



FINANCIAL AND STATISTICAL REPORT
March 31, 2017
(UNAUDITED)

PAGE

1. Combined Statements of Revenues and Expenses for the three months ended March 31, 2017 and 2016
2. Combining Balance Sheets as of March 31, 2017 and December 31, 2016
3. Statements of Cash Flows for the three months ended March 31, 2017 and 2016
4. Combined Group Statistics for the three months ended March 31, 2017 and 2016

NOVANT HEALTH, INC.
COMBINED STATEMENTS OF REVENUES AND EXPENSES
FOR THE THREE MONTHS ENDED MARCH 31, 2017 AND 2016

(in thousands of dollars)

	March 31, 2017				March 31, 2016			
	Combined Group	Unrestricted Affiliates	Eliminations	Total	Combined Group	Unrestricted Affiliates	Eliminations	Total
Operating revenues								
Patient service revenues (net of contractual allowances and discounts)	\$ 985,158	\$ 121,803	\$ -	\$ 1,106,961	\$ 909,811	\$ 112,872	\$ -	\$ 1,022,683
Provision for bad debts	(42,765)	(7,803)	-	(50,568)	(48,149)	(5,820)	-	(53,969)
Net patient service revenues less provision for bad debts	942,393	114,000	-	1,056,393	861,662	107,052	-	968,714
Other revenue	28,492	45,208	(15,852)	57,848	38,851	17,382	(5,001)	51,232
Total operating revenues	<u>970,885</u>	<u>159,208</u>	<u>(15,852)</u>	<u>1,114,241</u>	<u>900,513</u>	<u>124,434</u>	<u>(5,001)</u>	<u>1,019,946</u>
Operating expenses								
Salaries and employee benefits	560,458	68,029	(1,580)	626,907	494,744	67,846	(9,937)	552,653
Supplies and other	308,771	88,580	(13,319)	384,032	293,109	45,812	5,232	344,153
Total operating expenses	<u>869,229</u>	<u>156,609</u>	<u>(14,899)</u>	<u>1,010,939</u>	<u>787,853</u>	<u>113,658</u>	<u>(4,705)</u>	<u>896,806</u>
Operating cash flow	101,656	2,599	(953)	103,302	112,660	10,776	(296)	123,140
Depreciation and amortization	48,885	10,060	-	58,945	47,555	10,570	-	58,125
Interest	14,545	2,293	-	16,838	17,953	3,879	-	21,832
Operating income (loss)	38,226	(9,754)	(953)	27,519	47,152	(3,673)	(296)	43,183
Non-operating income (expense)								
Investment income (loss)	85,856	9,437	380	95,673	17,485	(2,306)	321	15,500
Other net periodic pension costs	(618)	(133)	-	(751)	(1,726)	(255)	-	(1,981)
Income tax expense	-	(472)	-	(472)	-	(325)	-	(325)
Other, net	-	81	-	81	(6)	(19)	-	(25)
Excess (deficit) of revenues over expenses	<u>\$ 123,464</u>	<u>\$ (841)</u>	<u>\$ (573)</u>	<u>\$ 122,050</u>	<u>\$ 62,905</u>	<u>\$ (6,578)</u>	<u>\$ 25</u>	<u>\$ 56,352</u>

NOVANT HEALTH, INC.
COMBINING BALANCE SHEETS

<i>(in thousands of dollars)</i>	March 31, 2017				December 31, 2016			
	Combined Group	Unrestricted Affiliates	Eliminations	Total	Combined Group	Unrestricted Affiliates	Eliminations	Total
Assets								
Current assets								
Cash and cash equivalents	\$ 159,958	\$ 55,696	\$ -	\$ 215,654	\$ 210,738	\$ 50,250	\$ -	\$ 260,988
Accounts receivable, net	455,173	63,686	-	518,859	460,672	50,977	-	511,649
Short-term investments	289,967	58	-	290,025	260,261	58	-	260,319
Current portion of assets limited as to use	6,496	12,090	-	18,586	6,496	12,090	-	18,586
Deferred tax asset	3	3,251	-	3,254	-	-	-	-
Current assets held for sale	-	-	-	-	-	14,173	-	14,173
Receivable for settlement with third-party payors	25,631	6,784	-	32,415	9,734	4,163	-	13,897
Other current assets	146,493	28,351	(1,940)	172,904	166,382	15,456	(88)	181,750
Total current assets	1,083,721	169,916	(1,940)	1,251,697	1,114,283	147,167	(88)	1,261,362
Assets limited as to use	115,182	39,182	-	154,364	105,207	41,917	-	147,124
Long-term assets held for sale	-	-	-	-	-	57,193	-	57,193
Long-term investments	1,831,754	274,833	-	2,106,587	1,750,494	264,194	-	2,014,688
Property and equipment, net	1,659,101	298,553	-	1,957,654	1,653,746	287,146	(250)	1,940,642
Intangible assets and goodwill, net	246,060	84,355	-	330,415	246,015	41,814	(363)	287,466
Investments in affiliates	74,776	23,030	(63,161)	34,645	68,272	19,118	(55,344)	32,046
Other assets	78,584	18,263	-	96,847	82,592	24,419	-	107,011
Total assets	\$ 5,089,178	\$ 908,132	\$ (65,101)	\$ 5,932,209	\$ 5,020,609	\$ 882,968	\$ (56,045)	\$ 5,847,532
Liabilities and Net Assets								
Current liabilities								
Current portion of long-term debt	\$ 62,329	\$ 4,922	\$ -	\$ 67,251	\$ 64,735	\$ 1,889	\$ -	\$ 66,624
Short-term borrowings	83,283	76	-	83,359	83,528	99	-	83,627
Accounts payable	124,087	17,128	-	141,215	142,429	17,763	-	160,192
Accrued liabilities	303,563	55,106	(1,365)	357,304	320,334	38,439	(88)	358,685
Current liabilities held for sale	-	-	-	-	-	13,498	-	13,498
Estimated third-party payor settlements	30,354	4,896	-	35,250	28,462	4,834	-	33,296
Due to (from) related organizations	(172,129)	172,129	-	-	(146,500)	146,500	-	-
Total current liabilities	431,487	254,257	(1,365)	684,379	492,988	223,022	(88)	715,922
Long-term debt, net of current portion	1,299,109	28,056	-	1,327,165	1,294,663	31,147	-	1,325,810
Deferred tax liability	-	1,863	-	1,863	-	-	-	-
Long-term liabilities held for sale	-	-	-	-	-	1,682	-	1,682
Derivative financial instruments	48,101	-	-	48,101	50,305	-	-	50,305
Employee benefits and other liabilities	261,131	51,987	-	313,118	248,052	57,424	-	305,476
Total liabilities	2,039,828	336,163	(1,365)	2,374,626	2,086,008	313,275	(88)	2,399,195
Net assets								
Unrestricted- attributable to Novant Health	3,047,160	490,560	(124,926)	3,412,794	2,931,737	479,258	(119,326)	3,291,669
Unrestricted - noncontrolling interests	-	23,997	61,190	85,187	675	32,576	63,369	96,620
Total unrestricted net assets	3,047,160	514,557	(63,736)	3,497,981	2,932,412	511,834	(55,957)	3,388,289
Temporarily restricted	2,190	46,095	-	48,285	2,189	46,578	-	48,767
Permanently restricted	-	11,317	-	11,317	-	11,281	-	11,281
Total net assets	3,049,350	571,969	(63,736)	3,557,583	2,934,601	569,693	(55,957)	3,448,337
Total liabilities and net assets	\$ 5,089,178	\$ 908,132	\$ (65,101)	\$ 5,932,209	\$ 5,020,609	\$ 882,968	\$ (56,045)	\$ 5,847,532

NOVANT HEALTH, INC.
STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2017 AND 2016

<i>(in thousands of dollars)</i>	March 31, 2017	March 31, 2016
Cash flows from operating activities		
Increase in net assets	\$ 109,246	\$ 143,819
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation, amortization, and accretion	58,632	59,490
Gain on sale of real estate	(999)	(1,160)
Increase in unrestricted net assets related to consolidated affiliated entities	-	(97,338)
Share of earnings in affiliates, net of distributions	358	241
Net realized and unrealized gains on assets limited as to use and investments	(88,622)	(11,774)
Change in fair value of interest rate swap	(2,204)	9,229
Contributions restricted for capital and long-term investment	(60)	-
Provision for bad debts	50,568	53,969
Changes in operating assets and liabilities		
Accounts receivable	(58,461)	(95,558)
Accounts payable and accrued liabilities	(36,077)	(36,777)
Other assets and liabilities, net	13,202	(11,853)
Net cash provided by operating activities	45,583	12,288
Cash flows from investing activities		
Capital expenditures	(66,631)	(63,013)
Proceeds from sale of long-term investments	219,693	185,621
Purchase of long-term investments	(222,474)	(334,950)
Proceeds from sale of short-term investments	85,176	185,000
Purchases of short-term investments	(114,766)	(80,673)
Proceeds from sale of property and equipment	2,153	321
Other investing activities	(5,107)	9,327
Net cash used in investing activities	(101,956)	(98,367)
Cash flows from financing activities		
Principal payments on long-term debt	(1,083)	(1,940)
Proceeds from sale of accounts receivable, net	7,331	8,413
Cash receipts for repurchase agreements, net	(245)	1,271
Other financing activities	5,036	33
Net cash provided by financing activities	11,039	7,777
Net decrease in cash and cash equivalents	(45,334)	(78,302)
Cash and cash equivalents		
Beginning of year	260,988	354,403
End of quarter	\$ 215,654	\$ 276,101

NOVANT HEALTH, INC.
COMBINED GROUP STATISTICS
FOR THE THREE MONTHS ENDED MARCH 31, 2017 AND 2016

	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	
														March 31, 2017	March 31, 2016
<u>INPATIENT STATISTICS</u>															
Average Daily Census	412	109	73	26	658	9	68	48	29	-	82	21	-	1,535	1,480
Discharges	7,054	2,727	1,895	795	10,624	233	1,195	1,226	745	-	1,741	598	-	28,833	27,306
Average Length of Stay	5.3	3.7	3.5	2.7	5.7	3.4	5.3	3.5	3.6	-	4.2	3.2	-	4.9	4.9
Patient Days	37,035	9,795	6,601	2,384	59,221	806	6,083	4,315	2,638	-	7,370	1,923	-	138,171	134,664
<u>ADJUSTED STATISTICS</u>															
Adjusted Patient Days	72,956	22,545	16,707	3,534	89,854	4,095	15,409	11,618	6,965	-	18,434	7,221	-	269,338	264,756
Adjusted Discharges	13,896	6,277	4,796	1,179	16,119	1,184	3,027	3,301	1,967	-	4,355	2,246	-	58,347	55,913
<u>OUTPATIENT STATISTICS</u>															
ED Visits	24,099	12,473	9,784	-	21,925	-	8,626	8,318	8,522	4,227	11,994	6,233	-	116,201	114,392
Encounters	-	-	-	-	-	-	-	-	-	-	-	-	1,149,751	1,149,751	1,043,080
Cases	47,920	24,866	18,539	3,412	38,065	4,045	15,615	17,110	11,751	5,675	24,817	14,825	-	226,640	203,399
<u>SURGERY STATISTICS</u>															
IP Surgical Cases	1,338	386	365	806	2,741	235	226	284	301	-	199	79	-	6,960	6,490
OP Surgical Cases	4,368	1,055	925	1,035	3,606	2,251	996	865	802	345	450	255	-	16,953	16,485
Total Surgical Cases	5,706	1,441	1,290	1,841	6,347	2,486	1,222	1,149	1,103	345	649	334	-	23,913	22,975
<u>OTHER STATISTICS</u>															
Total Births	1,183	526	391	-	1,512	-	168	121	-	-	340	131	-	4,372	4,394
Cath Lab Procedures	1,181	360	-	-	1,580	-	39	-	-	-	-	-	-	3,160	3,130
Open Heart Surgeries	127	-	-	-	143	-	-	-	-	-	-	-	-	270	226
Endoscopy Procedures	1,488	656	809	-	1,588	-	231	990	-	-	259	331	-	6,352	5,861
Radiology Procedures	39,871	26,091	17,591	4,573	61,029	1,322	13,772	13,484	12,882	5,010	24,233	15,493	-	235,351	228,352
Licensed Beds	597	157	91	80	921	22	146	74	50	-	130	60	-	2,328	2,317
Staffed Beds	464	127	89	29	732	21	77	60	37	-	82	21	-	1,739	1,681
Occupancy as % of Staffed Beds	88.6%	86.0%	82.6%	92.7%	89.9%	43.4%	87.8%	80.2%	80.3%	-	99.9%	100.2%	-	88.3%	88.0%