



FINANCIAL AND STATISTICAL REPORT
March 31, 2016
(UNAUDITED)

PAGE

1. Combined Statements of Revenues and Expenses for the three months ended March 31, 2016 and 2015
2. Combining Balance Sheets as of March 31, 2016 and December 31, 2015
3. Statements of Cash Flows for the three months ended March 31, 2016 and 2015
4. Combined Group Statistics for the three months ended March 31, 2016 and 2015

NOVANT HEALTH, INC.
COMBINED STATEMENTS OF REVENUES AND EXPENSES
FOR THE THREE MONTHS ENDED MARCH 31, 2016 AND 2015

(in thousands of dollars)

	March 31, 2016				March 31, 2015			
	Combined Group	Unrestricted Affiliates	Eliminations	Total	Combined Group	Unrestricted Affiliates	Eliminations	Total
Operating revenues								
Patient service revenues (net of contractual allowances and discounts)	\$ 909,811	\$ 112,872	\$ -	\$ 1,022,683	\$ 832,977	\$ 118,800	\$ -	\$ 951,777
Provision for bad debts	(48,149)	(5,820)	-	(53,969)	(38,631)	(6,415)	-	(45,046)
Net patient service revenues less provision for bad debts	861,662	107,052	-	968,714	794,346	112,385	-	906,731
Other revenue	38,851	17,382	(5,001)	51,232	39,890	12,122	(5,327)	46,685
Total operating revenues	<u>900,513</u>	<u>124,434</u>	<u>(5,001)</u>	<u>1,019,946</u>	<u>834,236</u>	<u>124,507</u>	<u>(5,327)</u>	<u>953,416</u>
Operating expenses								
Salaries and employee benefits	495,341	59,831	(1,667)	553,505	468,745	56,395	(1,480)	523,660
Supplies and other	293,109	54,082	(3,038)	344,153	278,823	60,371	(3,602)	335,592
Total operating expenses	<u>788,450</u>	<u>113,913</u>	<u>(4,705)</u>	<u>897,658</u>	<u>747,568</u>	<u>116,766</u>	<u>(5,082)</u>	<u>859,252</u>
Operating cash flow	112,063	10,521	(296)	122,288	86,668	7,741	(245)	94,164
Depreciation and amortization	47,555	10,570	-	58,125	41,477	10,047	-	51,524
Interest	17,953	3,879	-	21,832	15,362	7,608	-	22,970
Operating income (loss)	46,555	(3,928)	(296)	42,331	29,829	(9,914)	(245)	19,670
Non-operating income (expense)								
Investment income (loss)	16,356	(2,306)	321	14,371	23,411	2,700	245	26,356
Income tax expense	-	(325)	-	(325)	-	(6)	-	(6)
Unrealized gain on non-hedged derivative financial instruments	-	-	-	-	-	71	-	71
Other, net	(6)	(19)	-	(25)	-	51	-	51
Excess (deficit) of revenues over expenses	<u>\$ 62,905</u>	<u>\$ (6,578)</u>	<u>\$ 25</u>	<u>\$ 56,352</u>	<u>\$ 53,240</u>	<u>\$ (7,098)</u>	<u>\$ -</u>	<u>\$ 46,142</u>

NOVANT HEALTH, INC.
COMBINING BALANCE SHEETS

	March 31, 2016				December 31, 2015			
	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	\$ 207,329	\$ 68,772	\$ -	\$ 276,101	\$ 302,757	\$ 51,646	\$ -	\$ 354,403
Accounts receivable, net	423,015	52,055	-	475,070	387,753	44,759	-	432,512
Short-term investments	360,317	57	-	360,374	465,715	57	-	465,772
Current portion of assets limited as to use	195	13,541	-	13,736	195	13,541	-	13,736
Deferred tax asset	-	7,282	-	7,282	-	7,311	-	7,311
Receivable for settlement with third-party payors	23,724	4,330	-	28,054	10,181	418	-	10,599
Other current assets	153,510	33,772	(12,470)	174,812	150,285	20,465	(60)	170,690
Total current assets	1,168,090	179,809	(12,470)	1,335,429	1,316,886	138,197	(60)	1,455,023
Assets limited as to use	7,185	43,891	-	51,076	7,186	39,508	-	46,694
Long-term investments	1,715,174	253,304	-	1,968,478	1,533,438	273,161	-	1,806,599
Property and equipment, net	1,602,769	306,927	-	1,909,696	1,600,051	254,051	-	1,854,102
Intangible assets and goodwill, net	68,317	268,942	-	337,259	61,165	247,050	-	308,215
Investments in affiliates	83,250	7,497	(57,742)	33,005	83,525	7,872	(58,151)	33,246
Other assets	68,332	16,417	(2,273)	82,476	81,612	22,541	(2,273)	101,880
Total assets	\$ 4,713,117	\$ 1,076,787	\$ (72,485)	\$ 5,717,419	\$ 4,683,863	\$ 982,380	\$ (60,484)	\$ 5,605,759
Liabilities and Net Assets								
Current liabilities								
Current portion of long-term debt	\$ 203,867	\$ 17,580	\$ -	\$ 221,447	\$ 161,473	\$ 16,874	\$ -	\$ 178,347
Short-term borrowings	87,866	168	-	88,034	86,594	191	-	86,785
Accounts payable	122,734	19,151	(12,470)	129,415	140,906	7,683	(60)	148,529
Accrued liabilities	320,123	50,586	(2,273)	368,436	334,921	50,438	(2,273)	383,086
Estimated third-party payor settlements	24,374	2,160	-	26,534	22,310	2,034	-	24,344
Due to (from) related organizations	(348,057)	348,057	-	-	(481,753)	481,753	-	-
Total current liabilities	410,907	437,702	(14,743)	833,866	264,451	558,973	(2,333)	821,091
Long-term debt, net of current portion	1,533,561	19,959	-	1,553,520	1,586,516	16,530	-	1,603,046
Deferred tax liability	-	4,138	-	4,138	-	3,843	-	3,843
Derivative financial instruments	67,170	-	-	67,170	57,941	-	-	57,941
Employee benefits and other liabilities	174,396	51,741	-	226,137	176,728	54,341	-	231,069
Total liabilities	2,186,034	513,540	(14,743)	2,684,831	2,085,636	633,687	(2,333)	2,716,990
Net assets								
Unrestricted- attributable to Novant Health	2,524,894	446,062	(97,569)	2,873,387	2,596,038	290,441	(66,112)	2,820,367
Unrestricted - noncontrolling interests	-	64,435	39,827	104,262	-	5,702	7,961	13,663
Total unrestricted net assets	2,524,894	510,497	(57,742)	2,977,649	2,596,038	296,143	(58,151)	2,834,030
Temporarily restricted	2,189	41,720	-	43,909	2,189	41,569	-	43,758
Permanently restricted	-	11,030	-	11,030	-	10,981	-	10,981
Total net assets	2,527,083	563,247	(57,742)	3,032,588	2,598,227	348,693	(58,151)	2,888,769
Total liabilities and net assets	\$ 4,713,117	\$ 1,076,787	\$ (72,485)	\$ 5,717,419	\$ 4,683,863	\$ 982,380	\$ (60,484)	\$ 5,605,759

NOVANT HEALTH, INC.
STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2016 AND 2015

<i>(in thousands of dollars)</i>	<u>March 31, 2016</u>	<u>March 31, 2015</u>
Cash flows from operating activities		
Increase in net assets	\$ 143,819	\$ 43,076
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation, amortization, and accretion	59,490	52,527
Gain on sale of real estate	(1,160)	(1,596)
Increase in unrestricted net assets related to consolidated affiliated entities	(97,338)	-
Share of earnings in affiliates, net of distributions	241	(432)
Net realized and unrealized gains on assets limited as to use and investments	(11,774)	(23,767)
Change in fair value of interest rate swap	9,229	4,344
Provision for bad debts	53,969	45,046
Changes in operating assets and liabilities		
Accounts receivable	(95,558)	(52,391)
Accounts payable and accrued liabilities	(36,777)	(79,098)
Other assets and liabilities, net	(11,853)	(1,785)
Net cash provided by (used in) operating activities	<u>12,288</u>	<u>(14,076)</u>
Cash flows from investing activities		
Capital expenditures	(63,013)	(50,354)
Proceeds from sale of long-term investments	185,621	198,675
Purchase of long-term investments	(334,950)	(219,311)
Proceeds from sale of short-term investments	185,000	85,000
Purchases of short-term investments	(80,673)	(55,101)
Investments in consolidated affiliated entities	9,081	-
Repayment of notes receivable and other, net	246	846
Net cash used in investing activities	<u>(98,367)</u>	<u>(39,195)</u>
Cash flows from financing activities		
Principal payments on long-term debt	(1,940)	-
Proceeds from sale of accounts receivable, net	8,413	3,269
Payments on line of credit and other financing	-	(1,227)
Proceeds from contributions restricted for capital and long-term investment	33	-
Cash receipts for repurchase agreements, net	1,271	4,963
Net cash provided by financing activities	<u>7,777</u>	<u>7,005</u>
Net decrease in cash and cash equivalents	(78,302)	(46,266)
Cash and cash equivalents		
Beginning of year	<u>354,403</u>	<u>328,797</u>
End of quarter	<u>\$ 276,101</u>	<u>\$ 282,531</u>

NOVANT HEALTH, INC.
COMBINED GROUP STATISTICS
FOR THE THREE MONTHS ENDED MARCH 31, 2016 AND 2015

	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, 2016	March 31, 2015
<u>INPATIENT STATISTICS</u>															
Average Daily Census	375	110	66	29	639	9	75	47	25	-	87	18	-	1,480	1,556
Discharges	6,610	2,464	1,718	737	10,038	231	1,167	1,172	648	-	1,963	586	-	27,334	28,478
Average Length of Stay	5.2	3.9	3.5	3.5	5.7	3.6	6.1	3.6	3.4	-	4.0	2.8	-	4.9	5.0
Patient Days	34,135	9,994	5,963	2,643	58,135	830	6,833	4,241	2,304	-	7,946	1,640	-	134,664	140,035
<u>ADJUSTED STATISTICS</u>															
Adjusted Patient Days	68,535	22,959	14,971	4,044	88,566	4,089	16,928	11,697	6,349	-	20,176	6,442	-	264,756	259,241
Adjusted Discharges	13,271	5,661	4,313	1,128	15,292	1,138	2,891	3,232	1,786	-	4,984	2,302	-	55,998	54,597
<u>OUTPATIENT STATISTICS</u>															
ED Visits	24,009	12,627	9,603	-	22,237	-	8,602	7,712	7,969	3,850	12,201	5,582	-	114,392	112,642
Encounters	-	-	-	-	-	-	-	-	-	-	-	-	1,041,454	1,041,454	995,865
Cases	47,047	23,067	17,078	3,103	32,323	4,116	14,922	15,910	10,657	4,463	19,742	10,912	-	203,340	197,549
<u>SURGERY STATISTICS</u>															
IP Surgical Cases	1,263	331	340	695	2,552	214	205	258	275	-	269	88	-	6,490	6,710
OP Surgical Cases	4,324	1,015	826	1,087	3,443	2,133	940	827	732	268	604	286	-	16,485	15,401
Total Surgical Cases	5,587	1,346	1,166	1,782	5,995	2,347	1,145	1,085	1,007	268	873	374	-	22,975	22,111
<u>OTHER STATISTICS</u>															
Total Births	1,185	532	353	-	1,517	-	184	121	-	-	352	150	-	4,394	4,331
Cath Lab Procedures	1,034	274	-	-	1,466	-	43	-	-	-	313	-	-	3,130	3,348
Open Heart Surgeries	106	-	-	-	120	-	-	-	-	-	-	-	-	226	253
Endoscopy Procedures	1,377	667	739	-	1,555	-	250	730	-	-	348	195	-	5,861	5,829
Radiology Procedures	39,196	24,170	15,834	3,901	59,818	1,483	13,286	12,899	11,356	4,202	25,975	16,094	-	228,214	226,201
Licensed Beds	597	146	91	80	921	22	146	74	50	-	130	60	-	2,317	2,317
Staffed Beds	431	115	76	31	713	15	85	58	30	-	88	18	-	1,660	1,661
Occupancy as % of Staffed Beds	87.1%	95.9%	85.7%	92.7%	89.6%	60.1%	88.7%	80.0%	83.0%	0.0%	99.6%	98.3%	0.0%	89.2%	93.7%