

**LAKELAND REGIONAL HEALTH SYSTEMS, INC.
AND SUBSIDIARIES**

Consolidated Balance Sheet

September 30, 2021

(In thousands)

Assets

Current assets:

Cash and cash equivalents	\$	106,671
Current portion of assets limited as to use		42,905
Patient accounts receivable, net		110,463
Inventories		24,223
Prepaid expenses and other current assets		<u>20,750</u>
Total current assets		305,012
Assets limited as to use, less current portion		97,149
Long-term marketable securities		20,367
Investments		489,849
Property and equipment, net		785,696
Right of use assets, net of amortization, operating lease		7,797
Right of use assets, net of amortization, finance lease		255
Pledges receivable, net		16,207
Other assets		<u>6,812</u>
Total assets	\$	<u><u>1,729,144</u></u>

Liabilities and Net Assets

Current liabilities:

Accounts payable and accrued expenses	\$	47,412
Employee compensation and benefits		57,043
State of Florida medical assistance assessment		10,449
Estimated third-party settlements, net		<u>15,100</u>
Current portion of long-term debt		14,170
Current portion of operating lease liabilities		3,718
Current portion of finance lease liabilities		<u>166</u>
Total current liabilities		148,058
Long-term debt, less current portion		507,515
Operating lease liability, less current portion		4,290
Finance lease liability, less current portion		116
Long-term liabilities		<u>38,385</u>
Total liabilities		<u>698,364</u>
Net assets:		
Without donor restrictions		1,001,428
With donor restrictions		<u>29,352</u>
Total net assets		<u>1,030,780</u>
Total liabilities and net assets	\$	<u><u>1,729,144</u></u>

See accompanying notes to consolidated financial statements.

**LAKELAND REGIONAL HEALTH SYSTEMS, INC.
AND SUBSIDIARIES**

Consolidated Statement of Operations and Changes in Net Assets

Year ended September 30, 2021

(In thousands)

Changes in net assets without donor restrictions:

Operating revenues and other support:

Patient service revenue, net	\$ 952,017
Other revenues	25,267
Net assets released from restrictions used in operations	<u>587</u>
Total operating revenues and other support	<u>977,871</u>

Expenses:

Employee compensation and benefits	508,253
Supplies	204,206
General and administrative	102,165
Professional fees	27,606
State of Florida medical assistance assessment	11,396
Depreciation	62,635
Interest	<u>16,728</u>
Total expenses	<u>932,989</u>

Operating income	<u>44,882</u>
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Nonoperating gains:

Investment income	85,887
Equity in earnings from interests in joint venture partnerships, net of applicable taxes	160
Gain on disposal of property and equipment	17
Loss on extinguishment of debt	<u>(2,033)</u>

Total nonoperating gains, net	<u>84,031</u>
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Excess of revenues, gains, and other support over expenses and losses	<u>\$ 128,913</u>
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**LAKELAND REGIONAL HEALTH SYSTEMS, INC.
AND SUBSIDIARIES**

Consolidated Statement of Operations and Changes in Net Assets

Year ended September 30, 2021

(In thousands)

Changes in net assets without donor restrictions:	
Excess of revenues, gains, and other support over expenses and losses	\$ 128,913
Net assets released from restrictions used for capital	11,550
Pension related changes other than net periodic pension costs	<u>(569)</u>
Increase in net assets without donor restrictions	<u>139,894</u>
Changes in net assets with donor restrictions:	
Contributions	9,798
Investment income	88
Net assets released from restrictions	<u>(12,137)</u>
Decrease in net assets with donor restrictions	<u>(2,251)</u>
Increase in net assets	137,643
Net assets, beginning of year	<u>893,137</u>
Net assets, end of year	<u>\$ 1,030,780</u>

See accompanying notes to consolidated financial statements.

**LAKELAND REGIONAL HEALTH SYSTEMS, INC
AND SUBSIDIARIES**

Consolidated Statement of Cash Flows

Year ended September 30, 2021

(In thousands)

Cash flows from operating activities:	
Increase in net assets	\$ 137,643
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Equity in losses from joint venture partnerships, net of applicable taxes	(160)
Realized gains on investments	(5,661)
Change in unrealized gains and losses on investments	(80,224)
Gain on disposal of property and equipment	(17)
Restricted contributions and investment income for long-term purposes	(9,886)
Depreciation	62,635
Loss on early extinguishment of debt	2,033
Amortization of bond premium	(3,184)
Amortization of debt issue costs	213
Changes in operating assets and liabilities:	
Patient accounts receivable	(21,060)
Repayment of CMS Advanced Funding	(65,120)
Estimated third-party settlements	12,907
Inventories	(3,341)
Prepaid expenses and other current assets	8,059
Pledges receivable, net	2,597
Accounts payable and accrued expenses	6,889
Deferred revenue	(12,200)
Employee compensation and benefits	(10,036)
State of Florida medical assistance assessment	1,791
Long-term liabilities	3,005
Net cash provided by operating activities	<u>26,883</u>
Cash flows from investing activities:	
Purchases of property and equipment	(278,757)
Dividends received from joint venture partnerships	324
Purchase of investments and assets limited as to use	(33,339)
Proceeds from sale of investments and assets limited as to use	30,881
Net change in other long-term assets	(148)
Net cash used in investing activities	<u>(281,039)</u>
Cash flows from financing activities:	
Restricted contributions and investment income for long-term purposes	9,886
Payments on finance lease liabilities	(81)
Payments on long-term debt	(69,011)
Proceeds from issuance of long-term debt	277,012
Payments for debt issuance costs	(2,480)
Net cash provided by financing activities	<u>215,326</u>
Decrease in cash and cash equivalents	(38,830)
Cash, cash equivalents, and restricted cash beginning of year	<u>177,446</u>
Cash, cash equivalents, and restricted cash end of year	<u>\$ 138,616</u>
Reconciliation of cash, cash equivalents and restricted cash reported within the consolidated statements of financial position:	
Cash and cash equivalents	\$ 106,671
Cash and cash equivalents, restricted	<u>31,945</u>
Total cash, cash equivalents and restricted cash	<u>\$ 138,616</u>
Supplemental disclosures of cash flow information:	
Cash paid during the year for interest	\$ 11,215
Cash paid during the year for federal and state income taxes	115
Property and equipment included in accounts payable and accrued expenses	503

See accompanying notes to consolidated financial statements.