

# **Barnabas Health**

**UNAUDITED**

**Consolidated Financial Statements as  
of and for the nine month period  
ended September 30, 2015 and 2014**

**BARNABAS HEALTH, INC.**

Consolidated Balance Sheets

*(in thousands)*

	<b>September 30, 2015</b>	<b>December 31, 2014</b>
	<u>(unaudited)</u>	<u>(audited)</u>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 106,602	225,223
Investments	45,969	27,802
Assets limited or restricted as to use	36,360	57,131
Patient accounts receivable, net of allowance for doubtful accounts of \$101,115 and \$91,116	293,639	291,233
Estimated amounts due from third-party payors, net	528	2,775
Other current assets	<u>108,772</u>	<u>107,849</u>
Total current assets	<u>591,871</u>	<u>712,013</u>
Assets limited or restricted as to use, non-current portion		
Under bond indenture agreements	72,232	72,237
Externally designated or restricted	<u>168,027</u>	<u>156,941</u>
Total noncurrent assets limited or restricted as to use	<u>240,260</u>	<u>229,178</u>
Investments	1,249,871	1,030,853
Property, plant and equipment, net	955,084	923,503
Other assets, net	<u>64,124</u>	<u>42,545</u>
	<u>\$ 3,101,208</u>	<u>2,938,092</u>
<b>Liabilities and Net Assets</b>		
Current liabilities:		
Accounts payable	203,329	239,859
Accrued expenses and other current liabilities	301,191	301,269
Current portion of long-term debt	44,189	43,933
Current portion of self-insurance liabilities	<u>57,395</u>	<u>51,330</u>
Total current liabilities	606,104	636,391
Estimated amounts due to third-party payors, net of current portion	47,767	39,761
Long-term debt, net of current portion	1,039,399	1,061,825
Self insurance claims liabilities, net of current portion	171,089	165,740
Accrued pension liability	54,306	61,945
Other liabilities	<u>121,411</u>	<u>77,656</u>
Total liabilities	<u>2,040,075</u>	<u>2,043,318</u>
Net assets:		
Unrestricted	958,682	799,430
Noncontrolling interest in subsidiary	6,072	-
Total unrestricted net assets	<u>964,754</u>	<u>799,430</u>
Temporarily restricted	82,573	81,592
Permanently restricted	<u>13,806</u>	<u>13,752</u>
Total net assets	<u>1,061,133</u>	<u>894,774</u>
Total liabilities and net assets	<u>\$ 3,101,208</u>	<u>2,938,092</u>

## BARNABAS HEALTH, INC.

### Consolidated Statements of Operations and Changes in Net Assets

(in thousands)

(unaudited)

	Nine months ended	
	September 30, 2015	September 30, 2014
Revenue:		
Patient service revenue (net of contractual allowances and discounts)	\$ 2,297,078	2,002,394
Provision for bad debts	(103,073)	(80,617)
Net patient service revenue less provision for bad debts	2,194,004	1,921,776
Other revenue, net	223,986	231,972
Total revenue	2,417,991	2,153,748
Expenses:		
Salaries and wages	839,796	753,891
Physician fees and salaries	207,872	186,369
Employee benefits	211,259	202,282
Supplies	423,765	380,935
Other expenses	418,203	400,079
Interest	35,816	35,841
Depreciation	83,340	75,552
Total expenses	2,220,052	2,034,948
Income from operations	197,939	118,800
Nonoperating revenue (expenses):		
Investment income	(33,603)	78,341
Contribution received in acquisition	-	73,385
Other, net	3,841	13,450
Total nonoperating (expenses) revenue, net	(29,762)	165,176
Excess of revenue over expenses	168,177	283,976
Net change in unrealized gains on available for sale investments	(2,408)	(50,442)
Pension and postretirement changes other than net periodic benefit cost	(5,563)	(20,087)
Contributions to noncontrolling interest	265	-
Distributions from noncontrolling interest	(409)	-
Net assets released from restriction for purchase of property and equipment	1,393	7,651
Other	4,904	13,886
Total other changes in net assets	(1,818)	(48,992)
Increase in net assets	\$ 166,359	234,984

**BARNABAS HEALTH, INC.**

## Consolidated Statements of Changes in Net Assets

Nine months ended September 30, 2015 and September 30, 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	283,976	-	-	283,976
Net change unrealized gains and losses	(50,442)	300	-	(50,141)
Contribution received in acquisition	-	894	-	894
Pension related changes other than net periodic benefit cost	(20,087)	-	-	(20,087)
Net assets released from restriction	7,651	(16,686)	-	(9,035)
Restricted contributions	-	31,775	85	31,860
Investment income on restricted investments, net	-	117	-	117
Other	(1,682)	(918)	-	(2,600)
Change in net assets	<u>219,416</u>	<u>15,482</u>	<u>85</u>	<u>234,984</u>
Net assets at September 30, 2014	<u>768,829</u>	<u>103,766</u>	<u>13,780</u>	<u>886,375</u>
Changes in net assets:				
Excess of revenues over expenses	168,177	-	-	168,177
Net change unrealized losses	(2,408)	(398)	-	(2,806)
Pension related changes other than net periodic benefit cost	(5,563)	-	-	(5,563)
Contributions to noncontrolling interest	265	-	-	265
Distributions from noncontrolling interest	(409)	-	-	(409)
Net assets released from restriction	1,393	(5,421)	-	(4,028)
Restricted contributions	-	6,890	54	6,944
Investment income on restricted investments, net	-	113	-	113
Other	3,869	(202)	-	3,667
Change in net assets	<u>165,324</u>	<u>981</u>	<u>54</u>	<u>166,359</u>
Net assets at September 30, 2015	<u>\$ 964,754</u>	<u>82,573</u>	<u>13,806</u>	<u>1,061,133</u>

**BARNABAS HEALTH, INC.**

Consolidated Statements of Unrestricted Cash Flows

*(in thousands)*

*(unaudited)*

**Nine Months Ended September 30,**

	<b>2015</b>	<b>2014</b>
<b>Unrestricted Cash, Cash Equivalents and Investments, beginning of period</b>	\$ 1,283,878	973,347
<b>Unrestricted Cash, Cash Equivalents and Investments, end of period</b>	1,402,442	1,138,173
<b>Change in Unrestricted Cash, Cash Equivalents and Investments</b>	\$ 118,564	164,826
<b>Change in Unrestricted Cash, Cash Equivalents and Investments consists of:</b>		
<b>Cash Flows from Operating Activities:</b>		
Income from operations	\$ 197,939	118,800
Depreciation and amortization	83,340	75,552
Interest expense	35,816	35,841
Earnings before interest, taxes, depreciation and amortization (EBITDA)	317,095	230,193
Adjustments to reconcile earnings before EBITDA to net cash provided by operating activities:		
Pension and postretirement changes other than net periodic benefit costs	(5,563)	(20,087)
Interest expense on current interest bonds	(27,240)	(27,439)
Provision for bad debts	103,073	80,617
Loss on sale of assets, net	339	-
Changes in operating assets and liabilities:		
Patient accounts receivable	(105,479)	(93,801)
Prepaid expenses	(3,201)	(5,327)
Assets limited as to use	13,745	(7,770)
Other assets	(23,035)	(7,129)
Accounts payable	(36,530)	17,211
Accrued expenses and other current liabilities	5,584	13,582
Accrued interest payable	(5,661)	(5,635)
Estimated amounts with third party payors	10,253	(14,382)
Self-insured claims liabilities	11,414	6,767
Pension expense payable	(7,639)	23,359
Other liabilities	43,754	(2,282)
Other changes in working capital	(5,818)	(1,435)
Net cash provided by operating activities	285,091	186,442
<b>Cash Flows from Investing Activities:</b>		
Purchases of property, plant and equipment, net	(107,975)	(55,364)
Investment income and realized gains, net	13,183	86,452
Unrealized losses on investment portfolio	(49,194)	(58,553)
Cash received in acquisition	-	39,125
Cash received in consolidation of joint ventures	2,300	-
Proceeds from sale of assets	8,644	14,750
Net cash (used in) provided by investing activities	(133,042)	26,410
<b>Cash Flows from Financing Activities:</b>		
Principal payments on long-term debt, net	(38,595)	(55,445)
Net cash used in financing activities	(38,595)	(55,445)
<b>Other nonoperating (loss) income, net</b>	(152)	1,450
<b>Other</b>	5,262	5,969
<b>Change in Unrestricted Cash, Cash Equivalents and Investments</b>	\$ 118,564	164,826
<b>Supplemental disclosure of cash flow information:</b>		
Cash paid for interest	\$ 32,705	32,862
<b>Supplemental disclosures of noncash financing activities:</b>		
Capital lease obligations incurred	\$ 7,846	4,504