

# **Barnabas Health**

**UNAUDITED**

**Consolidated Financial Statements  
as of and for the three month period  
ended March 31, 2016 and 2015**

**BARNABAS HEALTH, INC.**

## Consolidated Balance Sheets

*(In thousands)*

<b>Assets</b>	<b>March 31, 2016</b> <b>(unaudited)</b>	<b>December 31, 2015</b> <b>(audited)</b>
Current assets:		
Cash and cash equivalents	\$ 231,728	200,067
Investments	42,559	45,165
Assets limited or restricted as to use	43,808	46,024
Patient accounts receivable, net of allowance for doubtful accounts of \$112,902 and \$107,441	305,677	289,825
Estimated amounts due from third-party payors, net	3,241	11,525
Other current assets	112,036	99,504
Total current assets	<u>739,049</u>	<u>692,110</u>
Assets limited or restricted as to use, non-current portion:		
Under bond indenture agreements	63,461	63,456
Externally designated or restricted	163,553	164,957
Total noncurrent assets limited or restricted as to use	<u>227,014</u>	<u>228,413</u>
Investments	1,260,292	1,255,985
Property, plant and equipment, net	991,331	974,812
Other assets, net	58,322	49,120
	<u>\$ 3,276,008</u>	<u>3,200,440</u>
<b>Liabilities and Net Assets</b>		
Current liabilities:		
Accounts payable	\$ 202,109	215,959
Accrued expenses and other current liabilities	310,160	346,784
Long-term debt	45,866	43,065
Self-insurance liabilities	59,886	48,588
Total current liabilities	618,021	654,396
Estimated amounts due to third-party payors, net of current portion	38,253	41,359
Long-term debt, net of current portion	1,091,586	1,039,099
Self insurance liabilities, net of current portion	166,408	172,303
Accrued pension liability	7,295	7,295
Other liabilities	92,900	85,587
Total liabilities	<u>2,014,463</u>	<u>2,000,039</u>
Commitments and contingencies		
Net assets:		
Unrestricted	1,163,715	1,102,291
Noncontrolling interest in subsidiary	989	1,078
Total unrestricted net assets	<u>1,164,704</u>	<u>1,103,369</u>
Temporarily restricted	82,980	83,171
Permanently restricted	13,861	13,861
Total net assets	<u>1,261,545</u>	<u>1,200,401</u>
Total liabilities and net assets	<u>\$ 3,276,008</u>	<u>3,200,440</u>

**BARNABAS HEALTH, INC.**  
Consolidated Statements of Operations

(In thousands)

*(unaudited)*

	<b>Three months ended</b>	
	<b>March 31, 2016</b>	<b>March 31, 2015</b>
Revenue:		
Patient service revenue (net of contractual allowances and discounts)	\$ 759,086	729,199
Provision for bad debts	(35,151)	(28,151)
Net patient service revenue less provision for bad debts	723,935	701,048
Other revenue, net	78,098	69,677
Total revenue	802,033	770,725
Expenses:		
Salaries and wages	276,392	277,159
Physician fees and salaries	70,998	67,313
Employee benefits	77,166	71,948
Supplies	140,560	134,571
Other	139,644	135,810
Interest	11,895	12,138
Depreciation and amortization	26,608	26,789
Total expenses	743,263	725,728
Income from operations	58,770	44,997
Nonoperating revenue (expenses):		
Investment income	5,710	5,159
Realized (losses) gains on investments	(8,616)	49
Unrealized gains (losses) on trading investments	3,594	(5,340)
Other, net	130	3,582
Total nonoperating revenue, net	818	3,450
Excess of revenue over expenses	59,588	48,447
Net change in unrealized gains on available for sale investments	673	925
Pension and postretirement changes other than net periodic benefit cost	1,336	(2,001)
Distributions to noncontrolling interest	(141)	-
Net assets released from restriction for purchases of property and equipment	11	295
Other	(323)	776
Increase in net assets	\$ 61,144	48,442

**BARNABAS HEALTH, INC.**

Consolidated Statements of Changes in Net Assets

Three months ended March 31, 2016 and 2015

*(in thousands)*

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total Net Assets</u>
Net assets at December 31, 2014	\$ 799,430	81,592	13,752	894,774
Changes in net assets:				
Excess of revenues over expenses	48,447	-	-	48,447
Net change unrealized gains and losses	925	177	-	1,102
Pension related 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)	176	-	(34)
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>
Changes in net assets:				
Excess of revenues over expenses	59,588	-	-	59,588
Net change unrealized gains and losses	673	62	-	735
Pension related changes other than net periodic benefit cost	1,336	-	-	1,336
Distributions to noncontrolling interest	(141)	-	-	(141)
Net assets released from restriction	11	(1,922)	-	(1,911)
Restricted contributions	-	2,346	-	2,346
Investment income on restricted investments, net	-	33	-	33
Other	(132)	(710)	-	(842)
Change in net assets	<u>61,335</u>	<u>(191)</u>	<u>-</u>	<u>61,144</u>
Net assets at March 31, 2016	<u>\$ 1,164,704</u>	<u>82,980</u>	<u>13,861</u>	<u>1,261,545</u>

**BARNABAS HEALTH, INC.**

Consolidated Statements of Unrestricted Cash Flows

*(In thousands)*

*(unaudited)*

	<b>Three months ended March 31,</b>	
	<b>2016</b>	<b>2015</b>
<b>Unrestricted Cash, Cash Equivalents and Investments, beginning of period</b>	\$ 1,501,218	1,283,878
<b>Unrestricted Cash, Cash Equivalents and Investments, end of period</b>	<u>1,534,579</u>	<u>1,295,964</u>
<b>Change in Unrestricted Cash, Cash Equivalents and Investments</b>	<u>\$ 33,362</u>	<u>12,086</u>
 <b>Change in Unrestricted Cash, Cash Equivalents and Investments consists of:</b>		
<b>Cash Flows from Operating Activities:</b>		
Income from operations	\$ 58,770	44,997
Depreciation and amortization	26,608	26,789
Interest expense	<u>11,895</u>	<u>12,138</u>
Earnings before interest, taxes, depreciation and amortization (EBITDA)	<u>97,273</u>	<u>83,924</u>
Adjustments to reconcile earnings before EBITDA to net cash provided by operating activities:		
Pension and postretirement changes other than net periodic benefit costs	1,336	(2,001)
Interest expense on current interest bonds	(8,967)	(9,307)
Provision for bad debts	35,151	28,151
Equity in income of joint venture	(3,485)	702
Distributions received from investments in joint ventures	1,068	-
Distributions to noncontrolling interest	141	-
Changes in operating assets and liabilities:		
Patient accounts receivable	(51,002)	(46,526)
Prepaid expenses	(12,383)	1,400
Other assets	(2,384)	(4,043)
Accounts payable	(13,849)	(10,566)
Accrued expenses and other current liabilities	(29,001)	(17,550)
Accrued interest payable	(7,623)	(5,394)
Estimated amounts with third party payors	5,179	12,827
Self-insured claims liabilities	5,403	6,526
Accrued pension liability	-	(9,000)
Other liabilities	7,313	184
Other changes in working capital	(548)	1,799
Net cash provided by operating activities	<u>23,621</u>	<u>31,127</u>
<b>Cash Flows from Investing Activities:</b>		
Purchases of property, plant and equipment, net	(41,810)	(19,406)
Investment income and realized (losses) gains, net	(2,906)	5,208
Unrealized gains (losses) on investments	4,267	(4,415)
Cash withdrawn from (invested in) assets limited as to use	3,841	(401)
Investment in joint venture	(4,551)	(275)
Proceeds from sale of assets	<u>-</u>	<u>5,205</u>
Net cash used in investing activities	<u>(41,159)</u>	<u>(14,084)</u>
<b>Cash Flows from Financing Activities:</b>		
Principal payments and repayments of long-term debt	(83,922)	(3,648)
Proceeds from issuance of long-term debt	<u>135,000</u>	<u>-</u>
Net cash provided by (used in) financing activities	<u>51,078</u>	<u>(3,648)</u>
<b>Other nonoperating loss, net</b>	<u>(178)</u>	<u>(1,309)</u>
<b>Change in Unrestricted Cash, Cash Equivalents and Investments</b>	<u>\$ 33,362</u>	<u>12,086</u>
 <b>Supplemental disclosure of cash flow information:</b>		
Cash paid for interest	\$ 16,582	14,701
 <b>Supplemental disclosures of noncash financing activities:</b>		
Capital lease obligations incurred	\$ 1,322	3,050