Endoscopy Procedures	1,506	681	780	-	73	1,643	-	182	409	-	-	252	355	5,881	6,119
Radiology Procedures	42,893	24,795	20,935	4,120	13,301	58,103	1,066	14,389	16,964	13,667	8,576	22,186	15,406	256,401	264,745
Licensed Beds	576	157	139	48	36	859	22	146	74	50	36	130	60	2,333	2,333
Staffed Beds	508	132	103	29	30	656	11	81	52	35	17	101	33	1,788	1,918
Occupancy as % of Staffed Beds	92.7%	97.0%	81.6%	93.1%	83.3%	91.0%	72.7%	87.7%	76.9%	88.6%	82.4%	91.1%	90.9%	90.5%	86.5%