



**Secondary Market
Disclosure Information**

September 30, 2018

RWJ BARNABAS HEALTH, INC.

Consolidated Balance Sheets

(In thousands)

Assets	<u>September 30, 2018</u> (unaudited)	<u>December 31, 2017</u> (audited)
Current assets:		
Cash and cash equivalents	\$ 71,760	85,786
Investments	53,607	37,315
Assets limited or restricted as to use	19,807	65,339
Patient accounts receivable, net	504,976	500,377
Other current assets	199,097	174,239
Total current assets	849,247	863,056
Assets limited or restricted as to use, non-current portion		
Investments	230,850	239,020
Property, plant and equipment, net	3,327,142	3,206,160
Other assets, net	2,089,426	2,040,076
Total assets	6,765,778	6,581,911
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	297,959	293,354
Accrued expenses and other current liabilities	622,266	631,582
Estimated amounts due to third party payors	14,955	9,633
Long-term debt	8,147	16,701
Self-insurance liabilities	71,274	65,285
Total current liabilities	1,014,601	1,016,555
Estimated amounts due to third party payors, net of current portion	48,867	48,571
Long-term debt, less current portion	1,792,436	1,803,497
Self insurance liabilities, net of current portion	253,049	235,822
Accrued pension liability	52,076	79,076
Other liabilities	167,635	159,107
Total liabilities	3,328,664	3,342,628
Net assets:		
Unrestricted	3,280,761	3,074,321
Temporarily restricted	122,830	131,468
Permanently restricted	33,523	33,494
Total net assets	3,437,114	3,239,283
Total liabilities and net assets	\$ 6,765,778	6,581,911

See accompanying notes to consolidated financial statements.

RWJ BARNABAS HEALTH, INC.
Consolidated Statements of Operations
(In thousands)
(Unaudited)

	Nine months ended	
	<u>September 30, 2018</u>	<u>September 30, 2017</u>
Revenue:		
Net patient service revenue	\$ 3,593,864	3,399,587
Other revenue, net	384,879	361,435
Total revenue	<u>3,978,743</u>	<u>3,761,022</u>
Expenses:		
Salaries and wages	1,447,867	1,385,896
Physician fees and salaries	366,111	340,900
Employee benefits	308,274	297,241
Supplies	752,879	693,735
Other	701,663	656,673
Interest	53,026	47,014
Depreciation and amortization	169,286	156,376
Total expenses	<u>3,799,106</u>	<u>3,577,835</u>
Income from operations	<u>179,637</u>	<u>183,187</u>
Nonoperating revenue (expenses):		
Investment income, net	79,198	222,454
Other, net	<u>(62,421)</u>	<u>(13,194)</u>
Total nonoperating revenue, net	<u>16,777</u>	<u>209,260</u>
Excess of revenue over expenses	196,414	392,447
Other changes:		
Net change in unrealized (losses) gains on available for sale investments	(37)	303
Pension changes other than net periodic benefit cost	5,184	6,321
Net assets released from restriction for purchases of property and equipment	10,707	26,314
Purchase of noncontrolling interest	(5,887)	-
Other, net	59	(878)
Increase in unrestricted net assets	<u>\$ 206,440</u>	<u>424,507</u>

See accompanying notes to consolidated financial statements.

RWJ BARNABAS HEALTH, INC.

Consolidated Statements of Changes in Net Assets

(In thousands)

(Unaudited)

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total net assets</u>
Net assets at December 31, 2016	\$ 2,433,305	117,439	30,339	2,581,083
Changes in net assets:				
Excess of revenues over expenses	392,447	-	-	392,447
Net change unrealized gains and losses	303	1	-	304
Pension related changes other than net periodic benefit cost	6,321	-	-	6,321
Change in interest in restricted net assets of unconsolidated foundations	-	47	-	47
Net assets released from restriction	26,314	(34,477)	-	(8,163)
Restricted contributions	-	38,798	45	38,843
Investment income on restricted investments, net	-	136	-	136
Other	(878)	(1,240)	-	(2,118)
Changes in net assets	<u>424,507</u>	<u>3,265</u>	<u>45</u>	<u>427,817</u>
Net assets at September 30, 2017	<u>2,857,812</u>	<u>114,254</u>	<u>30,384</u>	<u>3,008,900</u>
Net assets at December 31, 2017	3,074,321	131,468	33,494	3,239,283
Changes in net assets:				
Excess of revenues over expenses	196,414	-	-	196,414
Net change unrealized gains and losses	(37)	68	-	31
Pension changes other than net periodic benefit cost	5,184	-	-	5,184
Change in interest in restricted net assets of unconsolidated foundations	-	(859)	-	(859)
Net assets released from restriction	10,707	(19,418)	-	(8,711)
Restricted contributions	-	10,407	-	10,407
Investment income on restricted investments, net	-	176	-	176
Purchase of noncontrolling interest	(5,887)	-	-	(5,887)
Other	59	988	29	1,076
Changes in net assets	<u>206,440</u>	<u>(8,638)</u>	<u>29</u>	<u>197,831</u>
Net assets at September 30, 2018	<u>\$ 3,280,761</u>	<u>122,830</u>	<u>33,523</u>	<u>3,437,114</u>

See accompanying notes to consolidated financial statements.

RWJ BARNABAS HEALTH, INC.

Consolidated Statements of Cash Flows

Nine months ended September 30, 2018 and 2017

(In thousands)

(Unaudited)

Cash flows from operating activities:			
Change in net assets	\$	197,831	427,817
Adjustments to reconcile change in net assets to net cash provided by operating activities:			
Pension changes other than net periodic benefit cost		(5,184)	(6,321)
Depreciation and amortization expense		169,286	156,376
Amortization of bond financing costs, premiums and discounts		(3,985)	(4,020)
Net change in unrealized gains on investments		16,960	(167,626)
Realized gains on investments		(62,077)	(25,858)
Equity in income of joint venture		(25,825)	(18,244)
Distributions received from investments in joint ventures		39,266	14,671
Distributions to noncontrolling interests		423	652
Purchase of noncontrolling interest		5,887	-
Changes in operating assets and liabilities:			
Patient accounts receivable		(4,599)	3,240
Other assets		(69,748)	(25,287)
Accounts payable, accrued expenses, and other current liabilities		23,674	21,611
Estimated amounts due from and to third-party payors		5,618	2,187
Accrued pension liability		(21,816)	(7,062)
Self-insurance and other long-term liabilities		31,744	40,136
Net cash provided by operating activities		<u>297,455</u>	<u>412,272</u>
Cash flows from investing activities:			
Purchases of property, plant, and equipment, net		(248,599)	(211,314)
Proceeds from bond escrow account		71,060	119,131
Proceeds from the sale of investments and assets limited or restricted as to use		18,309	20,718
Purchases of investments and assets limited or restricted as to use		(19,586)	(36,935)
Purchases of trading securities		(2,284,524)	(3,208,414)
Proceeds from the sale of trading securities		2,168,963	2,950,032
Investment in joint venture		(12,609)	(7,803)
Cash and restricted cash received in foundation transfer		5,838	-
Net cash used in investing activities		<u>(301,148)</u>	<u>(374,585)</u>
Cash flows from financing activities:			
Repayments of long-term debt		(15,630)	(52,384)
Distributions to noncontrolling interest		(423)	(652)
Purchase of noncontrolling interest		(5,887)	-
Net cash used in financing activities		<u>(21,940)</u>	<u>(53,036)</u>
Net decrease in cash, cash equivalents and restricted cash		(25,633)	(15,349)
Cash, cash equivalents and restricted cash at beginning of year		<u>104,811</u>	<u>75,779</u>
Cash, cash equivalents and restricted cash at end of period	\$	<u><u>79,178</u></u>	<u><u>60,430</u></u>
Supplemental disclosure of cash flow information:			
Cash paid for interest		71,013	48,464

See accompanying notes to consolidated financial statements.