

Orlando Health, Inc. and Controlled Affiliates

Consolidated Balance Sheets (In Thousands)

	September 30	
	2020	2019
Assets		
Current assets:		
Cash and cash equivalents	\$ 686,339	\$ 584,483
Assets limited as to use	93,690	49,581
Accounts receivable	382,369	382,565
Other receivables	68,577	71,370
Inventory	115,201	64,045
Other current assets	224,088	40,364
Total current assets	1,570,264	1,192,408
Assets limited as to use:		
Debt service and reserve funds held by bond trustee	45,933	47,137
Construction funds held by bond trustee	29,234	89,999
Interest rate swap contract collateral	30,691	22,223
Designated by board for property and equipment	–	24,134
Malpractice self-insurance	17,066	16,119
	122,924	199,612
Less amount required to meet current obligations	(93,690)	(49,581)
	29,234	150,031
Long-term investments – without donor restrictions	2,080,067	1,891,200
Long-term investments – with donor restrictions	139,167	121,607
Investments in related parties	59,504	33,899
Other assets	368,958	244,828
Operating lease assets	125,296	–
Property and equipment, net	2,263,181	1,919,856
Total assets	\$ 6,635,671	\$ 5,553,829
Liabilities and net assets		
Current liabilities:		
Accounts payable and accrued expenses	\$ 454,701	\$ 397,375
Contract liabilities – deferred revenues	189,996	–
Other current liabilities	194,686	182,498
Current portion of long-term debt and lease obligations	174,725	25,817
Total current liabilities	1,014,108	605,690
Long-term debt, less current portion	1,506,835	1,478,589
Operating lease obligations, less current portion	111,407	–
Accrued malpractice claims	129,495	122,868
Other noncurrent liabilities	193,913	151,957
Total liabilities	2,955,758	2,359,104
Net assets		
Net assets without donor restrictions:		
Orlando Health, Inc. and Controlled Affiliates	3,538,777	3,067,821
Noncontrolling interests in Controlled Affiliates	1,396	(890)
Total net assets without donor restrictions	3,540,173	3,066,931
Net assets with donor restrictions	139,740	127,794
Total net assets	3,679,913	3,194,725
Total liabilities and net assets	\$ 6,635,671	\$ 5,553,829

See accompanying notes.

Orlando Health, Inc. and Controlled Affiliates

Consolidated Statements of Operations and Changes in Net Assets
(In Thousands)

	Year Ended September 30	
	2020	2019
Revenues and other support without donor restrictions		
Net patient service revenue	\$ 3,546,272	\$ 3,197,660
Other revenue	233,398	219,552
Federal Cares Act funding	82,448	–
Net assets released from donor restrictions	6,052	6,281
Total revenues and other support without donor restrictions	3,868,170	3,423,493
Expenses		
Salaries and benefits	1,935,631	1,698,491
Supplies and other	1,316,191	1,138,919
Professional fees	33,312	35,067
Depreciation and amortization	199,841	163,352
Interest	55,175	52,753
Total expenses	3,540,150	3,088,582
Income from operations	328,020	334,911
Nonoperating gains and (losses)		
Investment income	132,285	86,834
Change in fair value of interest rate swap agreements	(6,399)	(18,077)
Inherent contribution associated with business combination	–	181,885
Other nonoperating gains	19,512	2,130
Loss on early extinguishment of debt	–	(5,045)
Nonoperating gains, net	145,398	247,727
Excess of revenues, other support, and gains over expenses and losses	473,418	582,638
(Excess) deficit of revenues, other support, and gains over expenses and losses attributed to noncontrolling interests in Controlled Affiliates	(314)	450
Excess of revenues, other support, and gains over expenses and losses attributed to Orlando Health, Inc. and Controlled Affiliates	473,104	583,088

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Orlando Health, Inc. and Controlled Affiliates

Consolidated Statements of Operations and Changes in Net Assets (continued)
(In Thousands)

	Year Ended September 30	
	2020	2019
Net assets without donor restrictions		
Excess of revenues, other support, and gains over expenses and losses	\$ 473,418	\$ 582,638
Other changes in unrestricted net assets:		
Net assets released from restrictions for property and equipment	302	15,594
Other	(478)	(96)
Increase in net assets without donor restrictions	<u>473,242</u>	<u>598,136</u>
Net assets with donor restrictions		
Contributions	16,504	21,412
Net assets released from restrictions	(6,354)	(21,875)
Inherent contribution associated with business combination	-	1,609
Net realized and unrealized gains on investments	2,049	725
Other	(253)	(147)
Increase in net assets with donor restrictions	<u>11,946</u>	<u>1,724</u>
Increase in net assets	485,188	599,860
Net assets at beginning of year	3,194,725	2,594,865
Net assets at end of year	<u>\$ 3,679,913</u>	<u>\$ 3,194,725</u>

See accompanying notes.

Orlando Health, Inc. and Controlled Affiliates

Consolidated Statements of Cash Flows (In Thousands)

	Year Ended September 30	
	2020	2019
Operating activities		
Increase in net assets	\$ 485,188	\$ 599,860
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation and amortization	199,841	163,352
Change in fair value of interest rate swap agreements	6,399	18,077
Net realized, unrealized, and investment income gains	(132,285)	(86,834)
Loss on early extinguishment of debt	-	5,045
Gain on fair value of equity method interest	(17,595)	-
Inherent contribution associated with business combination	-	(183,494)
Restricted contributions and investment income	(18,553)	(22,137)
Changes in operating assets and liabilities:		
Accounts receivable, net	9,860	(2,073)
Other operating assets	(66,503)	(16,704)
Accounts payable and accrued expenses	1,280	25,910
Contract liabilities – deferred revenues	189,996	-
Other operating liabilities	49,395	79
Net cash provided by operating activities	707,023	501,081
Investing activities		
Purchases of property, equipment, and other noncurrent assets	(354,019)	(336,491)
Net cash paid for business combinations	(200,304)	(40,273)
Prepayment for future business combination	(185,644)	-
Decrease (increase) in assets limited as to use	83,914	(102,856)
Purchase of trading securities, net of sales	(75,424)	(130,629)
Other investing activities	3,632	16,540
Net cash used in investing activities	(727,845)	(593,709)
Financing activities		
Proceeds from issuance of debt	151,079	362,566
Refunding and repayments of debt, including financing lease obligations	(57,117)	(260,745)
Proceeds from debt service reserve fund liquidation	-	6,887
Bond proceeds used for loan costs	-	(1,514)
Grant proceeds received for long-term purposes	16,243	17,133
Restricted contributions and investment income	18,553	22,137
Net cash provided by financing activities	128,758	146,464
Increase (decrease) in cash, cash equivalents and restricted cash	107,936	53,836
Cash, cash equivalents and restricted cash, beginning of year	652,251	598,415
Cash, cash equivalents and restricted cash, end of year	\$ 760,187	\$ 652,251
Cash and cash equivalents	\$ 686,339	\$ 584,483
Restricted cash and cash equivalents in Assets limited as to use	42,778	44,207
Restricted cash and cash equivalents in Long-term investments – with donor restrictions	379	1,338
Restricted cash and cash equivalents in Interest rate swap contract collateral	30,691	22,223
Cash, cash equivalents and restricted cash, end of year	\$ 760,187	\$ 652,251
Supplemental disclosures of cash flow information		
Cash paid during the year for interest	\$ 63,004	\$ 56,300
Purchases of property and equipment accrued and not paid	32,641	83,979

See accompanying notes.