



**Secondary Market  
Disclosure Information**

June 30, 2018

**RWJ BARNABAS HEALTH, INC.**

## Condensed Consolidated Balance Sheets

(In thousands)

<b>Assets</b>	<b>June 30, 2018</b>	<b>December 31, 2017</b>
	<b>(unaudited)</b>	<b>(audited)</b>
Current assets:		
Cash and cash equivalents	\$ 52,435	85,786
Investments	29,191	37,315
Assets limited or restricted as to use	65,767	65,339
Patient accounts receivable, net	510,678	500,377
Other current assets	209,669	174,239
Total current assets	<u>867,740</u>	<u>863,056</u>
Assets limited or restricted as to use, non-current portion	218,169	239,020
Investments	3,261,862	3,206,160
Property, plant and equipment, net	2,067,135	2,040,076
Other assets, net	247,000	233,599
Total assets	<u><u>6,661,906</u></u>	<u><u>6,581,911</u></u>
<b>Liabilities and Net Assets</b>		
Current liabilities:		
Accounts payable	278,569	293,354
Accrued expenses and other current liabilities	594,127	631,582
Estimated amounts due to third party payors	2,708	9,633
Long-term debt	15,217	16,701
Self-insurance liabilities	67,510	65,285
Total current liabilities	<u>958,131</u>	<u>1,016,555</u>
Estimated amounts due to third party payors, net of current portion	42,804	48,571
Long-term debt, less current portion	1,798,781	1,803,497
Self insurance liabilities, net of current portion	251,202	235,822
Accrued pension liability	52,076	79,076
Other liabilities	162,003	159,107
Total liabilities	<u>3,264,997</u>	<u>3,342,628</u>
Net assets:		
Unrestricted	3,230,076	3,074,321
Temporarily restricted	133,339	131,468
Permanently restricted	33,494	33,494
Total net assets	<u>3,396,909</u>	<u>3,239,283</u>
Total liabilities and net assets	<u><u>\$ 6,661,906</u></u>	<u><u>6,581,911</u></u>

See accompanying notes to condensed consolidated financial statements.

**RWJ BARNABAS HEALTH, INC.**

## Condensed Consolidated Statements of Operations

(In thousands)

(Unaudited)

	<b>Six months ended</b>	
	<b>June 30, 2018</b>	<b>June 30, 2017</b>
Revenue:		
Net patient service revenue	\$ 2,372,675	2,262,365
Other revenue, net	257,388	235,699
Total revenue	<u>2,630,063</u>	<u>2,498,064</u>
Expenses:		
Salaries and wages	958,302	927,216
Physician fees and salaries	237,396	224,495
Employee benefits	206,114	203,072
Supplies	493,604	463,201
Other	459,585	434,816
Interest	35,238	30,638
Depreciation and amortization	112,711	104,406
Total expenses	<u>2,502,950</u>	<u>2,387,844</u>
Income from operations	<u>127,113</u>	<u>110,220</u>
Nonoperating revenue (expenses):		
Investment income, net	37,091	141,755
Other, net	<u>(7,030)</u>	<u>(7,920)</u>
Total nonoperating revenue, net	<u>30,061</u>	<u>133,835</u>
Excess of revenue over expenses	157,174	244,055
Other changes:		
Net change in unrealized (losses) gains on available for sale investments	(76)	266
Pension changes other than net periodic benefit cost	3,655	4,280
Net assets released from restriction for purchases of property and equipment	1,093	4,682
Purchase of noncontrolling interest	(5,887)	-
Other, net	<u>(204)</u>	<u>(824)</u>
Increase in unrestricted net assets	<u>\$ 155,755</u>	<u>252,459</u>

See accompanying notes to condensed consolidated financial statements.

**RWJ BARNABAS HEALTH, INC.**

Condensed Consolidated Statements of Changes in Net Assets

(In thousands)

(Unaudited)

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total net assets</u>
Net assets at December 31, 2016	\$ 2,433,305	117,439	30,339	2,581,083
Changes in net assets:				
Excess of revenues over expenses	244,055	-	-	244,055
Net change unrealized gains and losses	266	29	-	295
Pension related changes other than net periodic benefit cost	4,280	-	-	4,280
Change in interest in restricted net assets of unconsolidated foundations	-	1,244	-	1,244
Net assets released from restriction	4,682	(9,783)	-	(5,101)
Restricted contributions	-	5,997	-	5,997
Investment income on restricted investments, net	-	83	-	83
Other	(824)	(755)	-	(1,579)
Changes in net assets	<u>252,459</u>	<u>(3,185)</u>	<u>-</u>	<u>249,274</u>
Net assets at June 30, 2017	<u>2,685,764</u>	<u>114,254</u>	<u>30,339</u>	<u>2,830,357</u>
Net assets at December 31, 2017	3,074,321	131,468	33,494	3,239,283
Changes in net assets:				
Excess of revenues over expenses	157,174	-	-	157,174
Net change unrealized gains and losses	(76)	(13)	-	(89)
Pension changes other than net periodic benefit cost	3,655	-	-	3,655
Change in interest in restricted net assets of unconsolidated foundations	-	288	-	288
Net assets released from restriction	1,093	(6,002)	-	(4,909)
Restricted contributions	-	7,046	-	7,046
Investment income on restricted investments, net	-	54	-	54
Purchase of noncontrolling interest	(5,887)	-	-	(5,887)
Other	(204)	498	-	294
Changes in net assets	<u>155,755</u>	<u>1,871</u>	<u>-</u>	<u>157,626</u>
Net assets at June 30, 2018	<u>\$ 3,230,076</u>	<u>133,339</u>	<u>33,494</u>	<u>3,396,909</u>

See accompanying notes to condensed consolidated financial statements.

**RWJ Barnabas Health, Inc.**

Condensed Consolidated Statements of Cash Flows

(In thousands)

(Unaudited)

	<b>Six months ended</b>	
	<b>June 30, 2018</b>	<b>June 30, 2017</b>
Cash flows from operating activities:		
Change in net assets	\$ 157,626	249,274
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Pension changes other than net periodic benefit cost	(3,655)	(4,280)
Depreciation and amortization expense	112,711	104,406
Amortization of bond financing costs, premiums and discounts	(2,656)	(2,678)
Net change in unrealized losses (gains) on investments	33,273	(108,012)
Realized gains on investments	(47,906)	(14,837)
Equity in income of joint venture	(16,673)	(11,439)
Distributions received from investments in joint ventures	15,750	8,296
Distributions to noncontrolling interests	993	451
Purchase of noncontrolling interest	5,887	-
Changes in operating assets and liabilities:		
Patient accounts receivable	(10,301)	7,237
Other assets	(35,299)	(16,492)
Accounts payable, accrued expenses, and other current liabilities	(25,550)	45,688
Estimated amounts due from and to third-party payors	(12,692)	(2,997)
Accrued pension liability	(23,345)	3,548
Self-insurance and other long-term liabilities	20,501	29,555
Net cash provided by operating activities	<u>168,664</u>	<u>287,720</u>
Cash flows from investing activities:		
Purchases of property, plant, and equipment, net	(166,460)	(141,572)
Proceeds from bond escrow account	25,367	45,413
Proceeds from the sale of investments and assets limited or restricted as to use	11,602	11,601
Purchases of investments and assets limited or restricted as to use	(13,678)	(10,897)
Purchases of trading securities	(1,601,923)	(2,427,790)
Proceeds from the sale of trading securities	1,568,420	2,429,381
Investment in joint venture	(12,609)	-
Net cash used in investing activities	<u>(189,281)</u>	<u>(93,864)</u>
Cash flows from financing activities:		
Repayments of long-term debt	(3,544)	(36,427)
Distributions to noncontrolling interest	(993)	(451)
Purchase of noncontrolling interest	(5,887)	-
Net cash used in financing activities	<u>(10,424)</u>	<u>(36,878)</u>
Net (decrease) increase in cash, cash equivalents and restricted cash	(31,041)	156,978
Cash, cash equivalents and restricted cash at beginning of year	<u>104,811</u>	<u>75,779</u>
Cash, cash equivalents and restricted cash at end of period	<u>\$ 73,770</u>	<u>232,757</u>
Supplemental disclosure of cash flow information:		
Cash paid for interest	\$ 35,171	13,960

See accompanying notes to condensed consolidated financial statements.