



UNAUDITED

**Consolidated Financial Statements as
of and for the years ended
December 31, 2015 and 2014**

BARNABAS HEALTH, INC.

Consolidated Balance Sheets

(in thousands)

	December 31, 2015	December 31, 2014
	(unaudited)	(audited)
Assets		
Current assets:		
Cash and cash equivalents	\$ 200,067	225,223
Investments	45,165	27,802
Assets limited or restricted as to use	46,024	57,131
Patient accounts receivable, net of allowance for doubtful accounts of \$107,441 and \$91,116	289,825	291,233
Estimated amounts due from third-party payors, net	11,525	2,775
Other current assets	99,504	107,849
Total current assets	<u>692,110</u>	<u>712,013</u>
Assets limited or restricted as to use, non-current portion:		
Under bond indenture agreements	63,456	72,237
Externally designated or restricted	164,957	156,941
Total noncurrent assets limited or restricted as to use	<u>228,413</u>	<u>229,178</u>
Investments	1,255,985	1,030,853
Property, plant and equipment, net	963,267	923,503
Other assets, net	49,120	42,545
	<u>\$ 3,188,895</u>	<u>2,938,092</u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	\$ 211,135	239,859
Accrued expenses and other current liabilities	347,099	301,269
Current portion of long-term debt	43,065	43,933
Current portion of self-insurance liabilities	48,588	51,330
Total current liabilities	<u>649,887</u>	<u>636,391</u>
Estimated amounts due to third-party payors, net of current portion	41,359	39,761
Long-term debt, net of current portion	1,039,099	1,061,825
Self insurance claims liabilities, net of current portion	172,303	165,740
Accrued pension liability	17,612	61,945
Other liabilities	78,551	77,656
Total liabilities	<u>1,998,811</u>	<u>2,043,318</u>
Net assets:		
Unrestricted	1,091,974	799,430
Noncontrolling interest in subsidiary	1,078	-
Total unrestricted net assets	<u>1,093,052</u>	<u>799,430</u>
Temporarily restricted	83,171	81,592
Permanently restricted	13,861	13,752
Total net assets	<u>1,190,084</u>	<u>894,774</u>
Total liabilities and net assets	<u>\$ 3,188,895</u>	<u>2,938,092</u>

BARNABAS HEALTH, INC.

Consolidated Statements of Operations and Changes in Net Assets

(in thousands)

	Years ended	
	December 31, 2015 (unaudited)	December 31, 2014 (audited)
Revenue:		
Patient service revenue (net of contractual allowances and discounts)	\$ 3,083,606	2,746,310
Provision for bad debts	(136,075)	(99,130)
Net patient service revenue less provision for bad debts	2,947,531	2,647,180
Other revenue, net	315,379	320,559
Total revenue	3,262,910	2,967,739
Expenses:		
Salaries and wages	1,132,368	1,041,676
Physician fees and salaries	276,454	257,452
Employee benefits	265,670	282,001
Supplies	571,829	512,110
Other expenses	581,592	554,950
Interest	46,899	47,845
Depreciation	103,722	101,042
Total expenses	2,978,534	2,797,076
Income from operations	284,376	170,663
Nonoperating revenue (expenses):		
Investment income	(27,009)	88,520
Contribution received in acquisition	-	73,385
Loss on early extinguishment of debt, net	-	(2,143)
Other, net	6,940	(441)
Total nonoperating (expenses) revenue, net	(20,069)	159,321
Excess of revenue over expenses	264,307	329,984
Net change in unrealized losses on available for sale investments	(4,066)	(51,952)
Pension and postretirement changes other than net periodic benefit cost	29,743	(32,455)
Distributions from noncontrolling interest	(512)	-
Net assets released from restriction for purchases of property and equipment	4,589	8,485
Other	1,249	(10,680)
Total other changes in net assets	31,003	(86,602)
Increase in net assets	\$ 295,310	243,382

BARNABAS HEALTH, INC.
Consolidated Statements of Changes in Net Assets
Years ended December 31, 2015 and 2014

(In thousands)

	<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	329,984	-	-	329,984
Net change in unrealized (losses) gains	(51,952)	10	-	(51,942)
Contribution received in acquisition	-	894	-	894
Pension and postretirement changes other than net periodic benefit cost	(32,455)	-	-	(32,455)
Net assets released from restriction	8,485	(20,661)	-	(12,176)
Restricted contributions	-	12,712	57	12,769
Investment income on restricted investments, net	-	611	-	611
Other	(4,045)	(258)	-	(4,303)
Change in net assets	<u>250,017</u>	<u>(6,692)</u>	<u>57</u>	<u>243,382</u>
Net assets at December 31, 2014	<u>799,430</u>	<u>81,592</u>	<u>13,752</u>	<u>894,774</u>
Changes in net assets:				
Excess of revenues over expenses	264,307	-	-	264,307
Net change in unrealized losses on investments	(4,066)	(627)	-	(4,693)
Pension and postretirement changes other than net periodic benefit cost	29,743	-	-	29,743
Distributions from non-controlling interest	(512)	-	-	(512)
Net assets released from restriction	4,589	(10,912)	-	(6,323)
Restricted contributions	-	12,775	109	12,884
Investment income on restricted investments, net	-	619	-	619
Other	(439)	(276)	-	(715)
Change in net assets	<u>293,622</u>	<u>1,579</u>	<u>109</u>	<u>295,310</u>
Net assets at December 31, 2015 (unaudited)	<u>\$ 1,093,052</u>	<u>83,171</u>	<u>13,861</u>	<u>1,190,084</u>

BARNABAS HEALTH, INC.

Consolidated Statements of Unrestricted Cash Flows

(In thousands)

(unaudited)

	Year Ended December 31,	
	2015	2014
Unrestricted Cash, Cash Equivalents and Investments, beginning of period	\$ 1,283,878	973,347
Unrestricted Cash, Cash Equivalents and Investments, end of period	1,501,217	1,283,878
Change in Unrestricted Cash, Cash Equivalents and Investments	\$ 217,339	310,531
Change in Unrestricted Cash, Cash Equivalents and Investments consists of:		
Cash Flows from Operating Activities:		
Income from operations	\$ 284,376	170,663
Depreciation and amortization	103,722	101,042
Interest expense	46,899	47,845
Earnings before interest, taxes, depreciation and amortization (EBITDA)	434,997	319,550
Adjustments to reconcile earnings before EBITDA to net cash provided by operating activities:		
Pension and postretirement changes other than net periodic benefit costs	29,743	(32,455)
Interest expense on current interest bonds	(35,469)	(36,590)
Provision for bad debts	136,076	99,130
Loss (gain) on sale of assets, net	273	(12,000)
Equity in income of joint venture	(3,262)	(2,815)
Changes in operating assets and liabilities:		
Patient accounts receivable	(134,668)	(102,195)
Prepaid expenses	5,007	(4,335)
Other assets	(1,190)	4,643
Accounts payable	(28,983)	29,651
Accrued expenses and other current liabilities	42,964	17,414
Accrued interest payable	2,091	(317)
Estimated amounts with third party payors	(7,152)	(15,820)
Self-insured claims liabilities	3,821	16,409
Accrued pension liability	(44,333)	48,333
Other liabilities	755	(12,346)
Other changes in working capital	(195)	(15,964)
Net cash provided by operating activities	400,475	300,293
Cash Flows from Investing Activities:		
Purchases of property, plant and equipment, net	(141,744)	(92,476)
Investment income and realized gains, net	30,157	101,680
Unrealized losses on investments	(61,232)	(65,112)
Assets limited as to use	16,310	193,291
Cash received in acquisition	-	39,125
Investment in joint venture	(2,319)	(1,179)
Proceeds from sale of assets	12,043	14,750
Net cash (used in) provided by investing activities	(146,785)	190,079
Cash Flows from Financing Activities:		
Principal payments on long-term debt, net	(42,869)	(171,840)
Net cash used in financing activities	(42,869)	(171,840)
Other nonoperating income (loss), net	2,880	(12,441)
Other	3,638	4,440
Change in Unrestricted Cash, Cash Equivalents and Investments	\$ 217,339	310,531
Supplemental disclosure of cash flow information:		
Cash paid for interest	\$ 33,378	36,770
Supplemental disclosures of noncash financing activities:		
Capital lease obligations incurred	\$ 7,846	4,504