



**FINANCIAL AND STATISTICAL REPORT**  
**December 31, 2018**  
**(UNAUDITED)**

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

(in thousands of dollars)

	December 31, 2018				December 31, 2017			
	Combined Group	Unrestricted Affiliates	Eliminations	Total	Combined Group	Unrestricted Affiliates	Eliminations	Total
<b>Operating revenues</b>								
Net patient service revenues	\$ 1,132,903	\$ 139,431	\$ -	\$ 1,272,334	\$ 1,040,999	\$ 116,418	\$ -	\$ 1,157,417
Other revenue	64,405	61,503	(35,397)	90,511	44,344	43,755	(4,998)	83,101
Total operating revenues	<u>1,197,308</u>	<u>200,934</u>	<u>(35,397)</u>	<u>1,362,845</u>	<u>1,085,343</u>	<u>160,173</u>	<u>(4,998)</u>	<u>1,240,518</u>
<b>Operating expenses</b>								
Salaries and employee benefits	633,550	82,465	(1,758)	714,257	595,480	70,893	(1,731)	664,642
Supplies and other	373,497	106,730	(32,819)	447,408	323,970	85,668	(4,557)	405,081
Total operating expenses	<u>1,007,047</u>	<u>189,195</u>	<u>(34,577)</u>	<u>1,161,665</u>	<u>919,450</u>	<u>156,561</u>	<u>(6,288)</u>	<u>1,069,723</u>
Operating cash flow	190,261	11,739	(820)	201,180	165,893	3,612	1,290	170,795
Depreciation and amortization	56,192	11,144	-	67,336	52,176	10,343	-	62,519
Interest	17,362	2,543	-	19,905	14,344	2,190	-	16,534
Operating income (loss)	116,707	(1,948)	(820)	113,939	99,373	(8,921)	1,290	91,742
<b>Non-operating income (expense)</b>								
Investment income (loss)	(198,929)	(27,302)	-	(226,231)	73,841	11,577	367	85,785
Other net periodic pension (costs) benefit	(3,588)	(238)	-	(3,826)	(2,079)	2,060	-	(19)
Income tax benefit (expense)	(224)	2,342	-	2,118	(476)	3,357	-	2,881
<b>Excess (deficit) of revenues over expenses</b>	<u>\$ (86,034)</u>	<u>\$ (27,146)</u>	<u>\$ (820)</u>	<u>\$ (114,000)</u>	<u>\$ 170,659</u>	<u>\$ 8,073</u>	<u>\$ 1,657</u>	<u>\$ 180,389</u>

**NOVANT HEALTH, INC.**  
**COMBINED STATEMENTS OF REVENUES AND EXPENSES**  
**FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2018 AND 2017**

(in thousands of dollars)

	December 31, 2018				December 31, 2017			
	Combined Group	Unrestricted Affiliates	Eliminations	Total	Combined Group	Unrestricted Affiliates	Eliminations	Total
<b>Operating revenues</b>								
Net patient service revenues	\$ 4,203,329	\$ 494,096	\$ -	\$ 4,697,425	\$ 3,870,098	\$ 449,216	\$ -	\$ 4,319,314
Other revenue	152,203	193,563	(57,315)	288,451	150,419	144,945	(19,286)	276,078
Total operating revenues	<u>4,355,532</u>	<u>687,659</u>	<u>(57,315)</u>	<u>4,985,876</u>	<u>4,020,517</u>	<u>594,161</u>	<u>(19,286)</u>	<u>4,595,392</u>
<b>Operating expenses</b>								
Salaries and employee benefits	2,447,707	295,499	(6,860)	2,736,346	2,276,240	273,890	(7,093)	2,543,037
Supplies and other	1,343,438	358,541	(44,604)	1,657,375	1,266,288	312,234	(10,286)	1,568,236
Total operating expenses	<u>3,791,145</u>	<u>654,040</u>	<u>(51,464)</u>	<u>4,393,721</u>	<u>3,542,528</u>	<u>586,124</u>	<u>(17,379)</u>	<u>4,111,273</u>
Operating cash flow	564,387	33,619	(5,851)	592,155	477,989	8,037	(1,907)	484,119
Depreciation and amortization	213,492	36,142	-	249,634	200,057	40,904	-	240,961
Interest	60,653	9,665	-	70,318	59,598	9,121	-	68,719
Operating income (loss)	290,242	(12,188)	(5,851)	272,203	218,334	(41,988)	(1,907)	174,439
<b>Non-operating income (expense)</b>								
Investment income (loss)	(139,243)	(21,266)	-	(160,509)	268,987	37,353	1,507	307,847
Other net periodic pension (costs) benefit	(16,021)	(2,191)	-	(18,212)	(2,793)	1,405	-	(1,388)
Income tax benefit (expense)	(515)	1,045	-	530	(5,112)	2,084	-	(3,028)
<b>Excess (deficit) of revenues over expenses</b>	<u>\$ 134,463</u>	<u>\$ (34,600)</u>	<u>\$ (5,851)</u>	<u>\$ 94,012</u>	<u>\$ 479,416</u>	<u>\$ (1,146)</u>	<u>\$ (400)</u>	<u>\$ 477,870</u>

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

	December 31, 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	\$ 142,480	\$ 86,173	\$ -	\$ 228,653	\$ 335,358	\$ 73,340	\$ -	\$ 408,698
Accounts receivable, net	498,832	71,242	-	570,074	459,011	59,491	-	518,502
Short-term investments	485,293	159	-	485,452	299,912	159	-	300,071
Current portion of assets limited as to use	9,477	11,419	-	20,896	6,484	12,229	-	18,713
Receivable for settlement with third-party payors	10,314	2,926	-	13,240	17,881	3,351	-	21,232
Other current assets	162,378	39,083	(9,110)	192,351	172,113	25,869	(934)	197,048
Total current assets	1,308,774	211,002	(9,110)	1,510,666	1,290,759	174,439	(934)	1,464,264
Assets limited as to use	135,075	44,956	-	180,031	137,527	43,613	-	181,140
Long-term investments	1,872,533	284,344	-	2,156,877	2,003,142	311,542	-	2,314,684
Property and equipment, net	1,753,509	415,565	-	2,169,074	1,678,436	340,472	-	2,018,908
Intangible assets and goodwill, net	242,051	81,040	-	323,091	244,337	81,579	-	325,916
Investments in affiliates	100,304	25,137	(75,358)	50,083	75,278	23,678	(55,480)	43,476
Deferred tax asset	-	10,725	-	10,725	-	4,594	-	4,594
Other assets	90,455	18,776	-	109,231	84,612	26,477	-	111,089
Total assets	\$ 5,502,701	\$ 1,091,545	\$ (84,468)	\$ 6,509,778	\$ 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	\$ 303,790	\$ 1,305	\$ -	\$ 305,095	\$ 62,880	\$ 4,729	\$ -	\$ 67,609
Short-term borrowings	87,558	-	-	87,558	88,041	8	-	88,049
Accounts payable	184,445	25,392	(2,859)	206,978	173,299	21,439	-	194,738
Accrued liabilities	337,271	54,041	-	391,312	362,595	52,291	(535)	414,351
Estimated third-party payor settlements	31,582	3,965	-	35,547	35,554	4,152	-	39,706
Due to (from) related organizations	(346,180)	346,180	-	-	(247,053)	247,053	-	-
Total current liabilities	598,466	430,883	(2,859)	1,026,490	475,316	329,672	(535)	804,453
Long-term debt, net of current portion	1,045,276	15,601	-	1,060,877	1,316,794	26,882	-	1,343,676
Deferred tax liability	-	5,928	-	5,928	-	1,158	-	1,158
Derivative financial instruments	36,370	-	-	36,370	44,832	-	-	44,832
Employee benefits and other liabilities	284,711	56,502	-	341,213	281,729	58,345	-	340,074
Total liabilities	1,964,823	508,914	(2,859)	2,470,878	2,118,671	416,057	(535)	2,534,193
<b>Net assets</b>								
Without donor restrictions- attributable to Novant Health	3,535,689	485,609	(143,647)	3,877,651	3,393,231	503,772	(118,749)	3,778,254
Without donor restrictions - noncontrolling interests	-	21,678	62,038	83,716	-	14,769	62,870	77,639
Total unrestricted net assets	3,535,689	507,287	(81,609)	3,961,367	3,393,231	518,541	(55,879)	3,855,893
With donor restrictions	2,189	75,344	-	77,533	2,189	71,796	-	73,985
Total net assets	3,537,878	582,631	(81,609)	4,038,900	3,395,420	590,337	(55,879)	3,929,878
Total liabilities and net assets	\$ 5,502,701	\$ 1,091,545	\$ (84,468)	\$ 6,509,778	\$ 5,514,091	\$ 1,006,394	\$ (56,414)	\$ 6,464,071

**NOVANT HEALTH, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2018 AND 2017**

<i>(in thousands of dollars)</i>	<b>December 31, 2018</b>	<b>December 31, 2017</b>
<b>Cash flows from operating activities</b>		
Increase in net assets	\$ 109,022	\$ 481,541
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation, amortization, and accretion	249,739	244,278
Gain on sale of real estate	(3,534)	(3,997)
Actuarial loss on pension and postretirement benefits	19,063	684
Change in funded status of defined benefit plans	(3,064)	739
Share of earnings in affiliates, net of distributions	(12,599)	(1,688)
Net realized and unrealized losses (gains) on assets limited as to use and investments	203,400	(282,612)
Change in fair value of interest rate swap	(8,462)	(5,473)
Contributions restricted for capital	(6,296)	(10,288)
Changes in operating assets and liabilities		
Accounts receivable	(88,370)	(32,589)
Accounts payable and accrued liabilities	(16,965)	74,560
Deferred taxes, net	(1,361)	(1,595)
Other assets and liabilities, net	(7,408)	(6,702)
Net cash provided by operating activities	<u>433,165</u>	<u>456,858</u>
<b>Cash flows from investing activities</b>		
Capital expenditures	(390,843)	(286,213)
Proceeds from sale of long-term investments	1,516,947	1,548,043
Purchase of long-term investments	(1,549,561)	(1,582,752)
Proceeds from sales of short-term investments	680,178	495,034
Purchase of short-term investments	(863,874)	(534,421)
Proceeds from sale of property and equipment	6,594	5,535
Investments in unconsolidated affiliates	(1,519)	(8,898)
Other investing activities	(594)	(4,524)
Net cash used in investing activities	<u>(602,672)</u>	<u>(368,196)</u>
<b>Cash flows from financing activities</b>		
Principal payments on long-term debt	(82,832)	(141,650)
Proceeds from issuance of bonds, net of deferred issuance costs	-	113,235
Proceeds from sale of accounts receivable, net	37,788	34,333
Cash proceeds from repurchase agreements, net	3,489	4,513
Proceeds from revolving credit facility	31,500	49,000
Cash paid for consolidated entities	-	(9,800)
Other financing activities	(483)	9,417
Net cash provided by (used in) financing activities	<u>(10,538)</u>	<u>59,048</u>
Net increase (decrease) in cash and cash equivalents	(180,045)	147,710
<b>Cash and cash equivalents</b>		
Beginning of year	<u>408,698</u>	<u>260,988</u>
End of year	<u>\$ 228,653</u>	<u>\$ 408,698</u>

NOVANT HEALTH, INC.  
COMBINED GROUP STATISTICS  
FOR THE THREE MONTHS ENDED DECEMBER 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	
														December 31, 2018	December 31, 2017
<b><u>INPATIENT STATISTICS</u></b>															
Average Daily Census	428	112	75	21	626	7	65	39	30	12	74	24	-	1,513	1,506
Discharges	7,423	2,814	2,104	814	9,694	225	1,182	1,093	837	588	1,604	768	-	29,146	28,170
Average Length of Stay	5.3	3.8	3.3	2.2	5.8	2.9	5.5	3.3	3.2	1.9	4.2	2.9	-	4.7	4.9
Patient Days	39,338	10,284	6,874	1,891	57,610	681	5,966	3,568	2,749	1,091	6,810	2,248	-	139,110	138,568
<b><u>ADJUSTED STATISTICS</u></b>															
Adjusted Patient Days	78,534	22,662	17,845	2,891	91,728	3,635	15,320	10,615	7,202	2,204	17,151	8,505	-	278,292	277,576
Adjusted Discharges	14,819	6,201	5,462	1,245	15,435	1,201	3,035	3,252	2,193	1,188	4,040	2,906	-	60,977	58,954
<b><u>OUTPATIENT STATISTICS</u></b>															
ED Visits	22,679	12,015	10,025	-	21,167	-	8,594	7,336	9,098	4,979	10,949	6,420	-	113,262	112,254
Encounters	-	-	-	-	-	-	-	-	-	-	-	-	1,254,500	1,254,500	1,203,386
Cases	53,406	25,534	19,364	4,192	37,296	3,904	14,925	17,884	13,063	6,776	24,073	16,798	-	237,215	230,328
<b><u>SURGERY STATISTICS</u></b>															
IP Surgical Cases	1,319	467	425	960	2,594	227	220	299	362	466	207	91	-	7,637	6,779
OP Surgical Cases	4,601	1,003	1,047	1,830	4,028	2,158	1,009	966	624	422	444	373	-	18,505	18,229
Total Surgical Cases	5,920	1,470	1,472	2,790	6,622	2,385	1,229	1,265	986	888	651	464	-	26,142	25,008
<b><u>OTHER STATISTICS</u></b>															
Total Births	1,401	549	444	-	1,602	-	166	129	-	-	221	227	-	4,739	4,854
Cath Lab Procedures	1,105	459	-	-	1,574	-	44	-	-	-	-	-	-	3,182	3,098
Open Heart Surgeries	110	-	-	-	137	-	-	-	-	-	-	-	-	247	268
Endoscopy Procedures	1,615	730	810	-	1,593	-	215	519	-	-	241	386	-	6,109	6,401
Radiology Procedures	42,406	26,517	20,504	4,472	59,407	1,128	13,768	17,014	14,213	7,840	23,643	16,213	-	247,125	240,001
Licensed Beds	572	157	91	64	927	22	146	74	50	36	130	60	-	2,329	2,303
Staffed Beds	488	131	92	23	719	18	76	55	38	15	74	24	-	1,753	1,721
Occupancy as % of Staffed Beds	87.7%	85.6%	81.2%	88.1%	87.1%	40.7%	85.0%	71.1%	78.6%	79.1%	100.5%	100.4%	-	86.3%	87.5%

**NOVANT HEALTH, INC.**  
**COMBINED GROUP STATISTICS**  
**FOR THE TWELVE MONTHS ENDED DECEMBER 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	Twelve Months Ended	
														December 31, 2018	December 31, 2017
<b><u>INPATIENT STATISTICS</u></b>															
Average Daily Census	422	110	74	19	646	7	72	41	30	12	77	24	-	1,534	1,488
Discharges	28,697	11,385	8,100	3,082	39,834	890	4,954	4,433	3,251	2,118	6,644	3,131	-	116,519	112,700
Average Length of Stay	5.4	3.6	3.4	2.2	5.9	3.0	5.4	3.4	3.4	2.0	4.2	2.8	-	4.8	4.8
Patient Days	153,891	40,165	27,092	6,921	235,639	2,711	26,329	15,036	10,955	4,219	27,956	8,732	-	559,646	543,007
<b><u>ADJUSTED STATISTICS</u></b>															
Adjusted Patient Days	310,658	91,281	70,285	10,357	371,389	14,748	66,031	43,957	30,019	9,011	68,111	32,831	-	1,118,678	1,086,147
Adjusted Discharges	57,930	25,874	21,014	4,612	62,782	4,842	12,424	12,960	8,908	4,524	16,187	11,772	-	243,829	235,212
<b><u>OUTPATIENT STATISTICS</u></b>															
ED Visits	90,636	49,830	39,692	-	84,972	-	34,041	31,536	35,997	20,062	44,479	25,666	-	456,911	454,892
Encounters	-	-	-	-	-	-	-	-	-	-	-	-	4,854,763	4,854,763	4,523,799
Cases	205,013	102,146	76,194	13,412	148,590	15,874	61,329	69,364	51,849	27,739	92,477	63,940	-	927,927	910,707
<b><u>SURGERY STATISTICS</u></b>															
IP Surgical Cases	5,110	1,616	1,551	3,460	10,223	900	841	1,103	1,336	1,593	807	326	-	28,866	27,056
OP Surgical Cases	18,518	4,002	3,826	5,077	15,609	8,610	3,839	3,736	3,032	1,705	1,744	1,387	-	71,085	68,572
Total Surgical Cases	23,628	5,618	5,377	8,537	25,832	9,510	4,680	4,839	4,368	3,298	2,551	1,713	-	99,951	95,628
<b><u>OTHER STATISTICS</u></b>															
Total Births	5,467	2,306	1,734	-	6,514	-	644	489	-	-	1,012	949	-	19,115	18,743
Cath Lab Procedures	4,323	1,716	-	-	6,480	-	174	-	-	-	-	-	-	12,693	12,470
Open Heart Surgeries	392	-	-	-	609	-	-	-	-	-	-	-	-	1,001	1,077
Endoscopy Procedures	6,390	2,887	3,245	-	6,338	-	977	2,417	-	-	1,014	1,336	-	24,604	25,150
Radiology Procedures	167,808	105,700	80,279	16,066	240,963	4,563	54,969	65,920	55,490	30,293	93,850	63,002	-	978,903	953,033
Licensed Beds	572	157	91	64	927	22	146	74	50	36	130	60	-	2,329	2,303
Staffed Beds	480	132	91	21	734	18	83	55	38	15	77	24	-	1,768	1,685
Occupancy as % of Staffed Beds	87.8%	83.5%	81.6%	89.5%	87.9%	40.6%	87.1%	74.6%	78.5%	77.5%	100.1%	100.0%	-	86.8%	88.3%