



**QUARTERLY FINANCIAL INFORMATION
FOR THE FIRST QUARTER ENDED**

July 31, 2023

Memorial Healthcare System Disclosure Representative:

David M. Smith

Executive Vice President and Chief Financial Officer

3111 Stirling Road

Fort Lauderdale, Florida 33312

(954) 265-5696

DSmith@mhs.net

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, 2023. 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, 2023, the Issuer has received a total of \$188.8 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”), \$40.2 million of which was recognized in the twelve months ended April 30, 2020, \$143.0 million in the twelve months ended April 30, 2021, and \$5.6 million in the twelve months ended April 30, 2022. 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 Issuer also recognized other COVID-19 related grants and reimbursements, including \$9.4 million in the twelve months ended April 30, 2021, \$7.5 million in the twelve months ended April 30, 2022, and \$0.5 million in the twelve months ended April 30, 2023. The COVID-19 relief funds recognized for the first quarter ended July 31, 2022 are shown as part of non-operating revenue in the Statements of Revenue and Expenses and Changes in Net Position contained in this report. There were no additional COVID-19 related funds recognized for the first quarter ended July 31, 2023.

The Issuer also received funding through the Accelerated and Advanced Payment Program from Medicare in the amount of approximately \$106.7 million. The program required that the Centers for Medicare and Medicaid Services recoup the accelerated and advance payments, by withholding future Medicare fee-for-service payments for claims, from April 2021 through August 2022. The funds were fully recouped as of April 30, 2023.

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

**Combined Balance Sheets
In Thousands**

	July 31,	
	2023 (*)	2022
Assets and Deferred Outflows of Resources		
Current assets:		
Cash and cash equivalents	\$ 133,079	\$ 272,420
Investments	2,291,804	2,272,231
Patient accounts receivable, net of estimated uncollectibles	348,533	330,340
Inventories	54,834	56,366
Other current assets	244,565	122,733
Restricted assets:		
Investments under indenture agreements – debt service	12,283	11,134
Investments under self-insurance agreements	13,589	14,065
Total current assets	3,098,687	3,079,289
Noncurrent assets:		
Designated investments for employee disability	19,507	19,652
Capital assets, net	1,206,703	1,043,872
Right-of-use lease assets, net	68,108	-
Other assets	42,227	32,356
Restricted assets, net of current portion:		
Investments under self-insurance agreements	46,964	46,621
Investments under indenture agreements – project funds	-	85,654
Total assets	4,482,196	4,307,444
Deferred outflows of resources:		
Pension related items	202,446	167,098
Loss on defeasance	15,707	16,982
Total deferred outflows of resources	218,153	184,080
Total assets and deferred outflows of resources	\$ 4,700,349	\$ 4,491,524
Liabilities, Deferred Inflows of Resources and Net Position		
Current liabilities:		
Accounts payable and accrued expenses	\$ 116,194	\$ 118,111
Accrued compensation and payroll taxes	217,580	235,062
Estimated third-party payor settlements	111,257	90,809
Current installments of long-term debt	12,935	12,390
Current portion of estimated claims liability	18,274	19,626
Medicare advance payments	-	5,683
Current portion of lease payable	15,699	-
Other current liabilities	53,581	52,214
Total current liabilities	545,520	533,895
Noncurrent liabilities:		
Long-term portion of estimated claims liability	29,108	32,689
Net pension liability	144,251	93,729
Other noncurrent liabilities	56,153	58,250
Lease payable	55,177	-
Long-term debt	883,449	898,567
Total liabilities	1,713,658	1,617,130
Deferred inflows of resources:		
Pension related items	87,767	133,961
Lease related items	13,129	-
Total deferred inflows of resources	100,896	133,961
Net position:		
Net investment in capital assets	284,405	196,683
Restricted	13,259	11,993
Unrestricted	2,588,131	2,531,757
Total net position	2,885,795	2,740,433
Total liabilities, deferred inflows of resources and net position	\$ 4,700,349	\$ 4,491,524

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.

** Fiscal year 2023 amounts do not reflect the adoption of GASB Statement No. 87.*

**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,	
	2023 (**)	2022
Operating revenue:		
Net patient service revenue	\$ 693,209	\$ 610,296
Disproportionate share distributions	20,604	21,924
Other operating revenues	46,654	41,112
Total operating revenue	<u>760,467</u>	<u>673,332</u>
Operating expenses:		
Salaries and wages	365,818	359,703
Employee benefits	58,973	44,036
Professional fees	19,699	15,097
Supplies	155,841	134,674
Purchased services	68,896	75,872
Facilities	21,371	20,510
Depreciation and amortization	28,966	21,832
Other	24,721	27,310
Total operating expenses	<u>744,285</u>	<u>699,034</u>
Income (loss) from operations	16,182	(25,702)
Nonoperating (expenses) revenues, net	<u>(4,581)</u>	<u>16,652</u>
Excess (deficit) of revenues over (under) expenses	11,601	(9,050)
Capital contributions and grants	10,000	-
Increase (decrease) in net position	21,601	(9,050)
Net position at the beginning of the period	2,864,194	2,749,483
Net position at the end of the period	<u>\$ 2,885,795</u>	<u>\$ 2,740,433</u>
Net Margin	<u>1.5%</u>	<u>-1.3%</u>
* Includes as follows:		
Interest expense	\$ (8,089)	\$ (7,375)
COVID-19 relief funds	<u>\$ -</u>	<u>\$ 529</u>

*** Fiscal year 2023 amounts do not reflect the adoption of GASB Statement No. 87.*

South Broward Hospital District
d/b/a Memorial Healthcare System
Hospitals and Primary Care
Combining Statement of Revenue and Expenses
Quarter ended July 31, 2023
(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	\$227,197	\$32,963	\$77,684	\$201,017	\$48,641	\$71,176	\$2,574	\$661,252
Disproportionate share distributions	11,172	1,462	406	4,182	1,838	1,544	-	20,604
Other operating revenues	3,731	499	835	3,217	184	301	2,387	11,154
Total operating revenue	<u>242,100</u>	<u>34,924</u>	<u>78,925</u>	<u>208,416</u>	<u>50,663</u>	<u>73,021</u>	<u>4,961</u>	<u>693,010</u>
Operating expenses:								
Salaries and wages	97,367	15,925	34,579	69,541	21,147	24,227	3,762	266,548
Employee benefits	15,869	2,950	5,670	11,830	3,336	4,317	762	44,734
Professional fees	3,836	350	1,791	5,104	1,252	1,474	280	14,087
Supplies	50,986	5,063	13,075	41,477	7,527	7,876	290	126,294
Purchased services	12,261	2,512	6,911	13,821	4,404	5,152	643	45,704
Facilities	6,258	1,369	2,330	4,133	1,345	1,947	369	17,751
Depreciation and amortization	6,167	1,286	4,188	5,324	2,808	2,045	165	21,983
Other	6,012	897	1,896	4,117	1,305	1,295	155	15,677
Intrasystem allocation	30,541	4,326	9,960	25,648	6,569	8,063	467	85,574
Total operating expenses	<u>229,297</u>	<u>34,678</u>	<u>80,400</u>	<u>180,995</u>	<u>49,693</u>	<u>56,396</u>	<u>6,893</u>	<u>638,352</u>
Income (loss) from operations	12,803	246	(1,475)	27,421	970	16,625	(1,932)	54,658
Nonoperating expenses, net Excess (deficit) of revenues over (under) expenses	<u>(2,158)</u>	<u>(177)</u>	<u>(1,186)</u>	<u>(2,546)</u>	<u>(178)</u>	<u>(757)</u>	<u>(15)</u>	<u>(7,017)</u>
	<u>\$10,645</u>	<u>\$69</u>	<u>(\$2,661)</u>	<u>\$24,875</u>	<u>\$792</u>	<u>\$15,868</u>	<u>(\$1,947)</u>	<u>\$47,641</u>

**South Broward Hospital District
d/b/a Memorial Healthcare System
Ancillary Services
Combining Statement of Revenue and Expenses
Quarter ended July 31, 2023
(In Thousands)**

	Memorial Manor Nursing Home	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	\$3,152	\$26,849	\$986	\$858	\$112	\$661,252	\$693,209
Disproportionate share distributions	-	-	-	-	-	20,604	20,604
Other operating revenues	3	4,948	23,837	7	6,705	11,154	46,654
Total operating revenue	<u>3,155</u>	<u>31,797</u>	<u>24,823</u>	<u>865</u>	<u>6,817</u>	<u>693,010</u>	<u>760,467</u>
Operating expenses:							
Salaries and wages	2,806	47,134	3,106	686	45,538	266,548	365,818
Employee benefits	585	4,651	497	103	8,403	44,734	58,973
Professional fees	13	1	-	14	5,584	14,087	19,699
Supplies	545	3,582	23,786	53	1,581	126,294	155,841
Purchased services	309	947	277	55	21,604	45,704	68,896
Facilities	187	2,060	241	48	1,084	17,751	21,371
Depreciation and amortization	95	1,489	252	116	5,031	21,983	28,966
Other	156	1,021	84	39	7,744	15,677	24,721
Intrasystem allocation	275	2,149	824	75	(88,897)	85,574	-
Total operating expenses	<u>4,971</u>	<u>63,034</u>	<u>29,067</u>	<u>1,189</u>	<u>7,672</u>	<u>638,352</u>	<u>744,285</u>
(Loss) income from operations	(1,816)	(31,237)	(4,244)	(324)	(855)	54,658	16,182
Nonoperating (expenses) revenues, net	(1)	(144)	(8)	(19)	2,608	(7,017)	(4,581)
(Deficit) excess of revenues (under) over expenses	<u>(\$1,817)</u>	<u>(\$31,381)</u>	<u>(\$4,252)</u>	<u>(\$343)</u>	<u>\$1,753</u>	<u>\$47,641</u>	<u>\$11,601</u>

* Includes: MHS Division, Memorial Retail Stores, Property Management, Memorial Health Network, Broward Guardian, Memorial Assurance, 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 31, 2022
(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	\$199,854	\$28,212	\$77,720	\$165,880	\$47,152	\$61,809	\$1,438	\$582,065
Disproportionate share distributions	11,595	1,424	191	4,661	2,829	1,224	-	21,924
Other operating revenues	3,076	476	997	1,913	150	228	2,428	9,268
Total operating revenue	214,525	30,112	78,908	172,454	50,131	63,261	3,866	613,257
Operating expenses:								
Salaries and wages	99,763	16,939	33,855	70,543	20,940	25,707	3,515	271,262
Employee benefits	12,171	2,296	4,437	8,941	2,641	3,316	564	34,366
Professional fees	3,251	262	1,239	4,410	1,214	1,343	315	12,034
Supplies	45,611	5,352	10,558	34,687	6,194	7,361	152	109,915
Purchased services	17,907	1,195	7,581	15,800	6,447	6,753	787	56,470
Facilities	5,498	1,123	2,065	2,995	2,381	1,644	384	16,090
Depreciation and amortization	5,359	972	2,258	4,934	1,257	1,817	18	16,615
Other	5,930	845	2,027	4,437	1,473	1,595	154	16,461
Intrasystem allocation	26,573	3,798	8,575	21,682	6,604	7,135	196	74,563
Total operating expenses	222,063	32,782	72,595	168,429	49,151	56,671	6,085	607,776
(Loss) income from operations	(7,538)	(2,670)	6,313	4,025	980	6,590	(2,219)	5,481
Nonoperating (expenses), net	(1,839)	(100)	(960)	(2,321)	(83)	(705)	-	(6,008)
(Deficit) excess of revenues (under) over expenses	(\$9,377)	(\$2,770)	\$5,353	\$1,704	\$897	\$5,885	(\$2,219)	(\$527)

Fiscal year 2023 amounts do not reflect the adoption of GASB Statement No. 87.

**South Broward Hospital District
d/b/a Memorial Healthcare System
Ancillary Services
Combining Statement of Revenue and Expenses
Quarter ended July 31, 2022
(In Thousands)**

	Memorial Manor Nursing Home	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	\$2,996	\$23,271	\$323	\$904	\$737	\$582,065	\$610,296
Disproportionate share distributions	-	-	-	-	-	21,924	21,924
Other operating revenues	5	5,112	20,402	9	6,316	9,268	41,112
Total operating revenue	<u>3,001</u>	<u>28,383</u>	<u>20,725</u>	<u>913</u>	<u>7,053</u>	<u>613,257</u>	<u>673,332</u>
Operating expenses:							
Salaries and wages	2,805	41,680	2,835	618	40,503	271,262	359,703
Employee benefits	401	3,430	389	77	5,373	34,366	44,036
Professional fees	13	2	-	10	3,038	12,034	15,097
Supplies	497	2,946	19,716	43	1,557	109,915	134,674
Purchased services	285	1,049	110	51	17,907	56,470	75,872
Facilities	153	2,362	271	92	1,542	16,090	20,510
Depreciation and amortization	90	858	177	70	4,022	16,615	21,832
Other	111	1,009	52	31	9,646	16,461	27,310
Intrasystem allocation	162	992	261	32	(76,010)	74,563	-
Total operating expenses	<u>4,517</u>	<u>54,328</u>	<u>23,811</u>	<u>1,024</u>	<u>7,578</u>	<u>607,776</u>	<u>699,034</u>
(Loss) income from operations	(1,516)	(25,945)	(3,086)	(111)	(525)	5,481	(25,702)
Nonoperating (expenses) revenues, net	-	(19)	-	-	22,679	(6,008)	16,652
(Deficit) excess of revenues (under) over expenses	<u>(\$1,516)</u>	<u>(\$25,964)</u>	<u>(\$3,086)</u>	<u>(\$111)</u>	<u>\$22,154</u>	<u>(\$527)</u>	<u>(\$9,050)</u>

* Includes: MHS Division, Memorial Retail Stores, Property Management, Memorial Health Network, Broward Guardian, and Eliminations.

Fiscal year 2023 amounts do not reflect the adoption of GASB Statement No. 87.