

BAPTIST HEALTH SOUTH FLORIDA, INC. AND AFFILIATES

CONSOLIDATED BALANCE SHEETS (in thousands)
SEPTEMBER 30, 2021 AND 2020

<u>ASSETS</u>	<u>2021</u>	<u>2020</u>
CURRENT ASSETS:		
Cash and cash equivalents	\$153,628	\$240,561
Assets whose use is limited	335	254,743
Accounts receivable - net	622,337	482,245
Other current assets	297,632	252,886
Total current assets	1,073,932	1,230,435
ASSETS WHOSE USE IS LIMITED	4,404,491	3,529,335
OTHER INVESTMENTS	290,641	202,171
PROPERTY AND EQUIPMENT - NET	2,767,468	2,763,025
RIGHT OF USE ASSETS - OPERATING LEASES	92,702	96,601
RIGHT OF USE ASSETS - FINANCE LEASES	16,184	9,383
BENEFICIAL INTEREST IN BOCA RATON REGIONAL HOSPITAL FOUNDATION, INC.	385,508	315,004
GOODWILL	85,217	84,045
OTHER ASSETS	161,554	130,716
TOTAL ASSETS	<u>\$9,277,697</u>	<u>\$8,360,715</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Accounts payable	\$48,951	\$68,718
Estimated third-party payor settlements	1,714	2,615
Contract liabilities	218,516	297,105
Current maturities of long-term debt	22,425	271,465
Operating lease obligations - current portion	22,663	22,409
Finance lease obligations - current portion	6,548	4,097
Accrued wages, salaries and benefits	381,468	346,447
Accrued expenses and other current liabilities	493,643	615,641
Total current liabilities	1,195,928	1,628,497
LONG-TERM DEBT	1,717,527	1,449,393
OPERATING LEASE OBLIGATIONS	79,098	81,302
FINANCE LEASE OBLIGATIONS	22,528	18,542
OTHER LIABILITIES	312,448	322,974
Total liabilities	<u>3,327,529</u>	<u>3,500,708</u>
COMMITMENTS AND CONTINGENCIES (see Note 15)		
NET ASSETS:		
Net assets without donor restrictions	5,296,962	4,326,051
Noncontrolling interests	42,422	40,441
Total net assets without donor restrictions	5,339,384	4,366,492
Net assets with donor restrictions	610,784	493,515
Total net assets	<u>5,950,168</u>	<u>4,860,007</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$9,277,697</u>	<u>\$8,360,715</u>

See accompanying notes to consolidated financial statements.

BAPTIST HEALTH SOUTH FLORIDA, INC. AND AFFILIATES

CONSOLIDATED STATEMENTS OF OPERATIONS (in thousands)
YEARS ENDED SEPTEMBER 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
UNRESTRICTED REVENUES, GAINS AND OTHER SUPPORT:		
Net patient service revenue	\$4,491,598	\$3,760,676
Other operating revenue (see Note 2)	<u>366,387</u>	<u>353,052</u>
Total unrestricted revenues, gains and other support	<u>4,857,985</u>	<u>4,113,728</u>
EXPENSES:		
Wages, salaries and benefits	2,318,821	2,113,423
Supplies	827,340	703,216
Administrative and general	1,158,204	1,027,983
Depreciation and amortization	241,237	235,864
Interest	<u>64,669</u>	<u>65,622</u>
Total expenses	<u>4,610,271</u>	<u>4,146,108</u>
INCOME (LOSS) FROM OPERATIONS	<u>247,714</u>	<u>(32,380)</u>
OTHER INCOME:		
Investment income	719,116	243,728
Measurement period adjustments to the inherent contribution of net assets without donor restrictions from affiliation		(131,025)
Other loss - net	<u>(6,290)</u>	<u>(1,431)</u>
Total other income	<u>712,826</u>	<u>111,272</u>
EXCESS OF REVENUES OVER EXPENSES BEFORE INCOME TAX PROVISION (BENEFIT) AND NONCONTROLLING INTERESTS	960,540	78,892
INCOME TAX PROVISION (BENEFIT)	<u>6,363</u>	<u>(3,528)</u>
EXCESS OF REVENUES OVER EXPENSES FROM CONSOLIDATED OPERATIONS	954,177	82,420
INCOME ATTRIBUTABLE TO NONCONTROLLING INTERESTS	<u>(29,379)</u>	<u>(22,893)</u>
EXCESS OF REVENUES OVER EXPENSES ATTRIBUTABLE TO BAPTIST HEALTH SOUTH FLORIDA, INC. AND AFFILIATES	<u>\$924,798</u>	<u>\$59,527</u>
NET ASSETS WITHOUT DONOR RESTRICTIONS:		
Excess of revenues over expenses from consolidated operations	\$954,177	\$82,420
Noncontrolling interest related to surgery centers	1,312	407
Sale of limited partnership interests	1,316	1,126
Purchase of limited partnership interests	(311)	(107)
Partnership distributions	(29,715)	(22,765)
Contributions used for property and equipment acquisitions	20,266	28,050
Other - net	(165)	281
Changes in pension obligations	<u>26,012</u>	<u>(3,248)</u>
Increase in net assets without donor restrictions	<u>\$972,892</u>	<u>\$86,164</u>

See accompanying notes to consolidated financial statements.

BAPTIST HEALTH SOUTH FLORIDA, INC. AND AFFILIATES

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS (in thousands)
YEARS ENDED SEPTEMBER 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
NET ASSETS WITHOUT DONOR RESTRICTIONS:		
Excess of revenues over expenses from consolidated operations	\$954,177	\$82,420
Noncontrolling interest related to surgery centers	1,312	407
Sale of limited partnership interests	1,316	1,126
Purchase of limited partnership interests	(311)	(107)
Partnership distributions	(29,715)	(22,765)
Contributions used for property and equipment acquisitions	20,266	28,050
Other - net	(165)	281
Change in value of pension liability	26,012	(3,248)
	<u>972,892</u>	<u>86,164</u>
NET ASSETS WITH DONOR RESTRICTIONS:		
Contributions	38,453	36,311
Contributions from BRRH Foundation	26,583	18,599
Measurement period adjustments to the inherent contribution of net assets with donor restrictions from affiliations		122,754
Restricted income on donor restricted contributions	5,408	2,832
Net assets released from restrictions	(18,382)	(30,645)
Other - net	63	(192)
Change in beneficial interest in BRRH Foundation	70,503	21,110
Provision for uncollectable pledges	(5,360)	(1,372)
	<u>117,268</u>	<u>169,397</u>
INCREASE IN NET ASSETS	1,090,160	255,561
NET ASSETS - BEGINNING OF YEAR	<u>4,860,007</u>	<u>4,604,446</u>
NET ASSETS - END OF YEAR	<u>\$5,950,167</u>	<u>\$4,860,007</u>

See accompanying notes to consolidated financial statements.

BAPTIST HEALTH SOUTH FLORIDA, INC. AND AFFILIATES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (in thousands)
YEARS ENDED SEPTEMBER 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$1,090,160	\$255,561
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	241,237	235,864
Noncash lease expense	24,947	25,784
Accretion of bond premium and issue costs - net	(7,143)	(8,074)
Deferred income tax	6,830	(3,407)
Realized gains on sales of securities - net	(367,612)	(61,302)
Change in net unrealized gains and losses	(296,734)	(120,723)
Sales of limited partnership interests	(1,316)	(1,126)
Purchases of limited partnership interests	311	107
Measurement period adjustments to the inherent contribution of net assets without donor restrictions from affiliation		8,271
Partnership distributions	29,714	22,765
Noncontrolling interest related to surgery center acquisitions	(1,312)	(407)
Change in beneficial interest in BRRH Foundation	(70,503)	(21,110)
Operating cash flows from finance leases		(1,231)
Loss (gain) on disposal of assets - net	3,927	(1,420)
Pension liability adjustment	(26,012)	3,248
Changes in assets and liabilities:		
Net increase in accounts receivable	(146,294)	(52,911)
Net increase in other assets	(106,072)	(89,679)
Net decrease in accounts payable	(17,155)	(6,948)
Net decrease in third-party payor settlements	(901)	(1,985)
Net increase in accrued expenses and other liabilities	24,946	33,710
Net decrease in operating lease liabilities	(25,926)	(25,643)
Net (decrease) increase in contract liabilities	(78,589)	297,105
Net increase in accrued wages, salaries and benefits	35,021	37,808
Net cash provided by operating activities	<u>311,524</u>	<u>524,257</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(350,820)	(326,152)
Sale of property and equipment	37,370	19,688
(Acquisitions of) De novo surgery centers and retail pharmacies	(21)	407
Sales of limited partnership interests	1,316	1,126
Purchases of limited partnership interests	(311)	(107)
Purchases of investments	(6,775,911)	(5,557,636)
Proceeds from sales and maturities of investments	6,691,453	5,089,276
Net cash used in investing activities	<u>(396,924)</u>	<u>(773,398)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Contribution restricted for property and equipment purchases	6,202	7,554
Repayment from issuance of commercial paper notes - net		(75,500)
Proceeds from issuance of long-term debt	300,000	402,985
Debt issue costs	(2,297)	(2,935)
Repayment of long-term debt	(271,465)	(21,595)
Repayment of finance lease obligations	(4,259)	(3,124)
Partnership distributions	(29,714)	(22,765)
Net cash (used in) provided by financing activities	<u>(1,533)</u>	<u>284,620</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(86,933)	35,479
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>240,561</u>	<u>205,082</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$153,628</u></u>	<u><u>\$240,561</u></u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Cash paid for interest - net of amounts capitalized	\$69,641	\$68,152
Cash paid for income taxes	\$862	\$1,089
SUPPLEMENTAL DISCLOSURES OF NON-CASH OPERATING AND FINANCING ACTIVITIES:		
Acquisition of property and equipment under finance lease obligations	(\$10,747)	(\$7,192)
Right of use assets obtained in exchange for new operating lease liabilities	(\$22,365)	(\$27,085)
Beginning operating lease right of use asset balance		(\$103,303)
Beginning operating lease liability balance		\$103,303

See accompanying notes to the condensed consolidated financial statements.