



UNAUDITED

**Consolidated Financial Statements as of
and for the three month period ended
March 31, 2015 and 2014**

BARNABAS HEALTH, INC.

Consolidated Balance Sheets

(in thousands)

	March 31, 2015 (unaudited)	December 31, 2014 (audited)
Assets		
Current assets:		
Cash and cash equivalents	\$ 75,772	225,223
Investments	24,303	27,802
Assets limited or restricted as to use	58,231	57,131
Patient accounts receivable, net of allowance for doubtful accounts of \$83,612 and \$91,116	309,608	291,233
Estimated amounts due from third-party payors, net	-	2,775
Other current assets	108,522	107,849
Total current assets	<u>576,436</u>	<u>712,013</u>
Assets limited or restricted as to use, non-current portion:		
Under bond indenture agreements	72,240	72,237
Externally designated or restricted	156,995	156,941
Total noncurrent assets limited or restricted as to use	<u>229,235</u>	<u>229,178</u>
Investments	1,195,885	1,030,853
Property, plant and equipment, net	916,120	923,503
Other assets, net	45,342	42,545
	<u>\$ 2,963,018</u>	<u>2,938,092</u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	222,093	239,859
Accrued payroll and other current liabilities	285,525	301,269
Current portion of estimated amounts due to third-party payors	4,721	-
Current portion of long-term debt	44,128	43,933
Current portion of self-insurance liabilities	55,897	51,330
Total current liabilities	<u>612,364</u>	<u>636,391</u>
Estimated amounts due to third-party payors, net of current portion	45,092	39,761
Long-term debt, net of current portion	1,063,862	1,061,825
Self insurance claims liabilities, net of current portion	167,699	165,740
Accrued pension liability	52,945	61,945
Other liabilities	77,840	77,656
Total liabilities	<u>2,019,802</u>	<u>2,043,318</u>
Net assets:		
Unrestricted	846,886	799,430
Temporarily restricted	82,578	81,592
Permanently restricted	13,752	13,752
Total net assets	<u>943,216</u>	<u>894,774</u>
Total liabilities and net assets	<u>\$ 2,963,018</u>	<u>2,938,092</u>

BARNABAS HEALTH, INC.

Consolidated Statements of Operations and Changes in Net Assets

*(in thousands)**(unaudited)*

	Three months ended	
	March 31, 2015	March 31, 2014
Revenue:		
Patient service revenue (net of contractual allowances and discounts)	\$ 729,199	607,020
Provision for bad debts	(28,151)	(25,642)
Net patient service revenue less provision for bad debts	701,048	581,378
Other revenue, net	70,363	78,409
Total revenue	771,412	659,787
Expenses:		
Salaries and wages	277,159	234,139
Physician fees and salaries	68,722	56,333
Employee benefits	71,929	61,705
Supplies	134,571	116,342
Other expenses	135,916	122,578
Interest	12,138	11,310
Depreciation	26,789	23,805
Total expenses	727,223	626,212
Income from operations	44,188	33,575
Nonoperating revenue (expenses):		
Investment (losses) income	(132)	4,429
Other, net	4,391	336
Total nonoperating revenue, net	4,259	4,766
Excess of revenue over expenses	48,447	38,340
Net change in unrealized gains on available for sale investments	925	8,664
Pension and postretirement changes other than net periodic benefit cost	(2,001)	1,141
Net assets released from restriction for purchase of property and equipment	295	503
Other	776	21,784
Total other changes in net assets	(5)	32,092
Increase in net assets	\$ 48,442	70,432

BARNABAS HEALTH, INC.

Consolidated Statements of Changes in Net Assets

Three months ended March 31, 2015 and 2014

*(in thousands)**(unaudited)*

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total Net Assets</u>
Net assets at December 31, 2013	\$ 549,413	88,284	13,695	651,392
Changes in net assets:				
Excess of revenues over expenses	38,341	-	-	38,341
Net change unrealized gains and losses	8,664	111	-	8,775
Pension related changes other than net periodic benefit cost	1,141	-	-	1,141
Net assets released from restriction	503	(1,387)	-	(885)
Restricted contributions	-	24,518	-	24,518
Investment income on restricted investments, net	-	26	-	26
Other	(408)	(1,076)	-	(1,484)
Change in net assets	<u>48,241</u>	<u>22,191</u>	<u>-</u>	<u>70,432</u>
Net assets at March 31, 2014	<u>597,654</u>	<u>110,475</u>	<u>13,695</u>	<u>721,824</u>
Changes in net assets:				
Excess of revenues over expenses	48,447	-	-	48,447
Net change unrealized gains and losses	925	177	-	1,101
Pension and postretirement changes other than net periodic benefit cost	(2,001)	-	-	(2,001)
Net assets released from restriction	295	(2,210)	-	(1,915)
Restricted contributions	-	2,823	-	2,823
Investment income on restricted investments, net	-	20	-	20
Other	(210)	177	-	(33)
Change in net assets	<u>47,456</u>	<u>986</u>	<u>-</u>	<u>48,442</u>
Net assets at March 31, 2015	<u>\$ 846,886</u>	<u>82,578</u>	<u>13,752</u>	<u>943,216</u>

BARNABAS HEALTH, INC.

Consolidated Statements of Unrestricted Cash Flows

(in thousands)

(unaudited)

	Three months ended March 31,	
	2015	2014
Unrestricted Cash, Cash Equivalents and Investments, beginning of year	\$ 1,283,878	973,347
Unrestricted Cash, Cash Equivalents and Investments, end of period	<u>1,295,960</u>	<u>981,412</u>
Change in Unrestricted Cash, Cash Equivalents and Investments	<u>\$ 12,082</u>	<u>8,065</u>
 Change in Unrestricted Cash, Cash Equivalents and Investments consists of:		
Cash Flows from Operating Activities:		
Income from operations	\$ 44,188	33,577
Depreciation and amortization	26,789	23,805
Interest expense	12,138	11,310
Earnings before interest, taxes, depreciation and amortization (EBITDA)	<u>83,115</u>	<u>68,692</u>
Adjustments to reconcile earnings before EBITDA to net cash provided by operating activities:		
Pension and postretirement changes other than net periodic benefit costs	(2,001)	1,141
Interest expense on current interest bonds	(9,306)	(8,489)
Provision for bad debts	28,151	25,642
Changes in operating assets and liabilities:		
Change in patient accounts receivable	(46,526)	(33,916)
Change in other assets	(3,470)	(20,743)
Change in account payable, accrued expenses and other current liabilities	(33,510)	3,667
Change in estimated amounts with third party payors	12,827	(13,935)
Self-insurance and other long-term liabilities	6,710	6,433
Pension expense payable	(9,000)	-
Assets limited as to use under bond indenture agreement:	(1,247)	767
Assets limited as to use for self-insurance funds	2,189	(10,184)
Assets limited as to use - other	(1,450)	-
Other changes in working capital	335	(830)
Net cash provided by operating activities	<u>26,818</u>	<u>18,245</u>
Cash Flows from Investing Activities:		
Purchases of property, plant and equipment, net	(16,356)	(16,721)
Investment income and realized gains, net	5,208	5,077
Net change in unrealized (losses) gains on investments	(4,415)	8,016
Proceeds from sale of investment	3,430	-
Net cash used in investing activities	<u>(12,133)</u>	<u>(3,628)</u>
Cash Flows from Financing Activities:		
Principal payments on long-term debt, net	(3,650)	(6,983)
Net cash used in financing activities	<u>(3,650)</u>	<u>(6,983)</u>
Other nonoperating income, net	961	336
Other	<u>85</u>	<u>95</u>
Change in Unrestricted Cash, Cash Equivalents and Investments	<u>\$ 12,082</u>	<u>8,065</u>
 Supplemental disclosure of cash flow information:		
Cash paid for interest	\$ 14,701	15,195
Supplemental disclosures of noncash investing and financing activities:		
Capital lease obligations incurred	\$ 3,050	4,504