



**Secondary Market
Disclosure Information**

June 30, 2016

BARNABAS HEALTH, INC.

Consolidated Balance Sheets

(In thousands)

Assets	June 30, 2016 (unaudited)	December 31, 2015 (audited)
Current assets:		
Cash and cash equivalents	\$ 287,084	200,067
Investments	29,982	45,165
Assets limited or restricted as to use	62,278	46,024
Patient accounts receivable, net of allowance for doubtful accounts of \$112,902 and \$107,441	308,479	289,825
Estimated amounts due from third-party payors, net	7,623	11,525
Other current assets	<u>113,924</u>	<u>99,504</u>
Total current assets	<u>809,370</u>	<u>692,110</u>
Assets limited or restricted as to use, non-current portion:		
Under bond indenture agreements	56,631	63,456
Externally designated or restricted	<u>132,070</u>	<u>164,957</u>
Total noncurrent assets limited or restricted as to use	<u>188,701</u>	<u>228,413</u>
Investments	1,330,622	1,255,985
Property, plant and equipment, net	1,010,986	974,812
Other assets, net	<u>62,565</u>	<u>49,120</u>
	<u>\$ 3,402,244</u>	<u>3,200,440</u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	\$ 188,606	215,959
Accrued expenses and other current liabilities	340,419	346,784
Long-term debt	44,151	43,065
Self-insurance liabilities	<u>68,049</u>	<u>48,588</u>
Total current liabilities	641,225	654,396
Estimated amounts due to third-party payors, net of current portion	36,633	41,359
Long-term debt, net of current portion	1,092,888	1,039,099
Self insurance liabilities, net of current portion	165,721	172,303
Accrued pension liability	7,295	7,295
Other liabilities	<u>94,052</u>	<u>85,587</u>
Total liabilities	<u>2,037,814</u>	<u>2,000,039</u>
Net assets:		
Unrestricted	1,298,015	1,102,291
Noncontrolling interest in subsidiary	<u>1,064</u>	<u>1,078</u>
Total unrestricted net assets	1,299,079	1,103,369
Temporarily restricted	51,883	83,171
Permanently restricted	<u>13,468</u>	<u>13,861</u>
Total net assets	<u>1,364,430</u>	<u>1,200,401</u>
Total liabilities and net assets	<u>\$ 3,402,244</u>	<u>3,200,440</u>

See accompanying notes to consolidated financial statements.

BARNABAS HEALTH, INC.
Consolidated Statements of Operations

(In thousands)

(unaudited)

	Six months ended	
	June 30, 2016	June 30, 2015
Revenue:		
Patient service revenue (net of contractual allowances and discounts)	\$ 1,531,647	1,506,528
Provision for bad debts	(73,935)	(62,545)
Net patient service revenue less provision for bad debts	1,457,712	1,443,983
Other revenue, net	163,620	146,801
Total revenue	1,621,332	1,590,784
Expenses:		
Salaries and wages	558,484	555,751
Physician fees and salaries	142,390	135,687
Employee benefits	154,741	145,479
Supplies	277,982	279,617
Other	285,202	276,451
Interest	23,044	23,654
Depreciation and amortization	53,351	54,314
Total expenses	1,495,194	1,470,953
Income from operations	126,138	119,831
Nonoperating revenue (expenses):		
Investment income	10,804	12,122
Realized (losses) gains on investments	(5,801)	2,161
Unrealized gains (losses) on trading investments	38,829	(3,420)
Other, net	189	4,053
Total nonoperating revenue, net	44,021	14,916
Excess of revenue over expenses	170,159	134,747
Net change in unrealized (losses) gains on available for sale investments	(7,708)	314
Pension and postretirement changes other than net periodic benefit cost	2,672	(3,805)
Distributions to noncontrolling interest	(328)	-
Net assets released from restriction for purchases of property and equipment	54,200	856
Other	(54,966)	586
Increase in net assets	\$ 164,029	132,698

See accompanying notes to consolidated financial statements.

BARNABAS HEALTH, INC.

Consolidated Statements of Changes in Net Assets

Six months ended June 30, 2016 and 2015

(in thousands)
(unaudited)

	<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	134,747	-	-	134,747
Net change unrealized gains and losses	314	122	-	436
Pension related changes other than net periodic benefit cost	(3,805)	-	-	(3,805)
Net assets released from restriction	856	(3,659)	-	(2,803)
Restricted contributions	-	4,688	-	4,688
Investment income on restricted investments, net	-	65	-	65
Other	(822)	192	-	(630)
Change in net assets	<u>131,290</u>	<u>1,408</u>	<u>-</u>	<u>132,698</u>
Net assets at June 30, 2015	<u>930,720</u>	<u>83,000</u>	<u>13,752</u>	<u>1,027,472</u>
Changes in net assets:				
Excess of revenues over expenses	170,159	-	-	170,159
Net change unrealized gains and losses	(7,708)	(1,856)	-	(9,564)
Pension related changes other than net periodic benefit cost	2,672	-	-	2,672
Distributions to noncontrolling interest	(328)	-	-	(328)
Net assets released from restriction	54,200	(36,046)	-	18,154
Restricted contributions	-	5,069	3	5,072
Investment income on restricted investments, net	-	2,018	-	2,018
Other	(23,285)	(473)	(396)	(24,154)
Change in net assets	<u>195,710</u>	<u>(31,288)</u>	<u>(393)</u>	<u>164,029</u>
Net assets at June 30, 2016	<u>\$ 1,299,079</u>	<u>51,883</u>	<u>13,468</u>	<u>1,364,430</u>

See accompanying notes to consolidated financial statements.

BARNABAS HEALTH, INC.

Consolidated Statements of Unrestricted Cash Flows

(In thousands)

(unaudited)

	<u>Six months ended June 30,</u>	
	<u>2016</u>	<u>2015</u>
Unrestricted Cash, Cash Equivalents and Investments, beginning of period	\$ 1,501,217	1,283,878
Unrestricted Cash, Cash Equivalents and Investments, end of period	<u>1,647,688</u>	<u>1,375,676</u>
 Change in Unrestricted Cash, Cash Equivalents and Investments	 <u>\$ 146,471</u>	 <u>91,798</u>
 Change in Unrestricted Cash, Cash Equivalents and Investments consists of:		
Cash Flows from Operating Activities:		
Income from operations	\$ 126,138	119,831
Depreciation and amortization	53,351	54,314
Interest expense	23,044	23,654
Earnings before interest, taxes, depreciation and amortization (EBITDA)	<u>202,533</u>	<u>197,799</u>
Adjustments to reconcile earnings before EBITDA to net cash provided by operating activities:		
Pension and postretirement changes other than net periodic benefit costs	2,672	(3,805)
Interest expense on current interest bonds	(17,188)	(17,932)
Provision for bad debts	73,935	62,545
(Gain) loss on sale of assets, net	(20)	215
Equity in income of joint venture	(6,141)	(1,456)
Distributions received from investments in joint ventures	1,907	851
Distributions to noncontrolling interest	328	-
Changes in operating assets and liabilities:		
Patient accounts receivable	(92,588)	(76,053)
Prepaid expenses	(13,488)	(2,171)
Other assets	(10,144)	(772)
Accounts payable	(27,352)	(25,874)
Accrued expenses and other current liabilities	(6,349)	3,294
Accrued interest payable	(14)	2,550
Estimated amounts with third party payors	(824)	6,725
Self-insured claims liabilities	12,879	15,722
Accrued pension liability	-	(8,090)
Other liabilities	8,465	1,720
Other changes in working capital	221	(4,805)
Net cash provided by operating activities	<u>128,831</u>	<u>150,464</u>
 Cash Flows from Investing Activities:		
Purchases of property, plant and equipment, net	(88,184)	(48,394)
Investment income and realized gains, net	5,003	14,283
Unrealized gains (losses) on investments	31,121	(3,106)
Cash invested in assets limited as to use	(9,099)	(22,807)
Investment in joint venture	-	(275)
Proceeds from sale of assets	-	4,584
Net cash used in investing activities	<u>(61,159)</u>	<u>(55,715)</u>
 Cash Flows from Financing Activities:		
Principal payments and repayments of long-term debt	(87,305)	(3,203)
Proceeds from issuance of long-term debt	135,000	-
Net cash provided by (used in) financing activities	<u>47,695</u>	<u>(3,203)</u>
 Other nonoperating revenue, net	 <u>31,104</u>	 <u>253</u>
 Change in Unrestricted Cash, Cash Equivalents and Investments	 <u>\$ 146,471</u>	 <u>91,798</u>
 Supplemental disclosure of cash flow information:		
Cash paid for interest	\$ 17,202	15,382
 Supplemental disclosures of noncash financing activities:		
Capital lease obligations incurred	\$ 1,322	7,846

See accompanying notes to consolidated financial statements.