



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

July 31, 2022

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, 2022. 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, 2022, 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 \$0.5 million in the three months ended July 31, 2022, \$9.4 million in the twelve months ended April 30, 2021, and \$7.5 million in the twelve months ended April 30, 2022. The COVID-19 relief funds recognized for the three months ended July 31, 2022 and 2021 are shown as part of non-operating 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,	
	2022	2021
Assets and Deferred Outflows of Resources		
Current assets:		
Cash and cash equivalents	\$ 272,557	\$ 155,571
Investments	2,272,231	2,404,509
Patient accounts receivable, net of estimated uncollectibles	330,340	281,748
Inventories	56,366	52,184
Other current assets	136,661	105,784
Restricted assets:		
Investments under indenture agreements for debt service	11,134	9,367
Total current assets	3,079,289	3,009,163
Noncurrent assets:		
Designated investments for employee disability	19,652	20,550
Investments restricted under self-insurance agreements	46,621	48,760
Restricted assets, net of current portion		
Investments under indenture agreements – project funds	85,654	-
Capital assets, net	1,043,872	937,340
Other assets	32,356	29,671
Total assets	4,307,444	4,045,484
Deferred outflows of resources:		
Deferred outflows – pension related items	167,098	94,884
Loss on defeasance, net	16,982	18,256
Total deferred outflows of resources	184,080	113,140
Total assets and deferred outflows of resources	\$ 4,491,524	\$ 4,158,624
Liabilities, Deferred Inflows of Resources and Net Position		
Current liabilities:		
Accounts payable and accrued expenses	\$ 118,111	\$ 95,660
Accrued compensation and payroll taxes	235,062	173,287
Estimated third-party payor settlements	90,809	70,985
Current installments of long-term debt	12,390	11,860
Current portion of estimated claims liability	19,626	23,391
Medicare advance payments	5,683	88,797
Other current liabilities	52,214	49,065
Total current liabilities	533,895	513,045
Long-term portion of estimated claims liability	32,689	32,450
Net pension liability	93,729	12,918
Other noncurrent liabilities	58,250	43,952
Long-term debt	898,567	650,754
Total liabilities	1,617,130	1,253,119
Deferred inflows – pension related items		
Total deferred inflows of resources	133,961	180,047
Net position:		
Net investment in capital assets	196,683	269,465
Restricted	11,993	10,812
Unrestricted	2,531,757	2,445,181
Total net position	2,740,433	2,725,458
Total liabilities, deferred inflows of resources and net position	\$ 4,491,524	\$ 4,158,624

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,	
	2022	2021
Operating revenue:		
Net patient service revenue	\$ 610,296	\$ 574,198
Disproportionate share distributions	21,924	12,915
Other operating revenues	41,112	50,341
Total operating revenue	<u>673,332</u>	<u>637,454</u>
Operating expenses:		
Salaries and wages	359,703	296,986
Employee benefits	44,036	40,506
Professional fees	15,097	14,657
Supplies	134,674	133,012
Purchased services	75,872	62,129
Facilities	20,510	18,671
Depreciation and amortization	21,832	21,010
Other	27,310	29,485
Total operating expenses	<u>699,034</u>	<u>616,456</u>
(Loss) income from operations	(25,702)	20,998
Nonoperating revenues, net *	<u>16,652</u>	<u>16,989</u>
(Deficit) excess of revenues (under) over expenses **	(9,050)	37,987
Capital contributions and grants	<u>-</u>	<u>50</u>
(Decrease) increase in net position	(9,050)	38,037
Net position at the beginning of the year	2,749,483	2,687,421
Net position at the end of the year	<u>\$ 2,740,433</u>	<u>\$ 2,725,458</u>
Net Margin	<u>-1.3%</u>	<u>6.0%</u>
* Includes as follows:		
Interest expense	<u>\$ (7,375)</u>	<u>\$ (6,259)</u>
COVID-19 relief funds	<u>\$ 529</u>	<u>\$ -</u>

** Previously called "Income (loss) before capital contributions and grants".

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	<u>214,525</u>	<u>30,112</u>	<u>78,908</u>	<u>172,454</u>	<u>50,131</u>	<u>63,261</u>	<u>3,866</u>	<u>613,257</u>
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	<u>222,063</u>	<u>32,782</u>	<u>72,595</u>	<u>168,429</u>	<u>49,151</u>	<u>56,671</u>	<u>6,085</u>	<u>607,776</u>
(Loss) income from operations	(7,538)	(2,670)	6,313	4,025	980	6,590	(2,219)	5,481
Nonoperating (expenses), net (Deficit) excess of revenues (under) over expenses	<u>(1,839)</u>	<u>(100)</u>	<u>(960)</u>	<u>(2,321)</u>	<u>(83)</u>	<u>(705)</u>	<u>-</u>	<u>(6,008)</u>
	<u>(\$9,377)</u>	<u>(\$2,770)</u>	<u>\$5,353</u>	<u>\$1,704</u>	<u>\$897</u>	<u>\$5,885</u>	<u>(\$2,219)</u>	<u>(\$527)</u>

**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	1009	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, 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, 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	7,131	1,021	259	2,375	1,542	587	-	12,915
Other operating revenues	2,788	274	457	1,144	247	210	1,881	7,001
Total operating revenue	201,848	25,312	59,714	166,143	47,040	63,061	3,009	566,127
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	9,434	(1,626)	2,292	23,487	2,295	13,295	(2,139)	47,038
Nonoperating (expenses), net	(2,098)	(151)	(507)	(2,205)	(100)	(439)	(1)	(5,501)
Excess (deficit) of revenues over (under) expenses	\$7,336	(\$1,777)	\$1,785	\$21,282	\$2,195	\$12,856	(\$2,140)	\$41,537

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 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	\$22,997	\$331	\$825	\$1,106	\$546,211	\$574,198
Disproportionate share distributions	-	-	-	-	-	12,915	12,915
Other operating revenues	5	4,126	21,615	2	17,592	7,001	50,341
Total operating revenue	<u>2,733</u>	<u>27,123</u>	<u>21,946</u>	<u>827</u>	<u>18,698</u>	<u>566,127</u>	<u>637,454</u>
Operating expenses:							
Salaries and wages	2,448	36,718	2,521	531	34,815	219,953	296,986
Employee benefits	375	3,329	357	73	5,712	30,660	40,506
Professional fees	21	2	-	11	3,027	11,596	14,657
Supplies	440	2,478	21,433	36	1,509	107,116	133,012
Purchased services	215	569	105	75	15,713	45,452	62,129
Facilities	118	2,199	222	84	1,278	14,770	18,671
Depreciation and amortization	90	934	201	73	4,481	15,231	21,010
Other	104	819	51	25	13,162	15,324	29,485
Intrasystem allocation	141	671	230	23	(60,052)	58,987	-
Total operating expenses	<u>3,952</u>	<u>47,719</u>	<u>25,120</u>	<u>931</u>	<u>19,645</u>	<u>519,089</u>	<u>616,456</u>
(Loss) income from operations	(1,219)	(20,596)	(3,174)	(104)	(947)	47,038	20,998
Nonoperating (expenses) revenues, net	(1)	(21)	(1)	-	22,513	(5,501)	16,989
(Deficit) excess of revenues (under) over expenses	<u>(\$1,220)</u>	<u>(\$20,617)</u>	<u>(\$3,175)</u>	<u>(\$104)</u>	<u>\$21,566</u>	<u>\$41,537</u>	<u>\$37,987</u>

* Includes: MHS Division, Memorial Retail Stores, Property Management, Memorial Health Network, Joe DiMaggio Children's Health Outpatient Surgery Center (ceased operations in October 2021 and officially closed on January 31, 2022), Broward Guardian, Memorial Home Health Services (sold business line as of September 1, 2021), and Eliminations.

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