

FLORIDA HEALTH SCIENCES CENTER, INC. AND SUBSIDIARIES

Consolidated Statements of Operations and Changes in Net Assets

Years ended September 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Revenues, gains, and other support:		
Net patient service revenue	\$ 2,203,523,504	1,903,293,011
Disproportionate share distributions	—	7,274,426
Other revenue	<u>415,253,999</u>	<u>239,947,482</u>
Total revenues, gains, and other support	<u>2,618,777,503</u>	<u>2,150,514,919</u>
Expenses:		
Salaries and benefits	1,026,730,163	939,251,175
Medical supplies	604,299,823	518,492,056
Other	387,264,799	289,252,540
Purchased services	386,676,566	293,301,330
Depreciation and amortization	87,463,425	77,336,298
Interest	<u>31,908,671</u>	<u>28,623,752</u>
Total expenses	<u>2,524,343,447</u>	<u>2,146,257,151</u>
Operating income	<u>94,434,056</u>	<u>4,257,768</u>
Nonoperating gains (losses):		
Investment return, net	76,250,100	(149,485,091)
Other, net	<u>(4,428,860)</u>	<u>33,684,893</u>
Total nonoperating gains (losses), net	<u>71,821,240</u>	<u>(115,800,198)</u>
Revenues, gains, and other support over (under) expenses	\$ <u><u>166,255,296</u></u>	<u><u>(111,542,430)</u></u>

FLORIDA HEALTH SCIENCES CENTER, INC. AND SUBSIDIARIES

Consolidated Statements of Operations and Changes in Net Assets

Years ended September 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Revenues, gains, and other support:		
Net patient service revenue	\$ 1,903,293,011	1,634,557,080
Disproportionate share distributions	7,274,426	5,819,666
Other revenue	<u>239,947,482</u>	<u>200,210,633</u>
Total revenues, gains, and other support	<u>2,150,514,919</u>	<u>1,840,587,379</u>
Expenses:		
Salaries and benefits	939,251,175	771,934,950
Medical supplies	518,492,056	455,390,558
Other	289,252,540	236,446,381
Purchased services	293,301,330	202,496,895
Depreciation and amortization	77,336,298	65,483,836
Interest	<u>28,623,752</u>	<u>28,388,243</u>
Total expenses	<u>2,146,257,151</u>	<u>1,760,140,863</u>
Operating income	<u>4,257,768</u>	<u>80,446,516</u>
Nonoperating gains (losses):		
Investment return, net	(149,485,091)	92,025,485
Other, net	<u>33,684,893</u>	<u>3,703,261</u>
Total nonoperating gains (losses), net	<u>(115,800,198)</u>	<u>95,728,746</u>
Revenues, gains, and other support (under) over expenses	\$ <u><u>(111,542,430)</u></u>	<u><u>176,175,262</u></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>
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, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Revenues, gains, and other support:		
Net patient service revenue	\$ 1,423,257,682	1,345,855,745
Disproportionate share distributions	6,486,338	6,199,803
Other revenue	<u>161,057,349</u>	<u>95,131,384</u>
Total revenues, gains, and other support	<u>1,590,801,369</u>	<u>1,447,186,932</u>
Expenses:		
Salaries and benefits	704,032,589	667,981,507
Medical supplies	353,440,617	325,934,536
Other	223,965,807	215,143,126
Purchased services	172,881,603	148,026,989
Depreciation and amortization	66,143,722	63,895,223
Interest	<u>11,760,463</u>	<u>12,720,954</u>
Total expenses	<u>1,532,224,801</u>	<u>1,433,702,335</u>
Operating income	<u>58,576,568</u>	<u>13,484,597</u>
Nonoperating gains:		
Investment return, net	65,007,150	45,667,832
Gain from pension termination	5,872,988	—
Other	<u>957,917</u>	<u>32,665</u>
Total nonoperating gains, net	<u>71,838,055</u>	<u>45,700,497</u>
Revenues, gains, and other support over expenses	\$ <u>130,414,623</u>	<u>59,185,094</u>

FLORIDA HEALTH SCIENCES CENTER, INC. AND SUBSIDIARIES

Consolidated Statements of Operations and Changes in Net Assets

 **Years ended September 30, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
Revenues, gains, and other support:		
Net patient service revenue	\$ 1,345,855,745	1,235,980,134
Disproportionate share distributions	6,199,803	7,828,194
Other revenue	95,131,384	81,869,709
Total revenues, gains, and other support	<u>1,447,186,932</u>	<u>1,325,678,037</u>
Expenses:		
Salaries and benefits	667,981,507	609,752,445
Medical supplies	325,934,536	303,717,624
Other	215,143,126	194,630,114
Purchased services	148,026,989	124,695,710
Depreciation and amortization	63,895,223	64,277,637
Interest	12,720,954	12,851,412
Total expenses	<u>1,433,702,335</u>	<u>1,309,924,942</u>
Operating income	<u>13,484,597</u>	<u>15,753,095</u>
Nonoperating gains (losses):		
Investment return, net	45,667,832	43,461,609
Gain from pension curtailment	—	11,327,598
Other	32,665	(4,173,291)
Total nonoperating gains, net	<u>45,700,497</u>	<u>50,615,916</u>
Revenues, gains, and other support over expenses	\$ <u>59,185,094</u>	<u>66,369,011</u>

FLORIDA HEALTH SCIENCES CENTER, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

September 30, 2019 and 2018

The Center applies Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 740, *Income Taxes*, which clarifies the accounting for uncertainty in income tax positions and provides guidance when tax positions are recognized in an entity's financial statements and how the value of these positions are determined.

U.S. generally accepted accounting principles require management to evaluate tax positions taken by the Center and recognize a tax liability (or asset) if the Center has taken an uncertain position that more likely than not would not be sustainable upon examination by the Internal Revenue Service. Management has analyzed the tax positions taken by the Center, and has concluded that as of September 30, 2019 and 2018, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the consolidated financial statements.

(q) Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and the accompanying notes. Actual results could differ from those estimates.

(r) Going Concern

In accordance with Accounting Standards Updated (ASU) 2014-15, *Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern*, management has assessed the Center's ability to continue as a going concern for one year after the date that the financial statements are issued and determined that no further disclosure is required.

(s) Reclassification

Certain reclassifications are reflected in the 2018 consolidated financial statements to conform to the 2019 consolidated financial statement presentation.

(t) Adoption of New Accounting Standard

Effective October 1, 2018, the Center adopted Financial Accounting Standards Board (FASB) ASU 2014-09, *Revenue from Contracts with Customers* (ASC Topic 606) using a full retrospective method. The standard presents a comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance. The core principal of the model is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled to in exchange for those goods or services.

The Center's most significant impact of adopting the new standard is to the presentation of the consolidated statements of operations and changes in net assets related to uninsured and underinsured patients. In accordance with the new standard, the Center now recognizes the majority of its previously reported provision for bad debts as a direct reduction to net patient service revenue as an implicit price concession rather than a separate line item to arrive at a net patient service revenue. For the years ended September 30, 2019 and 2018, the Center recorded approximately \$91,157,000 and \$65,612,000, respectively, of implicit price concessions as a direct reduction of net patient service revenue that would have been recorded as provision for bad debts prior to the adoption of

FLORIDA HEALTH SCIENCES CENTER, INC. AND SUBSIDIARIES

Consolidated Statements of Operations and Changes in Unrestricted Net Assets

Years ended September 30, 2018 and 2017

	2018	2017
Unrestricted revenues, gains, and other support:		
Patient service revenue (net of contractual allowances and discounts)	\$ 1,301,306,643	1,269,681,792
Provision for bad debts	(65,612,091)	(88,545,541)
Net patient service revenue less provision for bad debts	1,235,694,552	1,181,136,251
Disproportionate share distributions	7,828,194	6,924,409
Other revenue	81,869,709	69,433,727
Total unrestricted revenues, gains, and other support	1,325,392,455	1,257,494,387
Expenses:		
Salaries and benefits	609,752,445	592,332,652
Medical supplies	303,717,624	270,869,205
Purchased services	124,695,710	118,728,148
Utilities and leases	26,288,664	26,113,678
Insurance	30,734,031	21,454,694
Depreciation and amortization	64,277,637	55,023,662
Professional fees	37,735,070	35,352,876
Interest	12,851,412	12,773,628
Other	101,770,767	102,073,910
Total expenses	1,311,823,360	1,234,722,453
Operating income	13,569,095	22,771,934
Nonoperating gains (losses):		
Investment return	45,645,609	43,589,620
Gain from pension curtailment	11,327,598	—
Other	(4,173,291)	(3,437,972)
Total nonoperating gains	52,799,916	40,151,648
Revenues, gains, and other support over expenses	66,369,011	62,923,582
Other changes in net assets:		
Net assets released from restrictions used for property and equipment and other property transfers	3,294,200	889,685
Pension-related changes other than net periodic pension cost	8,564,140	33,540,137
Increase in unrestricted net assets	\$ 78,227,351	97,353,404

See accompanying notes to consolidated financial statements.

FLORIDA HEALTH SCIENCES CENTER, INC.

Consolidated Statements of Operations and Changes in Unrestricted Net Assets

Years ended September 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Unrestricted revenues, gains, and other support:		
Patient service revenue (net of contractual allowances and discounts)	\$ 1,269,681,792	1,210,770,300
Provision for bad debts	(88,545,541)	(79,988,176)
Net patient service revenue less provision for bad debts	<u>1,181,136,251</u>	<u>1,130,782,124</u>
Disproportionate share distributions	6,924,409	22,263,355
Other revenue	<u>69,433,727</u>	<u>59,704,765</u>
Total unrestricted revenues, gains, and other support	<u>1,257,494,387</u>	<u>1,212,750,244</u>
Expenses:		
Salaries and benefits	592,332,652	554,960,748
Medical supplies	270,869,205	259,228,650
Purchased services	118,728,148	109,664,704
Utilities and leases	26,113,678	23,946,339
Insurance	21,454,694	23,425,089
Depreciation and amortization	55,023,662	47,784,366
Professional fees	35,352,876	38,059,628
Interest	12,773,628	13,099,475
Other	<u>102,073,910</u>	<u>98,771,319</u>
Total expenses	<u>1,234,722,453</u>	<u>1,168,940,318</u>
Operating income	<u>22,771,934</u>	<u>43,809,926</u>
Nonoperating gains (losses):		
Investment return	43,589,620	43,372,043
Other	<u>(3,437,972)</u>	<u>(7,108,752)</u>
Total nonoperating gains	<u>40,151,648</u>	<u>36,263,291</u>
Revenues, gains, and other support over expenses	<u>62,923,582</u>	<u>80,073,217</u>
Other changes in net assets:		
Net assets released from restrictions used for property and equipment and other property transfers	889,685	1,326,505
Pension-related changes other than net periodic pension cost	<u>33,540,137</u>	<u>(12,089,506)</u>
Increase in unrestricted net assets	<u>\$ 97,353,404</u>	<u>69,310,216</u>

See accompanying notes to consolidated financial statements.

FLORIDA HEALTH SCIENCES CENTER, INC.

Consolidated Statements of Operations and Changes in Unrestricted Net Assets

Years ended September 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Unrestricted revenues, gains, and other support:		
Patient service revenue (net of contractual allowances and discounts)	\$ 1,210,770,300	1,175,157,790
Provision for bad debts	<u>(79,988,176)</u>	<u>(82,789,099)</u>
Net patient services revenue less provision for bad debts	1,130,782,124	1,092,368,691
Disproportionate share distributions	22,263,355	26,271,432
Other revenue	<u>59,704,765</u>	<u>51,032,464</u>
Total unrestricted revenues, gains, and other support	<u>1,212,750,244</u>	<u>1,169,672,587</u>
Expenses:		
Salaries and benefits	554,960,748	528,283,908
Medical supplies	259,228,650	255,566,713
Purchased services	109,664,704	103,323,786
Utilities and leases	23,946,339	24,230,740
Insurance	23,425,089	25,691,909
Depreciation and amortization	47,784,366	45,840,411
Professional fees	38,059,628	32,176,113
Interest	13,099,475	16,496,022
Other	<u>98,771,319</u>	<u>93,679,361</u>
Total expenses	<u>1,168,940,318</u>	<u>1,125,288,963</u>
Operating income	<u>43,809,926</u>	<u>44,383,624</u>
Nonoperating gains (losses):		
Investment return	43,372,043	3,042,278
Other	<u>(7,108,752)</u>	<u>(1,110,700)</u>
Total nonoperating gains	<u>36,263,291</u>	<u>1,931,578</u>
Revenues, gains, and other support over expenses	80,073,217	46,315,202
Other changes in net assets:		
Net assets released from restrictions used for property and equipment and other property transfers	1,326,505	1,857,593
Pension-related changes other than net periodic pension cost	<u>(12,089,506)</u>	<u>(16,236,535)</u>
Increase in unrestricted net assets	<u>\$ 69,310,216</u>	<u>31,936,260</u>

See accompanying notes to consolidated financial statements.

FLORIDA HEALTH SCIENCES CENTER, INC.

Consolidated Statements of Operations and Changes in Unrestricted Net Assets

Years ended September 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Unrestricted revenues, gains, and other support:		
Patient service revenue (net of contractual allowances and discounts)	\$ 1,068,768,027	1,032,349,371
Provision for bad debts	(59,273,583)	(77,459,331)
Net patient services revenue less provision for bad debts	1,009,494,444	954,890,040
Disproportionate share distributions	23,643,730	23,637,250
Other revenue	47,070,338	40,685,133
Total unrestricted revenues, gains, and other support	<u>1,080,208,512</u>	<u>1,019,212,423</u>
Expenses:		
Salaries and benefits	490,538,942	482,254,873
Medical supplies	234,371,525	218,842,109
Purchased services	90,468,848	75,831,959
Utilities and leases	20,586,848	20,394,701
Insurance	17,517,582	18,578,309
Depreciation and amortization	43,148,593	42,700,335
Professional fees	32,989,876	32,452,548
Interest	16,336,401	18,829,853
Other	83,212,088	76,538,479
Total expenses	<u>1,029,170,703</u>	<u>986,423,166</u>
Operating income	<u>51,037,809</u>	<u>32,789,257</u>
Nonoperating gains (losses):		
Investment return	36,314,322	42,966,485
Other	4,122,732	(7,092,087)
Total nonoperating gains	<u>40,437,054</u>	<u>35,874,398</u>
Revenues, gains, and other support over expenses	91,474,863	68,663,655
Other changes in net assets:		
Net assets released from restrictions used for property and equipment	3,178,175	4,277,067
Pension-related changes other than net periodic pension cost	(5,292,412)	78,600,330
Increase in unrestricted net assets	<u>\$ 89,360,626</u>	<u>151,541,052</u>

See accompanying notes to consolidated financial statements.

FLORIDA HEALTH SCIENCES CENTER, INC.

Consolidated Statements of Operations and Changes in Unrestricted Net Assets

Years ended September 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Unrestricted revenues, gains, and other support:		
Patient service revenue (net of contractual allowances and discounts)	\$ 1,032,349,371	970,317,559
Provision for bad debts	(77,459,331)	(48,661,315)
Net patient services revenue less provision for bad debts	954,890,040	921,656,244
Disproportionate share distributions	23,637,250	26,121,039
Other revenue	40,685,133	40,352,902
Total unrestricted revenues, gains, and other support	<u>1,019,212,423</u>	<u>988,130,185</u>
Expenses:		
Salaries and benefits	482,254,873	480,497,523
Medical supplies	218,842,109	208,511,053
Purchased services	75,831,959	72,365,891
Utilities and leases	20,394,701	20,747,108
Insurance	18,578,309	25,067,922
Depreciation and amortization	42,700,335	43,508,694
Professional fees	32,452,548	33,923,642
Interest	18,829,853	19,154,570
Other	76,538,479	72,936,519
Total expenses	<u>986,423,166</u>	<u>976,712,922</u>
Operating income	<u>32,789,257</u>	<u>11,417,263</u>
Nonoperating gains (losses):		
Investment return	42,966,485	36,849,631
Loss on extinguishment of debt	(6,792,087)	—
Contributions	(300,000)	(75,000)
Total nonoperating gains	<u>35,874,398</u>	<u>36,774,631</u>
Revenues, gains, and other support over expenses	68,663,655	48,191,894
Other changes in net assets:		
Net assets released from restrictions used for property and equipment	4,277,067	3,214,168
Pension-related changes other than net periodic pension cost	78,600,330	(529,766)
Increase in unrestricted net assets	<u>\$ 151,541,052</u>	<u>50,876,296</u>

See accompanying notes to consolidated financial statements.

FLORIDA HEALTH SCIENCES CENTER, INC.

Consolidated Statements of Operations and Changes in Unrestricted Net Assets

Years ended September 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Unrestricted revenues, gains, and other support:		
Patient service revenue (net of contractual allowances and discounts)	\$ 970,317,559	1,026,426,930
Provision for bad debts	(48,661,315)	(68,656,371)
Net patient services revenue less provision for bad debts	921,656,244	957,770,559
Disproportionate share distributions	26,121,039	29,841,124
Other revenue	40,352,902	27,677,531
Total unrestricted revenues, gains, and other support	<u>988,130,185</u>	<u>1,015,289,214</u>
Expenses:		
Salaries and benefits	480,497,523	488,057,589
Medical supplies	208,511,053	221,305,646
Purchased services	72,365,891	82,698,848
Utilities and leases	20,747,108	21,105,853
Insurance	25,067,922	23,845,399
Depreciation and amortization	43,508,694	36,816,557
Professional fees	33,923,642	39,261,520
Interest	19,154,570	18,541,482
Other	72,936,519	76,429,541
Total expenses	<u>976,712,922</u>	<u>1,008,062,435</u>
Operating income	<u>11,417,263</u>	<u>7,226,779</u>
Nonoperating gains (losses):		
Investment return	36,849,631	6,614,222
Change in professional liability estimate	—	9,388,329
Contributions	(75,000)	(300,000)
Total nonoperating gains	<u>36,774,631</u>	<u>15,702,551</u>
Revenues, gains, and other support over expenses	48,191,894	22,929,330
Other changes in net assets:		
Net assets released from restrictions used for property and equipment	3,214,168	5,083,163
Pension-related changes other than net periodic pension cost	(529,766)	(1,354,775)
Increase in unrestricted net assets	<u>\$ 50,876,296</u>	<u>26,657,718</u>

See accompanying notes to consolidated financial statements.

FLORIDA HEALTH SCIENCES CENTER, INC.

Consolidated Statements of Operations and Changes in Unrestricted Net Assets

Years ended September 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Unrestricted revenues, gains, and other support:		
Net patient services revenue	\$ 1,026,426,930	965,754,486
Disproportionate share distributions	29,841,124	33,501,737
Other revenue	<u>27,677,531</u>	<u>34,362,116</u>
Total revenues, gains, and other support	<u>1,083,945,585</u>	<u>1,033,618,339</u>
Expenses:		
Salaries and benefits	488,057,589	432,772,100
Medical supplies	221,305,646	208,610,488
Purchased services	82,698,848	71,441,344
Provision for bad debts	<u>68,656,371</u>	63,989,505
Utilities and leases	21,105,853	20,854,018
Insurance	23,845,399	26,136,333
Depreciation and amortization	36,816,557	35,992,447
Professional fees	39,261,520	34,415,309
Interest	18,541,482	18,965,544
Other	<u>76,429,541</u>	<u>75,827,278</u>
Total expenses	<u>1,076,718,806</u>	<u>989,004,366</u>
Operating income	7,226,779	44,613,973
Nonoperating gains (losses):		
Investment income	6,614,222	24,724,813
Change in professional liability estimate	9,388,329	—
Contributions	<u>(300,000)</u>	<u>(2,800,000)</u>
Total nonoperating gains	<u>15,702,551</u>	<u>21,924,813</u>
Revenues, gains, and other support over expenses	22,929,330	66,538,786
Other changes in net assets:		
Net assets released from restrictions used for property and equipment	5,083,163	16,605,196
Pension-related changes other than net periodic pension cost	<u>(1,354,775)</u>	<u>(3,843,340)</u>
Increase in unrestricted net assets	<u>\$ 26,657,718</u>	<u>79,300,642</u>

See accompanying notes to consolidated financial statements.

FLORIDA HEALTH SCIENCES CENTER, INC.

Consolidated Statements of Operations and Changes in Unrestricted Net Assets

Years ended September 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Unrestricted revenues, gains, and other support:		
Net patient services revenue	\$ 965,754,486	878,193,124
Disproportionate share distributions	33,501,737	30,688,388
Other revenue	34,362,116	36,972,235
Total revenues, gains, and other support	<u>1,033,618,339</u>	<u>945,853,747</u>
Expenses:		
Salaries and benefits	432,772,100	393,125,207
Medical supplies	208,610,488	208,706,097
Purchased services	71,441,344	65,880,759
Provision for bad debts	63,989,505	58,504,564
Utilities and leases	20,854,018	21,614,540
Insurance	26,136,333	33,088,629
Depreciation and amortization	35,992,447	34,527,807
Professional fees	34,415,309	28,599,925
Interest	18,965,544	19,438,494
Other	75,827,278	63,672,254
Total expenses	<u>989,004,366</u>	<u>927,158,276</u>
Operating income	44,613,973	18,695,471
Nonoperating gains (losses):		
Investment income	24,724,813	19,924,209
Contributions	(2,800,000)	(300,000)
Total nonoperating gains	<u>21,924,813</u>	<u>19,624,209</u>
Revenues, gains, and other support over expenses	66,538,786	38,319,680
Other changes in net assets:		
Net assets released from restrictions used for property and equipment	16,605,196	16,410,429
Pension-related changes other than net periodic pension cost	(3,843,340)	(29,893,368)
Increase in unrestricted net assets	\$ <u>79,300,642</u>	<u>24,836,741</u>

See accompanying notes to consolidated financial statements.