



QUARTERLY FINANCIAL INFORMATION

FOR THE FIRST QUARTER ENDED

July 31, 2021

Memorial Healthcare System Disclosure Representative:

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Important Information

In accordance with undertakings of the South Broward Hospital District d/b/a Memorial Healthcare System (the “Issuer”), regarding secondary market disclosure made pursuant to SEC Rule 15c2-12(b)(5)(i), by various continuing disclosure certificates, attached is the quarterly financial information (hereinafter collectively called the “Fiscal Quarter Information”) and operating data for the Fiscal quarter ended July 31, 2021. All of the information provided herein is unaudited.

The provision of this information is not intended as an offer to sell any securities. It is provided solely to comply with the contractual undertakings made by the Issuer with respect to certain outstanding obligations of the Issuer, which contractual undertakings require the provision of limited financial information and operating data with respect to the Issuer. It is not intended to be and is not an update of all of the information included in the Issuer’s prior Official Statements. Other events may have occurred since the date of the Issuer’s prior Official Statements which might be material to investors in the Issuer’s bonds including, without limitation, changes in regulation of the healthcare industry and certain other risk factors. No representation is made as to whether any such other events have occurred with respect to the Issuer or its outstanding debt that might be material or important to owners of the Issuer’s outstanding debt. No representation is made as to the materiality or completeness of the Fiscal Quarter Information. No representation is made that the Fiscal Quarter Information is indicative of financial or operating results of the Issuer since the end of the last fiscal year or of future financial or operating results.

In connection with the sale of each bond issue, the Issuer delivered Official Statements. Capitalized terms used herein shall have the meanings ascribed to such terms in the applicable Official Statement.

This report may contain, in part, estimates and matters of opinion which are not intended as statements of fact, and no representation is made as to the correctness of such estimates and opinions, or that they will be realized. The information and any expression of opinion contained herein are subject to change without notice, and the delivery of this report will not, under any circumstances, create any implication that there has been no change in the affairs of the Issuer or other matters described.

This report may contain additional information that is not required to be provided under the terms of the continuing disclosure undertakings entered into by the Issuer. Any such additional information is provided on a voluntary basis and may be excluded from future reports without notice.

Information about COVID Relief Funds

As of July 31, 2021, the Issuer has received a total of \$183.2 million from the Public Health and Social Services Emergency Fund (the “Provider Relief Fund”) established under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), which was fully recognized in the twelve months ended April 30, 2021 and 2020. Recipients of such funds agree to certain terms and conditions that require compliance with reporting requirements specified by the Secretary of the Department of Health and Human Services (“DHHS”). Among other things, health care providers that receive Provider Relief Fund payments in excess of their health care related expenses and lost revenues attributable to COVID-19 must repay the excess payments. DHHS guidance and/or clarifications concerning COVID-19 stimulus programs, including reporting, recordkeeping and repayment requirements, have been published and revised and may be further revised from time to time. The COVID-19 relief funds recognized for the three months ended July 31, 2020, are shown as part of nonoperating revenue in the Statements of Revenue and Expenses and Changes in Net Position contained in this report.

The Issuer also received funding through the Accelerated and Advanced Payment Program from Medicare in the amount of approximately \$106.7 million. The program currently requires that Centers for Medicare and Medicaid recoup the accelerated payments by withholding future Medicare fee-for-service payments for claims, which began in April 2021. The remaining balance to recoup is included as a liability (with a corresponding amount included in current assets) in the Combined Balance Sheets contained in this report.

**South Broward Hospital District
d/b/a Memorial Healthcare System**

**Combined Balance Sheets
In Thousands**

	July 31,	
	2021	2020
Assets and Deferred Outflows of Resources		
Current assets:		
Cash and cash equivalents	\$ 155,571	\$ 525,881
Investments	2,404,509	2,022,660
Patient accounts receivable, net of estimated uncollectibles	281,748	216,231
Inventories	52,184	48,613
Other current assets	105,784	81,741
Restricted assets:		
Under indenture agreements for debt service	9,367	9,615
Total current assets	3,009,163	2,904,741
Noncurrent assets:		
Designated investments for employee disability	20,550	20,432
Investments restricted under self-insurance agreements	48,760	48,571
Capital assets, net	937,340	870,602
Other assets	29,671	50,788
Total assets	4,045,484	3,895,134
Deferred outflows of resources:		
Deferred outflows – pension related items	94,884	114,799
Loss on defeasance, net	18,256	19,530
Total deferred outflows of resources	113,140	134,329
Total assets and deferred outflows of resources	\$ 4,158,624	\$ 4,029,463
Liabilities, Deferred Inflows of Resources and Net Position		
Current liabilities:		
Accounts payable and accrued expenses	\$ 95,460	\$ 90,453
Accrued compensation and payroll taxes	173,287	153,081
Estimated third-party payor settlements	70,985	59,669
Current installments of long-term debt	11,860	12,185
Current portion of estimated claims liability	23,591	21,893
Medicare advance payments	88,797	106,690
Other current liabilities	49,065	100,677
Total current liabilities	513,045	544,648
Long-term portion of estimated claims liability	32,450	30,253
Net pension liability	12,918	165,811
Other noncurrent liabilities	43,952	44,638
Long-term debt	650,754	664,326
Total liabilities	1,253,119	1,449,676
Deferred inflows – pension related items	180,047	56,359
Total deferred inflows of resources	180,047	56,359
Net position:		
Net investment in capital assets	269,465	211,995
Restricted	10,812	11,059
Unrestricted	2,445,181	2,300,374
Total net position	2,725,458	2,523,428
Total liabilities, deferred inflows of resources and net position	\$ 4,158,624	\$ 4,029,463

Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications had no effect on the reported results of operations.

**South Broward Hospital District
d/b/a Memorial Healthcare System**

**Statements of Revenue and Expenses and Changes in Net Position
In Thousands**

	First Quarter ended July 31,	
	2021	2020
Operating revenue:		
Net patient service revenue	\$ 574,198	\$ 477,714
Disproportionate share distributions	12,915	13,136
Other operating revenues	<u>50,341</u>	<u>32,665</u>
Total operating revenue	<u>637,454</u>	<u>523,515</u>
Operating expenses:		
Salaries and wages	296,986	264,343
Employee benefits	40,506	41,979
Professional fees	14,657	13,083
Supplies	133,012	108,533
Purchased services	62,129	34,398
Facilities	18,671	21,637
Depreciation and amortization	21,010	21,612
Other	<u>29,485</u>	<u>22,048</u>
Total operating expenses	<u>616,456</u>	<u>527,633</u>
Income (loss) from operations	20,998	(4,118)
Nonoperating revenues, net *	<u>16,989</u>	<u>123,890</u>
Income before capital contributions and grants	37,987	119,772
Capital contributions and grants	<u>50</u>	<u>-</u>
Increase in net position	38,037	119,772
Net position at the beginning of the period	<u>2,687,421</u>	<u>2,403,656</u>
Net position at the end of the period	<u>\$ 2,725,458</u>	<u>\$ 2,523,428</u>
Net Margin	<u>6.0%</u>	<u>22.9%</u>
* Includes as follows:		
Interest expense	\$ (6,259)	\$ (6,264)
COVID-19 relief funds	<u>\$ -</u>	<u>\$ 89,996</u>

South Broward Hospital District
d/b/a Memorial Healthcare System
Hospitals and Primary Care
Combining Statement of Revenue and Expenses
Quarter ended July 31, 2021
(In Thousands)

	Memorial Regional Hospital	Memorial Regional Hospital South	Joe DiMaggio Children's Hospital	Memorial Hospital West	Memorial Hospital Pembroke	Memorial Hospital Miramar	Memorial Primary Care	Total Hospitals and Primary Care
Operating revenue:								
Net patient service revenue	\$191,929	\$24,017	\$58,998	\$162,624	\$45,251	\$62,264	\$1,128	\$546,211
Disproportionate share distributions	7,132	1,021	259	2,375	1,542	587	-	12,916
Other operating revenues	2,788	274	457	1,144	247	210	1,881	7,001
Total operating revenue	201,849	25,312	59,714	166,143	47,040	63,061	3,009	566,128
Operating expenses:								
Salaries and wages	80,355	14,155	27,789	56,693	17,153	21,006	2,802	219,953
Employee benefits	10,818	2,065	4,032	7,828	2,378	2,975	564	30,660
Professional fees	3,582	317	1,022	4,173	1,054	1,110	338	11,596
Supplies	45,210	5,248	10,294	30,936	7,328	7,996	104	107,116
Purchased services	14,578	(696)	2,481	14,385	7,747	6,225	732	45,452
Facilities	5,097	983	1,809	2,827	2,301	1,440	313	14,770
Depreciation and amortization	5,115	1,106	2,196	4,348	807	1,655	4	15,231
Other	5,617	769	1,707	4,179	1,366	1,560	126	15,324
Intrasystem allocation	22,042	2,991	6,092	17,287	4,611	5,799	165	58,987
Total operating expenses	192,414	26,938	57,422	142,656	44,745	49,766	5,148	519,089
Income (loss) from operations	9,435	(1,626)	2,292	23,487	2,295	13,295	(2,139)	47,039
Nonoperating (expenses), net	(2,098)	(151)	(507)	(2,205)	(100)	(439)	(1)	(5,501)
Income (loss) before capital contributions and grants	\$7,337	(\$1,777)	\$1,785	\$21,282	\$2,195	\$12,856	(\$2,140)	\$41,538

South Broward Hospital District
d/b/a Memorial Healthcare System
Ancillary Services
Combining Statement of Revenue and Expenses
Quarter ended July 31, 2021
(In Thousands)

	Memorial Manor Nursing Home	Memorial Home Health	Memorial Physician Group	Outpatient Pharmacy Services	Urgent Care Centers	Memorial Corporate Services*	Total Hospitals and Primary Care	Memorial Healthcare System
Operating revenue:								
Net patient service revenue	\$2,728	\$826	\$22,997	\$331	\$825	\$280	\$546,211	\$574,198
Disproportionate share distributions	-	-	-	-	-	(1)	12,916	12,915
Other operating revenues	5	-	4,126	21,615	2	17,592	7,001	50,341
Total operating revenue	2,733	826	27,123	21,946	827	17,871	566,128	637,454
Operating expenses:								
Salaries and wages	2,448	1,253	36,718	2,521	531	33,562	219,953	296,986
Employee benefits	375	205	3,329	357	73	5,507	30,660	40,506
Professional fees	21	9	2	-	11	3,018	11,596	14,657
Supplies	440	29	2,478	21,433	36	1,480	107,116	133,012
Purchased services	215	82	569	105	75	15,631	45,452	62,129
Facilities	118	37	2,199	222	84	1,241	14,770	18,671
Depreciation and amortization	90	3	934	201	73	4,478	15,231	21,010
Other	104	52	819	51	25	13,110	15,324	29,485
Intrasystem allocation	141	65	671	230	23	(60,117)	58,987	0
Total operating expenses	3,952	1,735	47,719	25,120	931	17,910	519,089	616,456
Income (loss) from operations	(1,219)	(909)	(20,596)	(3,174)	(104)	(39)	47,039	20,998
Nonoperating revenues (expenses), net	(1)	-	(21)	(1)	-	22,513	(5,501)	16,989
Income (loss) before capital contributions and grants	(\$1,220)	(\$909)	(\$20,617)	(\$3,175)	(\$104)	\$22,474	\$41,538	\$37,987

*Includes: MHS Division, Memorial Retail Stores, Property Management, Memorial Health Network, Joe DiMaggio Children's Health Outpatient Surgery Center, Broward Guardian and Eliminations

South Broward Hospital District
d/b/a Memorial Healthcare System
Hospitals and Primary Care
Combining Statement of Revenue and Expenses
Quarter ended July 30, 2020
(In Thousands)

	Memorial Regional Hospital	Memorial Regional Hospital South	Joe DiMaggio Children's Hospital	Memorial Hospital West	Memorial Hospital Pembroke	Memorial Hospital Miramar	Memorial Primary Care	Total Hospitals and Primary Care
Operating revenue:								
Net patient service revenue	\$162,529	\$21,840	\$53,971	\$138,260	\$35,193	\$45,287	\$978	\$458,058
Disproportionate share distributions	7,218	1,067	302	2,301	1,599	649	-	13,136
Other operating revenues	2,173	428	487	763	199	317	1,997	6,364
Total operating revenue	171,920	23,335	54,760	141,324	36,991	46,253	2,975	477,558
Operating expenses:								
Salaries and wages	73,275	11,775	23,494	50,044	16,542	17,562	2,763	195,455
Employee benefits	11,638	2,099	3,939	8,114	2,420	3,026	542	31,778
Professional fees	3,016	271	843	3,312	1,084	1,418	278	10,222
Supplies	38,943	4,506	8,211	26,997	5,091	5,686	39	89,473
Purchased services	5,208	(1,096)	1,585	6,253	3,429	3,244	776	19,399
Facilities	6,131	1,008	2,390	3,628	2,392	1,766	381	17,696
Depreciation and amortization	5,129	1,070	2,287	4,454	834	1,716	4	15,494
Other	5,095	763	1,623	3,763	1,092	1,360	115	13,811
Intrasystem allocation	21,747	2,989	6,204	17,515	5,070	5,523	180	59,228
Total operating expenses	170,182	23,385	50,576	124,080	37,954	41,301	5,078	452,556
Income (loss) from operations	1,738	(50)	4,184	17,244	(963)	4,952	(2,103)	25,002
Nonoperating revenues, net	26,605	6,434	7,551	21,715	8,218	9,436	-	79,959
Income (loss) before capital contributions and grants	\$28,343	\$6,384	\$11,735	\$38,959	\$7,255	\$14,388	(\$2,103)	\$104,961

**South Broward Hospital District
d/b/a Memorial Healthcare System
Ancillary Services
Combining Statement of Revenue and Expenses
Quarter ended July 31, 2020
(In Thousands)**

	Memorial Manor Nursing Home	Memorial Home Health	Memorial Physician Group	Outpatient Pharmacy Services	Urgent Care Centers	Memorial Corporate Services*	Total Hospitals and Primary Care	Memorial Healthcare System
Operating revenue:								
Net patient service revenue	\$2,101	\$956	\$15,510	\$306	\$373	\$410	\$458,058	\$477,714
Disproportionate share distributions	-	-	-	-	-	-	13,136	13,136
Other operating revenues	22	-	1,691	15,874	-	8,714	6,364	32,665
Total operating revenue	2,123	956	17,201	16,180	373	9,124	477,558	523,515
Operating expenses:								
Salaries and wages	2,022	1,156	32,490	2,113	530	30,577	195,455	264,343
Employee benefits	438	203	2,999	303	70	6,188	31,778	41,979
Professional fees	22	-	2	-	8	2,829	10,222	13,083
Supplies	348	34	1,102	15,575	18	1,983	89,473	108,533
Purchased services	209	80	381	370	32	13,927	19,399	34,398
Facilities	60	37	2,154	186	81	1,423	17,696	21,637
Depreciation and amortization	85	3	1,027	208	83	4,712	15,494	21,612
Other	67	62	908	42	29	7,129	13,811	22,048
Intrasystem allocation	150	65	603	195	22	(60,263)	59,228	-
Total operating expenses	3,401	1,640	41,666	18,992	873	8,505	452,556	527,633
Income (loss) from operations	(1,278)	(684)	(24,465)	(2,812)	(500)	619	25,002	(4,118)
Nonoperating revenues, net	349	93	4,191	-	-	39,298	79,959	123,890
Income (loss) before capital contributions and grants	(\$929)	(\$591)	(\$20,274)	(\$2,812)	(\$500)	\$39,917	\$104,961	\$119,772

* Includes: MHS Division, Memorial Retail Stores, Property Management, Memorial Health Network, Joe DiMaggio Children's Health Outpatient Surgery Center, Broward Guardian and Eliminations