



**Secondary Market  
Disclosure Information**

September 30, 2016

**BARNABAS HEALTH, INC.**

## Consolidated Balance Sheets

*(In thousands)*

<b>Assets</b>	<b>September 30, 2016</b> <b>(unaudited)</b>	<b>December 31, 2015</b> <b>(audited)</b>
Current assets:		
Cash and cash equivalents	\$ 112,471	200,067
Investments	46,265	45,165
Assets limited or restricted as to use	25,485	46,024
Patient accounts receivable, net of allowance for doubtful accounts of \$100,701 and \$107,441	291,019	289,825
Estimated amounts due from third-party payors, net	1,063	11,525
Other current assets	107,018	99,504
Total current assets	<u>583,321</u>	<u>692,110</u>
Assets limited or restricted as to use, non-current portion:		
Under bond indenture agreements	30,628	63,456
Externally designated or restricted	139,381	164,957
Total noncurrent assets limited or restricted as to use	<u>170,009</u>	<u>228,413</u>
Investments	1,554,432	1,255,985
Property, plant and equipment, net	1,057,770	974,811
Other assets, net	64,775	49,120
	<u>\$ 3,430,307</u>	<u>3,200,439</u>
<b>Liabilities and Net Assets</b>		
Current liabilities:		
Accounts payable	\$ 170,184	215,958
Accrued expenses and other current liabilities	328,577	346,784
Long-term debt	35,082	43,065
Self-insurance liabilities	60,345	48,588
Total current liabilities	594,188	654,395
Estimated amounts due to third-party payors, net of current portion	32,631	41,359
Long-term debt, net of current portion	1,088,329	1,039,099
Self insurance liabilities, net of current portion	165,559	172,303
Accrued pension liability	7,523	7,295
Other liabilities	100,579	85,587
Total liabilities	<u>1,988,809</u>	<u>2,000,038</u>
Net assets:		
Unrestricted	1,371,056	1,103,369
Temporarily restricted	56,977	83,171
Permanently restricted	13,465	13,861
Total net assets	<u>1,441,498</u>	<u>1,200,401</u>
Total liabilities and net assets	<u>\$ 3,430,307</u>	<u>3,200,439</u>

See accompanying notes to consolidated financial statements.

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

(In thousands)

(unaudited)

	<b>Nine months ended</b>	
	<b>September 30, 2016</b>	<b>September 30, 2015</b>
Revenue:		
Patient service revenue (net of contractual allowances and discounts)	\$ 2,295,578	2,280,765
Provision for bad debts	(105,589)	(102,117)
Net patient service revenue less provision for bad debts	2,189,989	2,178,648
Other revenue, net	246,217	223,957
Total revenue	2,436,206	2,402,605
Expenses:		
Salaries and wages	836,014	836,646
Physician fees and salaries	214,817	205,358
Employee benefits	211,059	210,780
Supplies	417,892	423,068
Other	431,692	412,373
Interest	34,118	35,661
Depreciation and amortization	80,123	82,002
Total expenses	2,225,715	2,205,888
Income from operations	210,491	196,717
Nonoperating revenue (expenses):		
Investment income	16,334	16,588
Realized losses on investments	(1,940)	(3,405)
Unrealized gains (losses) on trading investments	64,931	(46,786)
Loss on early extinguishment of debt	(49,101)	-
Other, net	1,228	3,841
Total nonoperating revenue, net	31,452	(29,762)
Excess of revenue over expenses	241,943	166,955
Net change in unrealized losses on available for sale investments	(7,621)	(2,408)
Pension and postretirement changes other than net periodic benefit cost	3,881	(5,563)
Net assets released from restriction for purchases of property and equipment	54,651	1,393
Other	(51,757)	266
Increase in net assets	\$ 241,097	160,643

See accompanying notes to consolidated financial statements.

**BARNABAS HEALTH, INC.**

Consolidated Statements of Changes in Net Assets

Nine months ended September 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	166,955	-	-	166,955
Net change unrealized losses	(2,408)	(398)	-	(2,806)
Pension related changes other than net periodic benefit cost	(5,563)	-	-	(5,563)
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	(770)	(202)	-	(972)
Change in net assets	<u>159,607</u>	<u>982</u>	<u>54</u>	<u>160,643</u>
Net assets at September 30, 2015	<u>959,037</u>	<u>82,574</u>	<u>13,806</u>	<u>1,055,417</u>
Changes in net assets:				
Excess of revenues over expenses	241,943	-	-	241,943
Net change unrealized losses	(7,621)	(1,826)	-	(9,447)
Pension related changes other than net periodic benefit cost	3,881	-	-	3,881
Net assets released from restriction	54,651	(38,011)	-	16,640
Restricted contributions	-	11,141	-	11,141
Investment income on restricted investments, net	-	2,061	-	2,061
Other	(25,167)	441	(396)	(25,122)
Change in net assets	<u>267,687</u>	<u>(26,194)</u>	<u>(396)</u>	<u>241,097</u>
Net assets at September 30, 2016	<u>\$ 1,371,056</u>	<u>56,977</u>	<u>13,465</u>	<u>1,441,498</u>

See accompanying notes to consolidated financial statements.

**BARNABAS HEALTH, INC.**

Consolidated Statements of Unrestricted Cash Flows

*(In thousands)*

*(unaudited)*

	<b>Nine months ended September 30,</b>	
	<b>2016</b>	<b>2015</b>
<b>Unrestricted Cash, Cash Equivalents and Investments, beginning of period</b>	\$ 1,501,216	1,283,878
<b>Unrestricted Cash, Cash Equivalents and Investments, end of period</b>	<u>1,713,167</u>	<u>1,399,864</u>
 <b>Change in Unrestricted Cash, Cash Equivalents and Investments</b>	 <u>\$ 211,951</u>	 <u>115,986</u>
 <b>Change in Unrestricted Cash, Cash Equivalents and Investments consists of:</b>		
<b>Cash Flows from Operating Activities:</b>		
Income from operations	\$ 210,491	196,717
Depreciation and amortization	80,123	82,002
Interest expense	34,118	35,661
Earnings before interest, taxes, depreciation and amortization (EBITDA)	<u>324,732</u>	<u>314,380</u>
Adjustments to reconcile earnings before EBITDA to net cash provided by operating activities:		
Pension and postretirement changes other than net periodic benefit costs	3,881	(5,563)
Loss on early extinguishment of debt	(49,101)	-
Interest expense on current interest bonds	(28,262)	(29,939)
Provision for bad debts	105,589	102,117
(Gain) loss on sale of assets, net	72	339
Equity in income of joint venture	(14,673)	(2,534)
Distributions received from investments in joint ventures	5,922	1,435
Changes in operating assets and liabilities:		
Patient accounts receivable	(106,783)	(100,482)
Prepaid expenses	(7,533)	(3,158)
Other assets	(1,996)	554
Accounts payable	(45,774)	(39,061)
Accrued expenses and other current liabilities	(6,751)	427
Accrued interest payable	(11,456)	(5,661)
Estimated amounts with third party payors	1,734	10,253
Self-insured claims liabilities	5,013	11,414
Accrued pension liability	-	(7,639)
Other liabilities	14,992	4,689
Other changes in working capital	2,826	(2,658)
Net cash provided by operating activities	<u>192,432</u>	<u>248,913</u>
<b>Cash Flows from Investing Activities:</b>		
Purchases of property, plant and equipment, net	(161,749)	(80,906)
Investment income and realized gains, net	14,394	13,183
Unrealized gains (losses) on investments	57,310	(49,194)
Cash withdrawn from assets limited as to use	52,527	13,745
Investment in joint venture	(4,889)	(275)
Proceeds from sale of assets	-	8,644
Net cash used in investing activities	<u>(42,407)</u>	<u>(94,803)</u>
<b>Cash Flows from Financing Activities:</b>		
Principal payments and repayments of long-term debt	(394,386)	(38,594)
Proceeds from issuance of long-term debt	425,600	-
Net cash provided by (used in) financing activities	<u>31,214</u>	<u>(38,594)</u>
 <b>Other nonoperating revenue, net</b>	 <u>30,712</u>	 <u>470</u>
 <b>Change in Unrestricted Cash, Cash Equivalents and Investments</b>	 <u>\$ 211,951</u>	 <u>115,986</u>
 <b>Supplemental disclosure of cash flow information:</b>		
Cash paid for interest	\$ 36,865	32,746
 <b>Supplemental disclosures of noncash financing activities:</b>		
Capital lease obligations incurred	\$ 1,322	7,846

See accompanying notes to consolidated financial statements.