



**FLORIDA HEALTH SCIENCES CENTER, INC. AND SUBSIDIARIES**

Consolidated Financial Statements

September 30, 2021 and 2020

(With Independent Auditors' Report Thereon)

## FLORIDA HEALTH SCIENCES CENTER, INC. AND SUBSIDIARIES

### Table of Contents

	<b>Page(s)</b>
Independent Auditors' Report	1
Consolidated Financial Statements:	
Consolidated Balance Sheets	2
Consolidated Statements of Operations and Changes in Net Assets	3–4
Consolidated Statements of Cash Flows	5
Notes to Consolidated Financial Statements	6–32



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## Independent Auditors' Report

The Board of Directors  
Florida Health Sciences Center, Inc. and Subsidiaries:

We have audited the accompanying consolidated financial statements of Florida Health Sciences Center, Inc. and subsidiaries (the Center), which comprise the consolidated balance sheets as of September 30, 2021 and 2020, and the related consolidated statements of operations and changes in net assets, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the consolidated financial statements referred to above present fairly in all material respects, the consolidated financial position of Florida Health Sciences Center, Inc. and subsidiaries as of September 30, 2021 and 2020, and the changes in its net assets, and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

**KPMG LLP**

December 16, 2021

**FLORIDA HEALTH SCIENCES CENTER, INC. AND SUBSIDIARIES**

Consolidated Balance Sheets

September 30, 2021 and 2020

<b>Assets</b>	<b>2021</b>	<b>2020</b>
Current assets:		
Cash and cash equivalents	\$ 235,018,216	311,842,636
Short-term investments	50,360,144	5,175,408
Current portion of assets limited as to use	27,505,124	4,665,065
Patient accounts receivable	237,898,962	180,846,775
Inventories	38,525,778	37,448,011
Prepaid expenses and other current assets	<u>64,823,562</u>	<u>62,524,781</u>
Total current assets	654,131,786	602,502,676
Assets limited as to use, less current portion	1,577,127,493	937,620,018
Property and equipment, net	582,540,750	536,101,350
Right-of-use operating assets	69,783,155	66,402,380
Investments in joint ventures	20,832,085	22,012,780
Other assets	<u>16,258,686</u>	<u>19,527,904</u>
Total assets	\$ <u>2,920,673,955</u>	<u>2,184,167,108</u>
<b>Liabilities and Net Assets</b>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 301,847,812	288,571,933
Deferred revenue	93,344,613	131,034,137
Current installments of long-term debt	8,824,781	8,534,246
Current installment of operating lease obligations	14,682,374	13,273,307
Current installment of finance lease obligations	933,474	1,076,485
Estimated third-party payor settlements	<u>94,686,638</u>	<u>59,958,409</u>
Total current liabilities	514,319,692	502,448,517
Long-term debt, excluding current installments	879,978,624	340,868,431
Obligations under operating lease, excluding current installments	42,052,248	39,153,510
Obligations under finance lease, excluding current installments	2,859,953	3,373,185
Other liabilities	<u>108,275,664</u>	<u>107,237,834</u>
Total liabilities	<u>1,547,486,181</u>	<u>993,081,477</u>
Net assets:		
Without donor restrictions	1,338,054,031	1,160,733,436
With donor restrictions	<u>35,133,743</u>	<u>30,352,195</u>
Total net assets	<u>1,373,187,774</u>	<u>1,191,085,631</u>
Total liabilities and net assets	\$ <u>2,920,673,955</u>	<u>2,184,167,108</u>

See accompanying notes to consolidated financial statements.

**FLORIDA HEALTH SCIENCES CENTER, INC. AND SUBSIDIARIES**

## Consolidated Statements of Operations and Changes in Net Assets

Years ended September 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Revenues, gains, and other support:		
Net patient service revenue	\$ 1,634,557,080	1,423,257,682
Disproportionate share distributions	5,819,666	6,486,338
Other revenue	<u>200,210,633</u>	<u>161,057,349</u>
Total revenues, gains, and other support	<u>1,840,587,379</u>	<u>1,590,801,369</u>
Expenses:		
Salaries and benefits	771,934,950	704,032,589
Medical supplies	455,390,558	353,440,617
Other	236,446,381	223,965,807
Purchased services	202,496,895	172,881,603
Depreciation and amortization	65,483,836	66,143,722
Interest	<u>28,388,243</u>	<u>11,760,463</u>
Total expenses	<u>1,760,140,863</u>	<u>1,532,224,801</u>
Operating income	<u>80,446,516</u>	<u>58,576,568</u>
Nonoperating gains:		
Investment return, net	92,025,485	65,007,150
Gain from pension termination	—	5,872,988
Other	<u>3,703,261</u>	<u>957,917</u>
Total nonoperating gains, net	<u>95,728,746</u>	<u>71,838,055</u>
Revenues, gains, and other support over expenses	<u>\$ 176,175,262</u>	<u>130,414,623</u>

**FLORIDA HEALTH SCIENCES CENTER, INC. AND SUBSIDIARIES**

Consolidated Statements of Operations and Changes in Net Assets

Years ended September 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Net assets without donor restrictions:		
Revenues, gains, and other support over expenses	\$ 176,175,262	130,414,623
Net assets released from restrictions used for property and equipment and other property transfers	1,145,333	3,644,270
Pension-related changes other than net periodic pension cost	—	1,960,116
Increase in net assets without donor restrictions	<u>177,320,595</u>	<u>136,019,009</u>
Net assets with donor restrictions:		
Net assets released from restrictions:		
Used for property and equipment and other property transfers	(1,145,333)	(3,644,270)
Used for operations	(31,625,894)	(30,240,582)
Contributions	32,282,235	33,382,575
Increase in beneficial interest in net assets of Tampa General Hospital Foundation	<u>5,270,540</u>	<u>11,015,732</u>
Increase in net assets with donor restrictions	<u>4,781,548</u>	<u>10,513,455</u>
Increase in net assets	182,102,143	146,532,464
Net assets, beginning of year	<u>1,191,085,631</u>	<u>1,044,553,167</u>
Net assets, end of year	\$ <u><u>1,373,187,774</u></u>	<u><u>1,191,085,631</u></u>

See accompanying notes to consolidated financial statements.

**FLORIDA HEALTH SCIENCES CENTER, INC. AND SUBSIDIARIES**

Consolidated Statements of Cash Flows

Years ended September 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Increase in net assets	\$ 182,102,143	146,532,464
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation and amortization	65,483,836	66,143,722
Amortization of debt issue costs	656,357	161,805
Amortization of bond premiums	(3,416,771)	(661,355)
Non-cash lease expense	16,819,963	16,191,223
Restricted contributions	(1,442,861)	(3,651,625)
Unrealized gains, net	(62,433,268)	(43,737,037)
Realized gains, net	(11,156,246)	(8,087,369)
Gain on joint ventures	(2,219,305)	(1,301,812)
Pension-related changes other than net periodic pension cost	—	(1,959,116)
Changes in operating assets and liabilities:		
Patient accounts receivable, net	(57,052,187)	(10,767,865)
Inventories	(1,077,767)	(9,351,688)
Prepaid expenses and other assets	228,846	31,450,240
Accounts payable and accrued expenses	11,793,646	20,723,050
Deferred revenue	(38,851,651)	131,034,137
Estimated third-party payor settlements	34,728,229	13,451,087
Other liabilities	(12,485,035)	27,582,904
Net cash provided by operating activities	<u>121,677,929</u>	<u>373,752,765</u>
Cash flows from investing activities:		
Purchases of property and equipment	(109,022,026)	(73,856,512)
Purchases of assets limited as to use	(1,514,648,181)	(563,283,767)
Proceeds from sales of assets limited as to use	948,877,691	541,799,311
Purchases of short-term investments, net	(45,184,736)	(37,911)
Investment in joint venture	3,400,000	751,500
Purchases of other assets, net	(83,381)	(91,602)
Net cash used in investing activities	<u>(716,660,633)</u>	<u>(94,718,981)</u>
Cash flows from financing activities:		
Proceeds from restricted contributions	1,442,861	3,651,625
Payments of debt issue costs	(5,083,303)	—
Proceeds from issuance of long-term debt	612,483,539	—
Payments on long-term debt and finance lease obligations	(67,697,284)	(9,133,355)
Net cash provided by (used in) financing activities	<u>541,145,813</u>	<u>(5,481,730)</u>
(Decrease) increase in cash and cash equivalents	(53,836,891)	273,552,054
Cash and cash equivalents at beginning of year	<u>337,226,712</u>	<u>63,674,658</u>
Cash and cash equivalents at end of year	\$ <u>283,389,821</u>	\$ <u>337,226,712</u>
Cash and cash equivalents	\$ 235,018,216	311,842,636
Cash included in assets limited as to use, less current portion	<u>48,371,605</u>	<u>25,384,076</u>
	\$ <u>283,389,821</u>	\$ <u>337,226,712</u>
Supplemental cash flow information:		
Cash paid for interest	\$ 28,388,243	11,760,463
Accounts payable for property and equipment purchases	8,451,143	5,806,783

See accompanying notes to consolidated financial statements.