

HMH Hospitals Corporation

Financial Statements

**As of and for the Nine Months Ended September 30, 2018 and 2017
(UNAUDITED)**

HMH Hospitals Corporation
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September 30, 2018
(Unaudited)

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HMH Hospitals Corporation
Balance Sheets
September 30, 2018
(Unaudited)

(in thousands)

	September 30, 2018	December 31, 2017
Assets		
Current assets		
Cash and cash equivalents	\$ 213,380	\$ 586,094
Assets limited as to use and short-term investments	35,480	73,708
Patient accounts receivable, less allowance for uncollectible accounts	485,535	455,590
Due from affiliates, net	175,623	50,805
Other current assets	182,586	143,751
Total current assets	<u>1,092,604</u>	<u>1,309,948</u>
Assets whose use is limited and investments, noncurrent portion	572,307	461,516
Property and equipment, net	2,119,493	1,934,717
Other assets	366,907	307,468
Due from affiliates, net	57,400	101,548
Total assets	<u>\$ 4,208,711</u>	<u>\$ 4,115,197</u>
Liabilities and Net Assets		
Current liabilities		
Current maturities of long-term debt and capital lease obligations	\$ 3,991	\$ 9,865
Accounts payable and accrued expenses	619,780	588,827
Due to affiliates, net	1,423	29,366
Other current liabilities	50,813	157,505
Total current liabilities	<u>676,007</u>	<u>785,563</u>
Long-term debt and capital lease obligations, less current maturities	24,910	128,083
Accrued pension liability	261,887	387,241
Other liabilities	473,533	448,914
Total liabilities	<u>1,436,337</u>	<u>1,749,801</u>
Net assets		
Unrestricted	2,597,969	2,189,583
Temporarily restricted	126,889	128,838
Permanently restricted	47,516	46,975
Total net assets	<u>2,772,374</u>	<u>2,365,396</u>
Total liabilities and net assets	<u>\$ 4,208,711</u>	<u>\$ 4,115,197</u>

HMH Hospitals Corporation
Statements of Operations
Nine Months Ended September 30, 2018 and 2017
(Unaudited)

(in thousands)

	2018	2017
Unrestricted revenues, gains and other support		
Net patient service revenue	\$ 3,300,708	\$ 3,135,122
Other revenue	124,590	98,789
Net assets released from restriction used for operating activities	7,451	6,327
Total operating revenues	<u>3,432,749</u>	<u>3,240,238</u>
Expenses		
Salaries and contracted labor	1,270,258	1,214,210
Physician salaries and fees	89,038	85,002
Employee benefits	289,657	269,902
Supplies and other expenses	1,434,734	1,309,023
Depreciation and amortization	127,805	121,088
Interest	48,674	51,678
Total operating expenses	<u>3,260,166</u>	<u>3,050,903</u>
Income from operations	172,583	189,335
Nonoperating revenues (losses)		
Investment income	3,659	106,658
Contribution income on acquisitions	120,102	70
Unrealized loss on derivative instruments	-	1,260
Loss on extinguishment of debt	(6,946)	(29,845)
Other losses, net	(826)	(2,362)
Excess of revenue over expenses	<u>288,572</u>	<u>265,116</u>
Net assets released from restriction for capital acquisition	5,049	6,362
Equity transfers to affiliates	(3,447)	(93,533)
Pension-related adjustments	118,268	11,819
Other changes in unrestricted net assets	(56)	(3,866)
Increase in unrestricted net assets	<u>\$ 408,386</u>	<u>\$ 185,898</u>

HMH Hospitals Corporation
Hackensack University Medical Center
Statements of Operations
Nine Months Ended September 30, 2018 and 2017
(Unaudited)

(in thousands)

	2018	2017
Unrestricted revenues, gains and other support		
Net patient service revenue	\$ 1,243,654	\$ 1,187,437
Other revenue	71,302	49,183
Net assets released from restriction used for operating activities	2,796	3,385
Total operating revenues	<u>1,317,752</u>	<u>1,240,005</u>
Expenses		
Salaries and contracted labor	425,981	410,016
Physician salaries and fees	19,257	17,387
Employee benefits	99,432	92,756
Supplies and other expenses	600,938	539,951
Depreciation and amortization	51,943	50,896
Interest	19,597	19,141
Total operating expenses	<u>1,217,148</u>	<u>1,130,147</u>
Income from operations	<u>\$ 100,604</u>	<u>\$ 109,858</u>

HMH Hospitals Corporation
Jersey Shore University Medical Center
Statements of Operations
Nine Months Ended September 30, 2018 and 2017
(Unaudited)

(in thousands)

	2018	2017
Unrestricted revenues, gains and other support		
Net patient service revenue	\$ 596,671	\$ 560,975
Other revenue	15,188	17,687
Net assets released from restriction used for operating activities	1,632	1,355
Total operating revenues	<u>613,491</u>	<u>580,017</u>
Expenses		
Salaries and contracted labor	220,060	199,547
Physician salaries and fees	19,903	17,460
Employee benefits	54,053	46,440
Supplies and other expenses	263,347	238,553
Depreciation and amortization	22,782	21,560
Interest	10,133	14,148
Total operating expenses	<u>590,278</u>	<u>537,708</u>
Income from operations	<u>\$ 23,213</u>	<u>\$ 42,309</u>

HMH Hospitals Corporation
JFK Medical Center
Statements of Operations
Nine Months Ended September 30, 2018 and 2017
(Unaudited)

(in thousands)

	2018	2017
Unrestricted revenues, gains and other support		
Net patient service revenue	\$ 419,203	\$ 392,107
Other revenue	18,095	11,403
Net assets released from restriction used for operating activities	4	16
Total operating revenues	<u>437,302</u>	<u>403,526</u>
Expenses		
Salaries and contracted labor	179,081	174,988
Physician salaries and fees	15,747	14,986
Employee benefits	31,329	32,767
Supplies and other expenses	165,232	163,820
Depreciation and amortization	12,841	9,418
Interest	4,833	5,128
Total operating expenses	<u>409,063</u>	<u>401,107</u>
Income from operations	<u>\$ 28,239</u>	<u>\$ 2,419</u>

HMH Hospitals Corporation
Ocean Medical Center
Statements of Operations
Nine Months Ended September 30, 2018 and 2017
(Unaudited)

(in thousands)

	2018	2017
Unrestricted revenues, gains and other support		
Net patient service revenue	\$ 260,106	\$ 238,544
Other revenue	6,573	5,959
Net assets released from restriction used for operating activities	82	284
Total operating revenues	<u>266,761</u>	<u>244,787</u>
Expenses		
Salaries and contracted labor	100,118	93,491
Physician salaries and fees	5,579	4,006
Employee benefits	25,240	21,706
Supplies and other expenses	105,316	92,987
Depreciation and amortization	10,835	9,919
Interest	4,553	4,394
Total operating expenses	<u>251,641</u>	<u>226,503</u>
Income from operations	<u>\$ 15,120</u>	<u>\$ 18,284</u>

HMH Hospitals Corporation
Riverview Medical Center
Statements of Operations
Nine Months Ended September 30, 2018 and 2017
(Unaudited)

(in thousands)

	2018	2017
Unrestricted revenues, gains and other support		
Net patient service revenue	\$ 231,041	\$ 210,749
Other revenue	4,578	5,012
Net assets released from restriction used for operating activities	2,832	1,055
Total operating revenues	<u>238,451</u>	<u>216,816</u>
Expenses		
Salaries and contracted labor	87,567	83,129
Physician salaries and fees	6,639	6,261
Employee benefits	21,671	19,534
Supplies and other expenses	87,359	78,771
Depreciation and amortization	9,068	9,370
Interest	3,928	4,002
Total operating expenses	<u>216,232</u>	<u>201,067</u>
Income from operations	<u>\$ 22,219</u>	<u>\$ 15,749</u>

HMH Hospitals Corporation
Raritan Bay Medical Center
Statements of Operations
Nine Months Ended September 30, 2018 and 2017
(Unaudited)

(in thousands)

	2018	2017
Unrestricted revenues, gains and other support		
Net patient service revenue	\$ 174,073	\$ 173,696
Other revenue	3,717	3,794
Net assets released from restriction used for operating activities	-	-
Total operating revenues	<u>177,790</u>	<u>177,490</u>
Expenses		
Salaries and contracted labor	89,764	86,077
Physician salaries and fees	7,224	11,358
Employee benefits	17,287	17,592
Supplies and other expenses	66,101	58,605
Depreciation and amortization	4,840	4,580
Interest	1,586	1,330
Total operating expenses	<u>186,802</u>	<u>179,542</u>
Loss from operations	<u>\$ (9,012)</u>	<u>\$ (2,052)</u>

HMH Hospitals Corporation
Palisades Medical Center
Statements of Operations
Nine Months Ended September 30, 2018 and 2017
(Unaudited)

(in thousands)

	2018	2017
Unrestricted revenues, gains and other support		
Net patient service revenue	\$ 121,120	\$ 120,350
Other revenue	2,776	3,399
Net assets released from restriction used for operating activities	-	-
Total operating revenues	<u>123,896</u>	<u>123,749</u>
Expenses		
Salaries and contracted labor	63,346	63,293
Physician salaries and fees	6,664	6,157
Employee benefits	14,304	14,459
Supplies and other expenses	40,439	37,760
Depreciation and amortization	5,264	5,458
Interest	1,385	1,224
Total operating expenses	<u>131,402</u>	<u>128,351</u>
Loss from operations	<u>\$ (7,506)</u>	<u>\$ (4,602)</u>

HMH Hospitals Corporation
Southern Ocean Medical Center
Statements of Operations
Nine Months Ended September 30, 2018 and 2017
(Unaudited)

(in thousands)

	2018	2017
Unrestricted revenues, gains and other support		
Net patient service revenue	\$ 140,650	\$ 133,551
Other revenue	1,200	1,248
Net assets released from restriction used for operating activities	50	105
Total operating revenues	<u>141,900</u>	<u>134,904</u>
Expenses		
Salaries and contracted labor	53,780	53,084
Physician salaries and fees	4,701	4,145
Employee benefits	13,488	12,338
Supplies and other expenses	62,981	55,954
Depreciation and amortization	5,817	5,434
Interest	1,800	1,581
Total operating expenses	<u>142,567</u>	<u>132,536</u>
(Loss) income from operations	<u>\$ (667)</u>	<u>\$ 2,368</u>

HMH Hospitals Corporation
Bayshore Medical Center
Statements of Operations
Nine Months Ended September 30, 2018 and 2017
(Unaudited)

(in thousands)

	2018	2017
Unrestricted revenues, gains and other support		
Net patient service revenue	\$ 114,192	\$ 117,714
Other revenue	1,162	1,105
Net assets released from restriction used for operating activities	54	128
Total operating revenues	<u>115,408</u>	<u>118,947</u>
Expenses		
Salaries and contracted labor	50,562	50,585
Physician salaries and fees	3,324	3,242
Employee benefits	12,854	12,310
Supplies and other expenses	42,843	42,622
Depreciation and amortization	4,417	4,453
Interest	1,295	1,213
Total operating expenses	<u>115,295</u>	<u>114,425</u>
Income from operations	<u>\$ 113</u>	<u>\$ 4,522</u>

HMH Hospitals Corporation
Statements of Changes in Net Assets
Nine Months Ended September 30, 2018
(Unaudited)

(in thousands)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total Net Assets
Balance at December 31, 2017	\$ 2,189,583	\$ 128,838	\$ 46,975	\$2,365,396
Excess of revenue over expenses	288,572	-	-	288,572
Increase in interest in affiliated fund raising organizations	-	10,551	541	11,092
Net assets released from restriction for capital acquisition	5,049	(5,049)	-	-
Net assets released from restriction used for operating activities	-	(7,451)	-	(7,451)
Equity transfers to affiliates, net	(3,447)	-	-	(3,447)
Pension-related adjustments	118,268	-	-	118,268
Other changes in unrestricted net assets	(56)	-	-	(56)
Increase (decrease) in net assets	<u>408,386</u>	<u>(1,949)</u>	<u>541</u>	<u>406,978</u>
Balance at September 30, 2018	<u>\$ 2,597,969</u>	<u>\$ 126,889</u>	<u>\$ 47,516</u>	<u>\$2,772,374</u>