



FINANCIAL AND OPERATING INFORMATION

FOR THE FOURTH QUARTER ENDED

April 30, 2008

Memorial Healthcare System Contact Information:

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

Management's Discussion and Analysis

April 30, 2008

Required Financial Statements

The South Broward Hospital System d/b/a Memorial Healthcare System (the System), operates Memorial Regional Hospital and the Joe DiMaggio Children's Hospital at Memorial Regional Hospital, both located in Hollywood, Florida; Memorial Regional Hospital South located in Hollywood, Florida, approximately one mile south of Memorial Regional Hospital; Memorial Hospital Pembroke, located in Pembroke Pines, Florida, approximately six miles west of Memorial Regional Hospital; and Memorial Hospital West, located in Pembroke Pines, Florida, approximately ten miles west of Memorial Regional Hospital, and Memorial Hospital Miramar, located in Miramar, Florida, approximately 15 miles west of Memorial Regional Hospital. The System also operates the Urgent Care Center and Memorial Manor Nursing Home, both located in Pembroke Pines, Florida, approximately eight miles west of Memorial Regional Hospital. Other components of the Memorial Healthcare System include the Memorial Outpatient Center - Hallandale, located in Hallandale, Florida, approximately five miles east of Memorial Regional Hospital; the Memorial Home Health Services; multiple primary care and school health centers located throughout south Broward County; the Memorial Regional Cancer Institute, located on the campus of Memorial Regional Hospital; Memorial Hospital West Cancer Institute, located on the campus of Memorial Hospital West; and the Memorial Adult Day Care Center, which provides activities, meals, and select health-related services for its elderly participants, located within the Memorial Outpatient Center - Hallandale. At April 30, 2008, the System operates a total of 1,792 licensed hospital beds and 120 licensed nursing home beds.

The Memorial Hospital Pembroke facility is leased from Hospital Reality, LLC. The initial ten-year lease of the facility expired June 30, 2005. The System entered into a second ten-year term beginning July 1, 2005, which was extended to 2025 in May 2007.

The System utilizes three different funds to account for its activities: an enterprise fund, which combines the activities of the operating fund of the System; a fiduciary fund, which reports information about the net assets and changes in net assets of two foundations, which support the operations of the System; and a pension trust fund, which reports information about the net assets and changes in net assets of the System's employees' pension plan.

Complete financial statements for the two foundations which comprise the fiduciary fund can be obtained from the Memorial Foundation, Inc. and Joe DiMaggio Children's Hospital Foundation, Inc. at 3501 Johnson Street, Hollywood, Florida 33021.

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

Management's Discussion and Analysis (continued)

Required Financial Statements (continued)

The pension trust fund does not issue separate financial statements.

The financial statements of the System's enterprise fund report information about the System's business-type activities using accounting methods similar to those used by private sector companies. These statements offer short-term and long-term financial information about its activities. The Balance Sheets include all of the System's assets and liabilities and provide information about the nature and amounts of investments in resources (assets) and the obligations to the System's creditors (liabilities). The assets and liabilities are presented in a classified format, which distinguishes between current and long-term assets and liabilities. These statements also provide the basis for computing rate of return, evaluating the capital structure of the System, and assessing the liquidity and financial flexibility of the System.

All of the current year's revenue and expenses are accounted for in the Statements of Revenue and Expenses and Changes in Net Assets. These statements communicate the performance of the System's operations over the past two years.

The final required statements are the Statements of Cash Flows. The primary purpose of these statements is to provide information about the System's cash receipts and cash payments during the reporting periods. These statements report cash receipts, cash payments, and net changes in cash and cash equivalents resulting from operating, investing, noncapital financing, and capital and related financing activities.

Summary of Financial Information

The financial statements consist of two parts: a) management's discussion and analysis and b) the audited financial statements. The audited financial statements also include notes that explain in more detail some of the information in the financial statements. The financial statements are intended to describe the results of operations, the changes in the net assets, the sources, and uses of cash and cash equivalents and the capital structure of the System. The following selected financial data as of April 30, 2008, 2007, and 2006, and for the three years then ended, for the System's enterprise fund are derived from the audited financial statements of the System. The data should be read in conjunction with the financial statements, related notes, and other financial information contained herein.

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

Management's Discussion and Analysis (continued)

Summary of Financial Information (continued)

Years Ended April 30, 2008 and 2007

Condensed Balance Sheets – System (in thousands of dollars)

	April 30		Dollar	Percentage
	2008	2007	Increase/ (Decrease)	Increase/ (Decrease)
Cash, cash equivalents, and investments	\$ 618,626	\$ 588,100	\$ 30,526	5.2%
Patient accounts receivable, net	130,382	115,706	14,676	12.7
Total current assets	791,953	744,506	47,447	6.4
Capital assets, net	672,578	628,314	44,264	7.0
Total assets	1,626,566	1,532,793	93,773	6.1
Total current liabilities	205,499	199,440	6,059	3.0
Long-term debt, net of current portion	415,028	424,327	(9,299)	(2.2)
Total liabilities	738,113	736,262	1,851	0.3
Unrestricted net assets	592,245	551,476	40,769	7.4
Net assets invested in capital assets, net of related debt	242,103	193,020	49,083	25.4
Restricted net assets	54,105	52,035	2,070	4.0

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

Management's Discussion and Analysis (continued)

Summary of Financial Information (continued)

Summary of Revenue and Expenses and Changes in Net Assets – System (in thousands of dollars)

	Years Ended April 30		Dollar	Percentage
	2008	2007	Increase/ (Decrease)	Increase/ (Decrease)
Revenue:				
Net patient service revenue	\$ 1,153,148	\$ 1,077,562	\$ 75,586	7.0%
Other revenue	62,268	60,234	2,034	3.4
Total revenue	1,215,416	1,137,796	77,620	6.8
Expenses:				
Salaries and wages	572,128	516,575	55,553	10.8
Employee benefits	114,636	96,603	18,033	18.7
Professional fees	25,334	20,534	4,800	23.4
Supplies	224,605	205,999	18,606	9.0
Purchased services	78,481	67,946	10,535	15.5
Facilities	65,784	54,729	11,055	20.2
Depreciation and amortization	65,837	60,253	5,584	9.3
Interest	17,435	19,678	(2,243)	-11.4
Other	56,163	49,888	6,275	12.6
Total expenses	1,220,403	1,092,205	128,198	11.7
(Loss) income from operations	(4,987)	45,591	(50,578)	-110.9
Nonoperating gains, net (including depreciation of \$3,250 and \$3,367 in 2008 and 2007, respectively)	95,551	84,836	10,715	12.6
Excess of revenue and net nonoperating gains over expenses	90,564	130,427	(39,863)	-30.6
Net assets at the beginning of the year	796,531	664,248	132,283	19.9
Contributions and grants	1,358	1,856	(498)	-26.8
Net assets at the end of the year	\$ 888,453	\$ 796,531	\$ 91,922	11.5%

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

Management's Discussion and Analysis (continued)

Management's Discussion of Financial Performance

The decline in operating performance in fiscal year 2008 is due to several factors. The System absorbed approximately \$19 million in losses from operations at Memorial Regional Hospital South. The System continues to believe that the added capacity that this campus provides is essential to enabling volume growth opportunities at Memorial Regional Hospital. The System experienced a decline in cardiovascular surgical cases as it pursued replacements to the former cardiovascular surgery group for purposes of enhancing the program. A full compliment of qualified cardiovascular surgeons was hired in the third quarter of fiscal year 2008. The general economic conditions nationally, within Florida and Broward County have contributed to the decline in operating performance. The winter seasonal resident population appeared to be lower than historical levels which resulted in fewer than expected hospital admissions. Broward County experienced a net decline in population as residents sought a lower cost of living. Finally, the System experienced higher levels of uncompensated care as a result of an increase in the number of uninsured and underinsured patients. In response to the decline in operating performance, the System has developed comprehensive volume/revenue growth and cost management strategies.

The System entered into a loan agreement dated as of March 1, 2008 with Bank of America, National Association and executed a promissory note as of March 24, 2008 to evidence debt incurred under the Bank of America Loan Agreement which debt was incurred for the purpose of refunding its (i) Hospital Refunding Revenue Bonds, Series 2003C Bonds, (ii) Hospital Revenue Bonds, Series 2004A Bonds, and (iii) Hospital Revenue Bonds, Series 2004B. These prior bonds were issued as auction rate securities, all of which suffered failed auctions during the 2008 fiscal year. The intent of the loan agreement was to temporarily refund the bonds until more permanent financing could be completed. On May 27, 2008, the Series 2008 Hospital Refunding Bonds were issued in the amount of \$156,575,000 to (1) pay prior to maturity the principal of and accrued interest on the Bank of America Loan Agreement, and (2) pay certain costs of issuance.

Total revenues and nonoperating gains of the System rose from \$1.223 billion to \$1.311 billion for the fiscal years ended April 30, 2007 and 2008, respectively. Total expenses rose from \$1.092 billion to \$1.220 billion for the same periods. The corresponding excess of revenues and net nonoperating gains over expenses decreased from \$130.4 million to \$90.6 million for the fiscal years ended April 30, 2007 and 2008, respectively, resulting in a net margin of 11.5% and 7.5% for the fiscal years ended April 30, 2007 and 2008, respectively. Income available for debt service was \$206.4 million and \$168.7 million for the fiscal years ended April 30, 2007 and 2008, respectively.

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

Management's Discussion and Analysis (continued)

Management's Discussion of Financial Performance (continued)

The investment policy of the System is congruent with Section 218.415 of the Florida Statutes, which is designed to ensure the prudent management of financial assets. Other than for certain investments of the pension trust fund, the System does not invest in equity securities. Cash, cash equivalents and investments, excluding assets whose use is limited, rose from \$588.1 million to \$618.6 million at April 30, 2007 and 2008, respectively. Cash, cash equivalents and investments, including assets whose use is limited, rose from \$732.7 million to \$769.9 million at April 30, 2007 and 2008, respectively. The System continues to expand and improve its facilities. Additions to capital assets were \$130.4 million and \$114.0 million for the fiscal years ended April 30, 2007 and 2008, respectively. The System is currently engaged in expansion programs at its facilities. The estimated cost to complete all construction programs in process at April 30, 2008 is \$113.8 million. The System anticipates financing these programs through a combination of currently available cash, cash equivalents and investments and future cash flows from operations.

Admissions were 76,785 and 80,316 for the years ended April 30, 2007 and 2008, respectively. Outpatient visits for the same fiscal periods were 678,852 for the year ended April 30, 2007 and 717,356 for the year ended April 30, 2008. Much of the growth in admissions is attributable to Memorial Regional South and Memorial Hospital Miramar.

The System aggressively pursues qualification of indigent patients for available Medicaid and other reimbursement programs. The System has also established effective protocols that enable early identification of denials and short pays from managed care organizations. As a result, the denial rates for managed care claims as a percentage of managed care claims was 1.6% and 1.9% in fiscal year 2007 and 2008, respectively.

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

Management's Discussion and Analysis (continued)

Management's Discussion of Financial Performance (continued)

Years Ended April 30, 2007 and 2006

Condensed Balance Sheets – System (in thousands of dollars)

	April 30		Dollar	Percentage
	2007	2006	Increase/ (Decrease)	Increase/ (Decrease)
Cash, cash equivalents, and investments	\$ 588,100	\$ 520,856	\$ 67,244	12.9%
Patient accounts receivable, net	115,706	98,199	17,507	17.8
Total current assets	744,506	652,698	91,808	14.1
Capital assets, net	628,314	561,434	66,880	11.9
Total assets	1,532,793	1,379,768	153,025	11.1
Total current liabilities	199,440	165,986	33,454	20.2
Long-term debt, net of current portion	424,327	439,780	(15,453)	(3.5)
Total liabilities	736,262	715,520	20,742	2.9
Unrestricted net assets	551,476	488,696	62,780	12.8
Net assets invested in capital				
assets, net of related debt	193,020	114,172	78,848	69.1
Restricted net assets	52,035	61,380	(9,345)	(15.2)

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

Management's Discussion and Analysis (continued)

Management's Discussion of Financial Performance (continued)

Summary of Revenue and Expenses and Changes in Net Assets – System (in thousands of dollars)

	Years Ended April 30		Dollar	Percentage
	2007	2006	Increase/ (Decrease)	Increase/ (Decrease)
Revenue:				
Net patient service revenue	\$ 1,077,562	\$ 966,720	\$ 110,842	11.5%
Other revenue	60,234	49,248	10,986	22.3
Total revenue	1,137,796	1,015,968	121,828	12.0
Expenses:				
Salaries and wages	516,575	467,076	49,499	10.6
Employee benefits	96,603	90,816	5,787	6.4
Professional fees	20,534	20,515	19	0.1
Supplies	205,999	188,541	17,458	9.3
Purchased services	67,946	64,051	3,895	6.1
Facilities	54,729	49,271	5,458	11.1
Depreciation and amortization	60,253	51,134	9,119	17.8
Interest	19,678	16,587	3,091	18.6
Other	49,888	60,826	(10,938)	(18.0)
Total expenses	1,092,205	1,008,817	83,388	8.3
Income from operations	45,591	7,151	38,440	537.5
Nonoperating gains, net (including depreciation of \$3,367 and \$3,251 in 2007 and 2006, respectively)	84,836	59,937	24,899	41.5
Excess revenue and net nonoperating gains over expenses	130,427	67,088	63,339	94.4
Net assets at the beginning of the year	664,248	594,785	69,463	11.7
Contributions and grants	1,856	2,512	(656)	(26.1)
Restricted donations, net of designated expenditures	–	(137)	137	100.0
Net assets at the end of the year	\$ 796,531	\$ 664,248	\$ 132,283	19.9%

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

Management's Discussion and Analysis (continued)

Management's Discussion of Financial Performance (continued)

Fiscal years 2007 and 2006 reflect strong operational performance. This created a strong financial position and is the result of many factors including increased patient volumes; effective managed care contracting; strong collections; efficient business operations; and the System's strategies to develop specialized services that attract paying patients from the System's primary market and beyond. During fiscal year 2007, the System completed an asset purchase agreement to acquire Memorial Regional Hospital South, formerly known as Hollywood Medical Center, Inc., from Tenet HealthSystem Hospitals, Inc. for a purchase price of \$32.0 million adjusted for net working capital settlement. In fiscal year 2007, the System completed an advance refunding of the Series 2002 Hospital Revenue Bonds through the issuance of the Series 2007 Hospital Refunding Revenue Bonds in the amount of \$112.7 million. This issuance was in conjunction with a rate lock agreement dated February 8, 2007 to reduce future debt service. In fiscal year 2006, the historically low interest rate environment offered the System an opportunity to refinance its 1996 Revenue Bonds and fund prior capital expenditures through the issuance of approximately \$120 million of Hospital Revenue and Refunding Revenue Bonds, Series 2006.

Total revenues and nonoperating gains of the System rose from \$1.076 billion to \$1.223 billion for the fiscal years ended April 30, 2006 and 2007, respectively. Total expenses rose from \$1.009 billion to \$1.092 billion for the same periods. The corresponding excess of revenues and net nonoperating gains over expenses increased from \$67.1 million to \$130.4 million for the fiscal years ended April 30, 2006 and 2007, respectively, resulting in a net margin of 6.6% and 11.5% for the fiscal years ended April 30, 2006 and 2007, respectively. The increase in net margin is attributable to (1) a \$19.0 million increase in the net margin for Memorial Hospital Miramar; (2) an increase in investment income of \$22.1 million and (3) the losses sustained from Hurricane Wilma during the year ended April 30, 2006 of approximately \$15.0 million. Income available for debt service was \$140.9 million and \$206.4 million for the fiscal years ended April 30, 2006 and 2007, respectively.

The investment policy of the System is congruent with Section 218.415 of the Florida Statutes, which is designed to ensure the prudent management of financial assets. Other than for certain investments of the pension trust fund, the System does not invest in equity securities. Cash, cash equivalents and investments, excluding assets whose use is limited, rose from \$520.9 million to \$588.1 million at April 30, 2006 and 2007, respectively. Cash, cash equivalents and investments, including assets whose use is limited, rose from \$671.9 million to \$732.7 million at April 30, 2006 and 2007, respectively. The decrease in assets whose use is limited is primarily attributed to the use of the Series 2002 Reserve fund as a source of funding for the Series 2007 Hospital Refunding Revenue Bonds. The System continues to expand and improve its facilities. Additions

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

Management's Discussion and Analysis (continued)

Management's Discussion of Financial Performance (continued)

to capital assets were \$98.2 million and \$130.4 million for the fiscal years ended April 30, 2006 and 2007, respectively. The System is currently engaged in expansion programs at its facilities. The estimated cost to complete all construction programs in process at April 30, 2007 is \$118.4 million. The System anticipates financing these programs through a combination of currently available cash, cash equivalents and investments and future cash flows from operations.

Admissions were 74,551 and 76,785 for the years ended April 30, 2006 and 2007, respectively. Outpatient visits for the same fiscal periods were 636,100 for the year ended April 30, 2006 and 678,852 for the year ended April 30, 2007. Much of the growth in admissions is attributable to Memorial Regional South and Memorial Hospital West.

The System aggressively pursues qualification of indigent patients for available Medicaid and other reimbursement programs. The System has also established effective protocols that enable early identification of denials and short pays from managed care organizations. As a result, the denial rates for managed care claims as a percentage of managed care claims was 1.6% in fiscal year 2006 and 2007, respectively.

Taxes and Uncompensated Care

The Board of Commissioners of the System is authorized to levy a tax annually upon real and personal taxable property located within the boundaries of the System at a millage rate not to exceed 2.5 mills. The taxes collected pursuant to this levy can be used for the purposes and needs of the System such as operations, debt service, and construction. Such ad valorem taxes cannot be pledged directly or indirectly to pay revenue bonds; however, there is no prohibition on the use of such taxes once collected. The System generally applies the proceeds of such taxes to offset the cost of indigent care.

The financial strength of the System minimizes the tax burden in south Broward County. In fiscal years 2008, 2007, and 2006, net tax revenues accounted for approximately 3.4%, 3.6%, and 3.8%, respectively, of total net revenues and nonoperating gains. In September 2007, the System's Board of Commissioners voted to reduce the tax millage rate to 1.1643 mills.

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

Management's Discussion and Analysis (continued)

Management's Discussion of Financial Performance (continued)

The System's financial strength enables the System to absorb the financial burden of providing an increasing level of uncompensated care. The financial strength also enables the System to develop and support state-of-the-art facilities.

Source of Patient Charges

A substantial amount of the gross charges of the System are provided to patients insured by third-party payors. The table below lists the approximate percentages of gross charges by payor for the fiscal years ended April 30.

	Percentage of Gross Charges		
	Years Ended April 30		
	2008	2007	2006
Medicare	19.2%	19.3%	19.2%
Medicaid	9.9	10.1	11.8
Managed care	54.1	53.7	53.4
Other	16.8	16.9	15.6
Total	100.0%	100.0%	100.0%

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

Combined Balance Sheets

	April 30	
	2008	2007
Assets		
Current assets:		
Cash and cash equivalents	\$100,959,000	\$182,954,000
Investments	517,667,000	405,146,000
Patient accounts receivable, net of estimated uncollectibles	130,382,000	115,706,000
Ad valorem taxes receivable	3,047,000	1,492,000
Inventories	20,047,000	19,676,000
Other current assets	19,851,000	19,532,000
Total current assets	<u>791,953,000</u>	<u>744,506,000</u>
Assets whose use is limited		
By Board for capital improvements	83,441,000	79,483,000
By Board for employee disability	14,812,000	13,883,000
Under indenture agreement	17,000	1,686,000
Under self-insurance trust agreements	46,319,000	43,395,000
Externally restricted by donors	6,725,000	6,131,000
Total assets whose use is limited	<u>151,314,000</u>	<u>144,578,000</u>
Capital assets, net	672,578,000	628,314,000
Deferred charges, net	6,619,000	13,392,000
Other assets	4,102,000	2,003,000
Total assets	<u><u>\$1,626,566,000</u></u>	<u><u>\$1,532,793,000</u></u>
Liabilities and net assets		
Current liabilities:		
Accounts payable and accrued expenses	\$117,672,000	\$109,919,000
Accrued compensation and payroll taxes	63,647,000	72,507,000
Estimated third-party payor settlements	5,834,000	2,074,000
Current installments of long-term debt	4,959,000	4,820,000
Current portion of capital lease obligations	-	-
Current portion of estimated claims liability	6,835,000	5,336,000
Other current liabilities	6,552,000	4,784,000
Total current liabilities	<u>205,499,000</u>	<u>199,440,000</u>
Long-term portion of estimated claims liability	58,646,000	58,453,000
Other noncurrent liabilities	58,940,000	54,042,000
Long-term portion of capital lease obligations	-	-
Long-term debt	415,028,000	424,327,000
Total liabilities	<u>738,113,000</u>	<u>736,262,000</u>
Net assets:		
Invested in capital assets, net of related debt	242,103,000	193,020,000
Restricted:		
For debt service	17,000	1,686,000
By donors	7,769,000	6,954,000
Under self-insurance trust agreements	46,319,000	43,395,000
Unrestricted	592,245,000	551,476,000
Total net assets	<u>888,453,000</u>	<u>796,531,000</u>
Total liabilities and net assets	<u><u>\$1,626,566,000</u></u>	<u><u>\$1,532,793,000</u></u>

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

Statements of Revenues and Expenses

	Quarter ended April 30		Twelve months ended April 30	
	2008	2007	2008	2007
Revenue:				
Net patient service revenue	\$304,148,000	\$297,410,000	\$1,153,148,000	\$1,077,562,000
Other revenue	17,786,000	16,620,000	62,268,000	60,234,000
Total revenue	<u>321,934,000</u>	<u>314,030,000</u>	<u>1,215,416,000</u>	<u>1,137,796,000</u>
Expenses:				
Salaries and wages	146,687,000	138,996,000	572,128,000	516,575,000
Employee benefits	23,884,000	19,314,000	114,636,000	96,603,000
Professional fees	6,683,000	5,238,000	25,334,000	20,534,000
Supplies	58,179,000	54,327,000	224,605,000	205,999,000
Purchased services	21,723,000	19,643,000	78,481,000	67,946,000
Facilities	17,544,000	15,998,000	65,784,000	54,729,000
Depreciation and amortization	16,737,000	17,130,000	65,837,000	60,253,000
Interest	4,397,000	4,552,000	17,435,000	19,678,000
Other	9,148,000	8,819,000	56,163,000	49,888,000
Total expenses	<u>304,982,000</u>	<u>284,017,000</u>	<u>1,220,403,000</u>	<u>1,092,205,000</u>
Income from operations	16,952,000	30,013,000	(4,987,000)	45,591,000
Nonoperating gains, net	<u>14,244,000</u>	<u>23,503,000</u>	<u>95,551,000</u>	<u>84,836,000</u>
Excess of revenues and net nonoperating gains over expenses	<u>\$31,196,000</u>	<u>\$53,516,000</u>	<u>\$90,564,000</u>	<u>\$130,427,000</u>

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

**Combining Statement of Revenues and Expenses
Quarter ended April 30, 2008**

	Memorial Regional Hospital	Memorial Hospital West	Memorial Hospital Pembroke	Memorial Hospital Miramar	Memorial Manor Nursing Home	Memorial Home Health	Memorial Primary Care Centers	Memorial Physician Division	Memorial Corporate Services	Memorial Healthcare System
Revenue:										
Net patient service revenue	\$157,856,000	\$77,864,000	\$25,811,000	\$35,753,000	\$2,097,000	\$1,143,000	\$219,000	\$3,405,000	\$0	\$304,148,000
Other revenue	\$9,760,000	1,606,000	991,000	147,000	275,000	0	1,835,000	41,000	\$3,131,000	17,786,000
Total revenue	167,616,000	79,470,000	26,802,000	35,900,000	2,372,000	1,143,000	2,054,000	3,446,000	\$3,131,000	321,934,000
Expenses:										
Salaries and wages	\$68,566,000	29,241,000	11,171,000	12,313,000	1,864,000	940,000	1,800,000	4,695,000	\$16,097,000	146,687,000
Employee benefits	\$10,703,000	4,635,000	1,826,000	1,696,000	336,000	150,000	227,000	487,000	\$3,824,000	23,884,000
Professional fees	\$2,864,000	616,000	550,000	(3,000)	27,000	3,000	1,073,000	176,000	\$1,377,000	6,683,000
Supplies	\$35,220,000	12,856,000	4,150,000	3,704,000	564,000	57,000	696,000	101,000	\$831,000	58,179,000
Purchased services	\$6,158,000	2,953,000	1,363,000	1,434,000	151,000	148,000	532,000	124,000	\$8,860,000	21,723,000
Facilities	\$9,490,000	1,472,000	2,121,000	1,014,000	342,000	46,000	168,000	228,000	\$2,663,000	17,544,000
Depreciation and amortization	\$6,457,000	3,737,000	667,000	2,205,000	94,000	0	12,000	15,000	\$3,550,000	16,737,000
Interest	\$1,012,000	1,481,000	(13,000)	1,084,000	0	0	0	0	\$833,000	4,397,000
Other	\$5,011,000	1,919,000	581,000	1,067,000	(16,000)	(12,000)	(264,000)	(438,000)	\$1,300,000	9,148,000
Intrafacility allocation	\$20,807,000	9,102,000	2,584,000	1,785,000	258,000	128,000	735,000	110,000	(\$35,509,000)	0
Total expenses	166,288,000	68,012,000	25,000,000	26,299,000	3,620,000	1,460,000	4,979,000	5,498,000	\$3,826,000	304,982,000
Income (Loss) from operations	1,328,000	11,458,000	1,802,000	9,601,000	(1,248,000)	(317,000)	(2,925,000)	(2,052,000)	(\$695,000)	16,952,000
Nonoperating gains, net	\$4,722,000	920,000	705,000	704,000	104,000	137,000	2,925,000	0	\$4,027,000	14,244,000
Excess (deficiency) of revenues and net nonoperating gains over expenses	\$6,050,000	\$12,378,000	\$2,507,000	\$10,305,000	(\$1,144,000)	(\$180,000)	\$0	(\$2,052,000)	\$3,332,000	\$31,196,000

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

**Combining Statement of Revenues and Expenses
Quarter ended April 30, 2007**

	Memorial Regional Hospital	Memorial Hospital West	Memorial Hospital Pembroke	Memorial Hospital Miramar	Memorial Manor Nursing Home	Memorial Home Health	Memorial Primary Care Centers	Memorial Physician Division	Memorial Corporate Services	Memorial Healthcare System
Revenue:										
Net patient service revenue	\$ 164,976,000	\$75,899,000	\$27,036,000	\$23,264,000	\$1,971,000	\$1,290,000	\$265,000	\$2,709,000	\$0	\$297,410,000
Other revenue	10,057,000	830,000	249,000	88,000	332,000	0	1,769,000	59,000	3,236,000	\$16,620,000
Total revenue	175,033,000	76,729,000	27,285,000	23,352,000	2,303,000	1,290,000	2,034,000	2,768,000	3,236,000	314,030,000
Expenses:										
Salaries and wages	65,811,000	28,925,000	11,707,000	9,465,000	1,759,000	934,000	1,527,000	3,674,000	15,194,000	\$138,996,000
Employee benefits	8,796,000	3,658,000	1,497,000	1,072,000	261,000	121,000	218,000	307,000	3,384,000	\$19,314,000
Professional fees	2,167,000	507,000	546,000	(182,000)	11,000	2,000	1,156,000	90,000	941,000	\$5,238,000
Supplies	34,007,000	11,780,000	3,719,000	2,887,000	517,000	45,000	562,000	83,000	727,000	\$54,327,000
Purchased services	7,024,000	2,413,000	1,463,000	874,000	164,000	141,000	507,000	107,000	6,950,000	\$19,643,000
Facilities	8,167,000	2,276,000	2,067,000	895,000	102,000	39,000	74,000	163,000	2,215,000	\$15,998,000
Depreciation and amortization	7,477,000	3,927,000	555,000	2,026,000	94,000	0	18,000	9,000	3,024,000	\$17,130,000
Interest	1,550,000	1,604,000	49,000	556,000	0	0	0	0	793,000	\$4,552,000
Other	3,544,000	1,689,000	708,000	560,000	7,000	(13,000)	(247,000)	(466,000)	3,037,000	\$8,819,000
Intrafacility allocation	15,243,000	6,468,000	2,717,000	683,000	201,000	105,000	592,000	101,000	(26,110,000)	\$0
Total expenses	153,786,000	63,247,000	25,028,000	18,836,000	3,116,000	1,374,000	4,407,000	4,068,000	10,155,000	284,017,000
Income (Loss) from operations	21,247,000	13,482,000	2,257,000	4,516,000	(813,000)	(84,000)	(2,373,000)	(1,300,000)	(6,919,000)	30,013,000
Nonoperating gains (losses), net	7,989,000	1,065,000	992,000	898,000	139,000	168,000	2,373,000	0	9,879,000	\$23,503,000
Excess (deficiency) of revenues and net nonoperating gains over expenses	\$29,236,000	\$14,547,000	\$3,249,000	\$5,414,000	(\$674,000)	\$84,000	\$0	(\$1,300,000)	\$2,960,000	\$53,516,000

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

**Combining Statement of Revenues and Expenses
Twelve months ended April 30, 2008**

	Memorial Regional Hospital	Memorial Hospital West	Memorial Hospital Pembroke	Memorial Hospital Miramar	Memorial Manor Nursing Home	Memorial Home Health	Memorial Primary Care Centers	Memorial Physician Division	Memorial Corporate Services	Memorial Healthcare System
Revenue:										
Net patient service revenue	\$606,490,000	\$302,911,000	\$99,636,000	\$118,208,000	\$8,366,000	\$4,607,000	\$861,000	\$12,069,000	\$0	\$1,153,148,000
Other revenue	36,126,000	4,775,000	2,208,000	615,000	1,129,000	0	7,082,000	215,000	10,118,000	62,268,000
Total revenue	<u>642,616,000</u>	<u>307,686,000</u>	<u>101,844,000</u>	<u>118,823,000</u>	<u>9,495,000</u>	<u>4,607,000</u>	<u>7,943,000</u>	<u>12,284,000</u>	<u>10,118,000</u>	<u>1,215,416,000</u>
Expenses:										
Salaries and wages	269,510,000	118,613,000	45,236,000	44,282,000	7,344,000	3,658,000	6,698,000	16,848,000	59,939,000	572,128,000
Employee benefits	51,949,000	22,889,000	9,018,000	7,692,000	1,697,000	708,000	1,113,000	1,895,000	17,675,000	114,636,000
Professional fees	10,052,000	2,312,000	2,379,000	986,000	81,000	11,000	4,951,000	536,000	4,026,000	25,334,000
Supplies	135,805,000	49,876,000	15,843,000	14,517,000	2,192,000	191,000	2,902,000	366,000	2,913,000	224,605,000
Purchased services	21,736,000	10,684,000	6,199,000	4,987,000	579,000	547,000	2,093,000	442,000	31,214,000	78,481,000
Facilities	29,206,000	10,232,000	10,045,000	4,496,000	593,000	163,000	417,000	837,000	9,795,000	65,784,000
Depreciation and amortization	26,240,000	14,898,000	2,446,000	8,323,000	374,000	2,000	50,000	41,000	13,463,000	65,837,000
Interest	4,961,000	6,197,000	198,000	2,847,000	0	0	0	0	3,232,000	17,435,000
Other	26,676,000	10,101,000	4,481,000	4,214,000	196,000	52,000	510,000	786,000	9,147,000	56,163,000
Intrafacility allocation	81,907,000	36,082,000	10,221,000	6,984,000	1,080,000	548,000	3,041,000	472,000	(140,335,000)	0
Total expenses	<u>658,042,000</u>	<u>281,884,000</u>	<u>106,066,000</u>	<u>99,328,000</u>	<u>14,136,000</u>	<u>5,880,000</u>	<u>21,775,000</u>	<u>22,223,000</u>	<u>11,069,000</u>	<u>1,220,403,000</u>
Income (Loss) from operations	(15,426,000)	25,802,000	(4,222,000)	19,495,000	(4,641,000)	(1,273,000)	(13,832,000)	(9,939,000)	(951,000)	(4,987,000)
Nonoperating gains, net	27,079,000	4,548,000	3,547,000	2,963,000	534,000	684,000	13,832,000	0	42,364,000	95,551,000
Excess (deficiency) of revenues and net nonoperating gains over expenses	<u>\$11,653,000</u>	<u>\$30,350,000</u>	<u>(\$675,000)</u>	<u>\$22,458,000</u>	<u>(\$4,107,000)</u>	<u>(\$589,000)</u>	<u>\$0</u>	<u>(\$9,939,000)</u>	<u>\$41,413,000</u>	<u>\$90,564,000</u>

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

**Combining Statement of Revenues and Expenses
Twelve months ended April 30, 2007**

	Memorial Regional Hospital	Memorial Hospital West	Memorial Hospital Pembroke	Memorial Hospital Miramar	Memorial Manor Nursing Home	Memorial Home Health	Memorial Primary Care Centers	Memorial Physician Division	Memorial Corporate Services	Memorial Healthcare System
Revenue:										
Net patient service revenue	\$578,028,000	\$289,717,000	\$99,395,000	\$86,003,000	\$8,120,000	\$4,769,000	\$848,000	\$10,682,000	\$0	\$1,077,562,000
Other revenue	37,635,000	3,239,000	1,109,000	528,000	1,356,000	0	6,851,000	142,000	9,374,000	60,234,000
Total revenue	615,663,000	292,956,000	100,504,000	86,531,000	9,476,000	4,769,000	7,699,000	10,824,000	9,374,000	1,137,796,000
Expenses:										
Salaries and wages	239,728,000	109,296,000	44,523,000	35,138,000	6,823,000	3,557,000	6,121,000	14,477,000	56,912,000	516,575,000
Employee benefits	43,408,000	19,310,000	7,912,000	5,267,000	1,551,000	646,000	1,180,000	1,715,000	15,614,000	96,603,000
Professional fees	7,588,000	1,983,000	1,825,000	1,370,000	43,000	3,000	4,130,000	360,000	3,232,000	20,534,000
Supplies	126,035,000	46,437,000	14,550,000	11,150,000	1,905,000	193,000	2,792,000	302,000	2,635,000	205,999,000
Purchased services	21,031,000	9,229,000	5,379,000	3,502,000	498,000	487,000	1,891,000	406,000	25,523,000	67,946,000
Facilities	23,931,000	8,625,000	8,070,000	4,246,000	360,000	158,000	326,000	656,000	8,357,000	54,729,000
Depreciation and amortization	25,674,000	13,759,000	2,083,000	8,047,000	372,000	2,000	74,000	44,000	10,198,000	60,253,000
Interest	6,999,000	6,650,000	238,000	2,622,000	0	0	0	0	3,169,000	19,678,000
Other	23,200,000	9,656,000	4,188,000	2,955,000	181,000	43,000	411,000	436,000	8,818,000	49,888,000
Intrafacility allocation	72,782,000	31,124,000	12,236,000	3,286,000	982,000	502,000	2,799,000	479,000	(124,190,000)	0
Total expenses	590,376,000	256,069,000	101,004,000	77,583,000	12,715,000	5,591,000	19,724,000	18,875,000	10,268,000	1,092,205,000
Income (Loss) from operations	25,287,000	36,887,000	(500,000)	8,948,000	(3,239,000)	(822,000)	(12,025,000)	(8,051,000)	(894,000)	45,591,000
Nonoperating gains, net	27,280,000	3,941,000	3,306,000	3,234,000	526,000	661,000	12,025,000	4,000	33,859,000	84,836,000
Excess (deficiency) of revenues and net nonoperating gains over expenses	\$52,567,000	\$40,828,000	\$2,806,000	\$12,182,000	(\$2,713,000)	(\$161,000)	\$0	(\$8,047,000)	\$32,965,000	\$130,427,000

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

Operating Statistics

	Quarter ended April 30		Twelve months ended April 30	
	2008	2007	2008	2007
Admissions	20,689	19,868	80,316	76,785
Patient days	97,306	93,671	376,567	358,897
Length of stay	4.70	4.71	4.69	4.67
Average daily census	1,081	1,052	1,029	983
Outpatient visits	184,754	175,351	717,356	678,852
Emergency room visits	79,822	76,648	303,738	278,295