



FINANCIAL AND STATISTICAL REPORT
June 30, 2020
(UNAUDITED)

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NOVANT HEALTH, INC.
COMBINED STATEMENTS OF REVENUES AND EXPENSES
FOR THE THREE MONTHS ENDED JUNE 30, 2020 AND 2019

(in thousands of dollars)

	June 30, 2020				June 30, 2019			
	Combined Group	Unrestricted Affiliates	Eliminations	Total	Combined Group	Unrestricted Affiliates	Eliminations	Total
Operating revenues								
Net patient service revenues	\$ 943,318	\$ 93,463	\$ -	\$ 1,036,781	\$ 1,073,724	\$ 153,122	\$ -	\$ 1,226,846
Other revenue	146,470	63,990	(12,246)	198,214	45,654	56,200	(12,852)	89,002
Total operating revenues	<u>1,089,788</u>	<u>157,453</u>	<u>(12,246)</u>	<u>1,234,995</u>	<u>1,119,378</u>	<u>209,322</u>	<u>(12,852)</u>	<u>1,315,848</u>
Operating expenses								
Salaries and employee benefits	654,344	65,050	(1,073)	718,321	647,859	85,801	(1,855)	731,805
Supplies and other	376,781	101,788	(12,748)	465,821	373,160	107,943	(10,816)	470,287
Total operating expenses	<u>1,031,125</u>	<u>166,838</u>	<u>(13,821)</u>	<u>1,184,142</u>	<u>1,021,019</u>	<u>193,744</u>	<u>(12,671)</u>	<u>1,202,092</u>
Operating cash flow	58,663	(9,385)	1,575	50,853	98,359	15,578	(181)	113,756
Depreciation and amortization	55,178	8,297	-	63,475	51,123	12,498	-	63,621
Interest	18,467	218	-	18,685	19,634	3,642	-	23,276
Operating (loss) income	(14,982)	(17,900)	1,575	(31,307)	27,602	(562)	(181)	26,859
Non-operating income (expense)								
Investment income (loss)	223,413	(2,755)	-	220,658	19,994	4,244	-	24,238
Other net periodic pension (costs) benefit	(185)	1	-	(184)	207	(705)	-	(498)
Income tax benefit (expense)	(17)	139	-	122	(685)	186	-	(499)
Excess (deficit) of revenues over expenses	<u>\$ 208,229</u>	<u>\$ (20,515)</u>	<u>\$ 1,575</u>	<u>\$ 189,289</u>	<u>\$ 47,118</u>	<u>\$ 3,163</u>	<u>\$ (181)</u>	<u>\$ 50,100</u>

NOVANT HEALTH, INC.
COMBINED STATEMENTS OF REVENUES AND EXPENSES
FOR THE SIX MONTHS ENDED JUNE 30, 2020 AND 2019

(in thousands of dollars)

	June 30, 2020				June 30, 2019			
	Combined Group	Unrestricted Affiliates	Eliminations	Total	Combined Group	Unrestricted Affiliates	Eliminations	Total
Operating revenues								
Net patient service revenues	\$ 2,015,706	\$ 245,228	\$ -	\$ 2,260,934	\$ 2,181,903	\$ 305,796	\$ -	\$ 2,487,699
Other revenue	215,478	118,093	(30,076)	303,495	76,705	118,255	(25,716)	169,244
Total operating revenues	<u>2,231,184</u>	<u>363,321</u>	<u>(30,076)</u>	<u>2,564,429</u>	<u>2,258,608</u>	<u>424,051</u>	<u>(25,716)</u>	<u>2,656,943</u>
Operating expenses								
Salaries and employee benefits	1,298,702	153,440	(3,077)	1,449,065	1,328,694	173,914	(3,842)	1,498,766
Supplies and other	756,767	216,303	(31,683)	941,387	733,902	213,006	(18,955)	927,953
Total operating expenses	<u>2,055,469</u>	<u>369,743</u>	<u>(34,760)</u>	<u>2,390,452</u>	<u>2,062,596</u>	<u>386,920</u>	<u>(22,797)</u>	<u>2,426,719</u>
Operating cash flow	175,715	(6,422)	4,684	173,977	196,012	37,131	(2,919)	230,224
Depreciation and amortization	105,217	21,655	-	126,872	102,181	25,357	-	127,538
Interest	44,069	5,506	-	49,575	36,087	7,997	-	44,084
Operating (loss) income	26,429	(33,583)	4,684	(2,470)	57,744	3,777	(2,919)	58,602
Non-operating income (expense)								
Investment (loss) income	(159,017)	(23,895)	-	(182,912)	194,798	26,515	-	221,313
Other net periodic pension (costs) benefit	(371)	10	-	(361)	(135)	(777)	-	(912)
Income tax benefit (expense)	(17)	138	-	121	(685)	(147)	-	(832)
(Deficit) excess of revenues over expenses	<u>\$ (132,976)</u>	<u>\$ (57,330)</u>	<u>\$ 4,684</u>	<u>\$ (185,622)</u>	<u>\$ 251,722</u>	<u>\$ 29,368</u>	<u>\$ (2,919)</u>	<u>\$ 278,171</u>

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

	June 30, 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	\$ 1,080,055	\$ 123,669	\$ -	\$ 1,203,724	\$ 292,171	\$ 110,365	\$ -	\$ 402,536
Accounts receivable, net	462,376	73,862	-	536,238	531,942	78,528	-	610,470
Short-term investments	303,098	160	-	303,258	195,459	160	-	195,619
Current portion of assets limited as to use	40,758	11,125	-	51,883	59,896	11,125	-	71,021
Receivable for settlement with third-party payors	50,679	4,504	-	55,183	13,339	2,892	-	16,231
Other current assets	269,090	47,809	(12,169)	304,730	209,881	40,102	(19,108)	230,875
Total current assets	2,206,056	261,129	(12,169)	2,455,016	1,302,688	243,172	(19,108)	1,526,752
Assets limited as to use	169,320	36,043	-	205,363	174,378	39,100	-	213,478
Long-term investments	2,026,579	300,728	-	2,327,307	2,180,009	327,700	-	2,507,709
Property and equipment, net	2,051,937	311,299	-	2,363,236	2,010,932	309,947	-	2,320,879
Operating lease right-of-use assets, net	471,878	55,648	(21,149)	506,377	464,736	44,472	(15,803)	493,405
Intangible assets and goodwill, net	61,165	251,445	-	312,610	61,165	252,809	-	313,974
Investments in affiliates	104,599	28,477	(71,741)	61,335	125,893	28,953	(75,562)	79,284
Deferred tax asset	-	6,313	-	6,313	-	6,646	-	6,646
Other assets	95,506	12,512	(437)	107,581	98,728	15,853	(665)	113,916
Total assets	\$ 7,187,040	\$ 1,263,594	\$ (105,496)	\$ 8,345,138	\$ 6,418,529	\$ 1,268,652	\$ (111,138)	\$ 7,576,043
Liabilities and Net Assets								
Current liabilities								
Current portion of long-term debt	\$ 56,589	\$ 3,657	\$ -	\$ 60,246	\$ 56,468	\$ 651	\$ -	\$ 57,119
Short-term borrowings	178,439	240	-	178,679	88,176	-	-	88,176
Accounts payable	158,279	24,701	(6,764)	176,216	189,499	27,336	(9,421)	207,414
Accrued liabilities	371,428	88,708	(3,585)	456,551	365,352	60,855	(3,116)	423,091
Current portion of operating lease liabilities	81,410	11,732	(3,457)	89,685	81,007	9,818	(2,456)	88,369
Estimated third-party payor settlements	134,924	17,537	-	152,461	32,688	3,674	-	36,362
Due to (from) related organizations	(201,411)	201,411	-	-	(194,354)	194,354	-	-
Total current liabilities	779,658	347,986	(13,806)	1,113,838	618,836	296,688	(14,993)	900,531
Long-term debt, net of current portion	2,004,603	12,086	-	2,016,689	1,268,823	15,116	-	1,283,939
Deferred tax liability	-	5,227	-	5,227	-	5,223	-	5,223
Operating lease liabilities, net of current portion	407,629	45,427	(18,023)	435,033	399,842	36,044	(13,560)	422,326
Derivative financial instruments	58,223	-	-	58,223	43,897	-	-	43,897
Employee benefits and other liabilities	275,573	43,205	-	318,778	281,946	51,659	-	333,605
Total liabilities	3,525,686	453,931	(31,829)	3,947,788	2,613,344	404,730	(28,553)	2,989,521
Net assets								
Without donor restrictions- attributable to Novant Health	3,659,176	709,843	(127,764)	4,241,255	3,802,995	772,469	(154,493)	4,420,971
Without donor restrictions - noncontrolling interests	-	21,625	54,097	75,722	-	8,911	71,908	80,819
Total unrestricted net assets	3,659,176	731,468	(73,667)	4,316,977	3,802,995	781,380	(82,585)	4,501,790
With donor restrictions	2,178	78,195	-	80,373	2,190	82,542	-	84,732
Total net assets	3,661,354	809,663	(73,667)	4,397,350	3,805,185	863,922	(82,585)	4,586,522
Total liabilities and net assets	\$ 7,187,040	\$ 1,263,594	\$ (105,496)	\$ 8,345,138	\$ 6,418,529	\$ 1,268,652	\$ (111,138)	\$ 7,576,043

NOVANT HEALTH, INC.
STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 2020 AND 2019

<i>(in thousands of dollars)</i>	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Cash flows from operating activities		
(Decrease) increase in net assets	\$ (189,172)	\$ 279,532
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation, amortization, and accretion	129,063	128,992
Gain on sale of real estate	(529)	(951)
Gain on sale of consolidated entities	-	(15,842)
Share of earnings in affiliates, net of distributions	18,053	(924)
Net realized and unrealized losses (gains) on assets limited as to use and investments	196,776	(202,060)
Change in fair value of interest rate swap	14,326	8,383
Contributions restricted for capital	(942)	(2,143)
Changes in operating assets and liabilities, net of assets acquired and liabilities assumed		
Accounts receivable	59,390	(57,084)
Accounts payable and accrued liabilities	7,345	(32,911)
Other assets and liabilities, net	2,675	20,322
Net cash provided by operating activities	<u>236,985</u>	<u>125,314</u>
Cash flows from investing activities		
Capital expenditures	(183,714)	(186,631)
Proceeds from sale of long-term investments	1,319,350	611,300
Purchase of long-term investments	(1,352,926)	(519,585)
Proceeds from sale of short-term investments	188,544	375,344
Purchase of short-term investments	(294,732)	(238,674)
Proceeds from sale of property and equipment	2,213	1,450
Proceeds from sale of consolidated entities	-	14,411
Investments in unconsolidated affiliates	-	(19,928)
Other investing activities	(194)	(568)
Net cash (used in) provided by investing activities	<u>(321,459)</u>	<u>37,119</u>
Cash flows from financing activities		
Principal payments on long-term debt	-	(3,649)
Proceeds from the issuance of long-term debt	264,165	-
Proceeds from sale of accounts receivable, net	15,034	21,374
Cash proceeds from repurchase agreements, net	90,263	91
Cash proceeds from revolving credit facility	471,985	54,500
Other financing activities	2,029	2,255
Net cash provided by financing activities	<u>843,476</u>	<u>74,571</u>
Net increase in cash and cash equivalents	759,002	237,004
Cash, cash equivalents and restricted cash		
Beginning of year	<u>634,049</u>	<u>302,331</u>
End of quarter	<u>\$ 1,393,051</u>	<u>\$ 539,335</u>

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 June 30, 2019 statement of cash flows has been restated.

**NOVANT HEALTH, INC.
COMBINED GROUP STATISTICS
FOR THE THREE MONTHS ENDED JUNE 30, 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	
														June 30, 2020	June 30, 2019
<u>INPATIENT STATISTICS</u>															
Average Daily Census	421	98	68	23	18	510	7	66	32	26	9	101	17	1,396	1,606
Discharges	6,934	2,575	1,777	684	589	7,746	196	922	818	612	454	2,097	474	25,878	30,027
Average Length of Stay	5.5	3.5	3.5	3.1	2.8	6.0	3.2	6.6	3.5	3.9	1.8	4.4	3.2	4.9	4.9
Patient Days	38,353	8,945	6,227	2,091	1,660	46,453	628	6,042	2,903	2,405	804	9,179	1,539	127,229	146,122
<u>ADJUSTED STATISTICS</u>															
Adjusted Patient Days	71,585	17,839	15,783	3,562	5,375	70,236	3,122	13,285	8,124	6,440	1,854	16,346	4,549	238,100	294,991
Adjusted Discharges	12,942	5,135	4,504	1,165	1,907	11,712	974	2,027	2,289	1,639	1,047	3,734	1,401	50,476	63,798
<u>OUTPATIENT STATISTICS</u>															
ED Visits	13,887	7,971	7,169	-	4,231	15,864	-	5,836	5,774	6,375	3,440	7,314	3,978	81,839	123,920
Novant Health Medical Group Encounters	-	-	-	-	-	-	-	-	-	-	-	-	-	1,009,736	1,250,288
Cases	37,502	16,350	16,070	9,382	9,011	29,851	7,624	11,076	14,706	9,889	7,135	12,393	8,706	189,695	252,994
<u>SURGERY STATISTICS</u>															
IP Surgical Cases	1,047	377	302	661	44	1,867	213	186	260	189	345	119	132	5,742	7,340
OP Surgical Cases	3,045	739	856	1,461	191	2,185	1,830	648	788	388	326	250	319	13,026	18,177
Total Surgical Cases	4,092	1,116	1,158	2,122	235	4,052	2,043	834	1,048	577	671	369	451	18,768	25,517
<u>OTHER STATISTICS</u>															
Total Births	1,513	571	381	-	130	1,012	-	145	109	-	-	511	18	4,390	4,751
Cath Lab Patients	452	338	143	-	-	1,024	-	12	9	-	-	222	-	2,200	2,853
Open Heart Surgeries	68	-	-	-	-	81	-	-	-	-	-	-	-	149	227
Endoscopy Procedures	1,006	485	590	-	66	1,285	-	111	323	-	-	63	171	4,100	6,199
Radiology Procedures	36,210	19,402	16,949	3,720	9,487	48,363	893	10,453	13,171	10,524	6,361	14,284	10,336	200,153	264,151
Licensed Beds	576	157	139	48	36	859	22	146	74	50	36	130	60	2,333	2,333
Staffed Beds	447	100	82	26	22	557	10	73	42	32	12	105	20	1,528	1,859
Occupancy as % of Staffed Beds	94.2%	98.0%	82.9%	88.5%	81.8%	91.6%	70.0%	90.4%	76.2%	81.3%	75.0%	96.2%	85.0%	91.4%	86.4%

**NOVANT HEALTH, INC.
COMBINED GROUP STATISTICS
FOR THE SIX MONTHS ENDED JUNE 30, 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	Six Months Ended	
														June 30, 2020	June 30, 2019
<u>INPATIENT STATISTICS</u>															
Average Daily Census	446	113	76	25	22	554	7	69	36	29	11	97	23	1,508	1,632
Discharges	14,764	5,528	3,903	1,475	1,301	16,657	421	2,062	1,832	1,407	1,096	4,028	1,403	55,877	60,747
Average Length of Stay	5.5	3.7	3.6	3.1	3.0	6.1	3.2	6.1	3.6	3.7	1.9	4.4	3.0	4.9	4.9
Patient Days	81,230	20,628	13,865	4,511	3,951	100,787	1,331	12,480	6,530	5,267	2,041	17,579	4,264	274,464	295,461
<u>ADJUSTED STATISTICS</u>															
Adjusted Patient Days	154,152	41,996	35,233	7,355	13,484	156,810	6,760	29,323	18,913	14,371	4,518	35,672	12,774	531,361	588,396
Adjusted Discharges	28,018	11,254	9,918	2,405	4,440	25,916	2,138	4,845	5,306	3,839	2,426	8,174	4,203	112,882	126,867
<u>OUTPATIENT STATISTICS</u>															
ED Visits	36,572	19,032	17,341	-	10,826	37,296	-	14,282	13,770	15,594	8,588	18,444	10,322	202,067	248,315
Novant Health Medical Group Encounters	-	-	-	-	-	-	-	-	-	-	-	-	-	2,289,858	2,599,793
Cases	90,967	40,122	36,874	13,168	20,242	67,580	11,675	25,330	33,202	22,175	15,091	32,897	23,803	433,126	504,170
<u>SURGERY STATISTICS</u>															
IP Surgical Cases	2,281	819	643	1,450	100	4,146	441	409	564	426	791	337	261	12,668	14,651
OP Surgical Cases	6,934	1,613	1,814	2,946	407	5,218	4,096	1,664	1,699	1,000	784	772	749	29,696	36,143
Total Surgical Cases	9,215	2,432	2,457	4,396	507	9,364	4,537	2,073	2,263	1,426	1,575	1,109	1,010	42,364	50,794
<u>OTHER STATISTICS</u>															
Total Births	3,000	1,138	758	-	259	1,998	-	289	233	-	-	728	295	8,698	9,521
Cath Lab Patients	982	807	336	-	-	2,186	-	39	16	-	-	512	-	4,878	5,628
Open Heart Surgeries	158	-	-	-	-	171	-	-	-	-	-	-	-	329	469
Endoscopy Procedures	2,512	1,166	1,370	-	139	2,928	-	293	732	-	-	315	526	9,981	12,318
Radiology Procedures	79,103	44,197	37,884	7,840	22,788	106,466	1,959	24,842	30,135	24,191	14,937	36,470	25,742	456,554	528,896
Licensed Beds	576	157	139	48	36	859	22	146	74	50	36	130	60	2,333	2,333
Staffed Beds	477	116	92	28	26	606	10	77	47	34	15	103	27	1,658	1,889
Occupancy as % of Staffed Beds	93.5%	97.4%	82.6%	89.3%	84.6%	91.4%	70.0%	89.6%	76.6%	85.3%	73.3%	94.2%	85.2%	91.0%	86.4%