

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

Consolidated Statements of Operations and Changes in Unrestricted Net Assets

Years ended September 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
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	<u>(65,612,091)</u>	<u>(88,545,541)</u>
Net patient service revenue less provision for bad debts	<u>1,235,694,552</u>	1,181,136,251
Disproportionate share distributions	7,828,194	6,924,409
Other revenue	<u>81,869,709</u>	<u>69,433,727</u>
Total unrestricted revenues, gains, and other support	<u>1,325,392,455</u>	<u>1,257,494,387</u>
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	<u>101,770,767</u>	<u>102,073,910</u>
Total expenses	<u>1,311,823,360</u>	<u>1,234,722,453</u>
Operating income	<u>13,569,095</u>	<u>22,771,934</u>
Nonoperating gains (losses):		
Investment return	45,645,609	43,589,620
Gain from pension curtailment	11,327,598	—
Other	<u>(4,173,291)</u>	<u>(3,437,972)</u>
Total nonoperating gains	<u>52,799,916</u>	<u>40,151,648</u>
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	<u>8,564,140</u>	<u>33,540,137</u>
Increase in unrestricted net assets	<u>\$ 78,227,351</u>	<u>97,353,404</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, 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**

Consolidated Statements of Cash Flows

Years ended September 30, 2018 and 2017

	<b>2018</b>	<b>2017</b>
Cash flows from operating activities:		
Increase in net assets	\$ 79,072,184	98,440,363
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation and amortization	64,277,637	55,023,662
Amortization of debt issue costs	164,530	164,594
Amortization of bond premiums	(679,102)	(679,521)
Restricted contributions	(3,330,349)	(1,691,479)
Unrealized gains, net	(16,269,740)	(33,389,004)
Realized gains, net	(13,198,080)	(1,990,569)
Loss on joint ventures	2,217,621	2,137,972
Provision for bad debts	65,612,092	88,545,541
Gain from pension curtailment	(11,327,598)	—
Pension-related changes other than net periodic pension cost	(8,564,140)	(33,540,137)
Changes in operating assets and liabilities:		
Patient accounts receivable	(83,828,721)	(91,206,014)
Inventories	855,989	(1,879,105)
Prepaid expenses and other assets	(7,008,143)	(14,885,139)
Accounts payable	9,100,432	28,404,149
Accrued expenses	(4,817,903)	(4,062,810)
Estimated third-party payor settlements	(22,055,927)	(13,295,506)
Other liabilities	(351,147)	9,997,980
Net cash provided by operating activities	49,869,635	86,094,977
Cash flows from investing activities:		
Purchases of property and equipment	(50,032,931)	(87,362,047)
Purchases of assets limited as to use	(1,151,509,672)	(633,099,836)
Proceeds from sales of assets limited as to use	1,139,192,427	679,627,910
(Increase) decrease in short-term investments, net	(5,038,424)	29,973,751
Investment in joint venture	(9,100,058)	(11,787,270)
Net cash used in investing activities	(76,488,658)	(22,647,492)
Cash flows from financing activities:		
Proceeds from restricted contributions	3,330,349	1,691,479
Proceeds from capital lease	—	21,843,593
Payments on long-term debt	(7,231,899)	(8,528,200)
Payments on capital lease obligations	(1,046,986)	(412,548)
Net cash (used in) provided by financing activities	(4,948,536)	14,594,324
(Decrease) increase in cash and cash equivalents	(31,567,559)	78,041,809
Cash and cash equivalents at beginning of year	129,320,545	51,278,736
Cash and cash equivalents at end of year	\$ 97,752,986	129,320,545
Supplemental cash flow information:		
Cash paid for interest	\$ 12,885,866	12,838,193
Accounts payable for property and equipment purchases	2,265,791	3,375,895

The  
2 values  
below add  
up to  
(18,216,629)

See accompanying notes to consolidated financial statements.

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

Consolidated Statements of Cash Flows

Years ended September 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities:		
Increase in net assets	\$ 57,729,475	79,072,184
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation and amortization	63,895,223	64,277,637
Amortization of debt issue costs	163,091	164,530
Amortization of bond premiums	(669,735)	(679,102)
Restricted contributions	(1,228,754)	(3,330,349)
Unrealized gains, net	(23,289,314)	(14,085,740)
Realized gains, net	(3,287,309)	(13,198,080)
(Gain) loss on joint ventures	(1,161,484)	2,217,621
Gain from pension curtailment	—	(11,327,598)
Pension-related changes other than net periodic pension cost	5,325,527	(8,564,140)
Changes in operating assets and liabilities:		
Patient accounts receivable, net	(25,148,757)	(18,216,629)
Inventories	(2,190,195)	855,989
Prepaid expenses and other assets	(19,627,859)	(7,008,143)
Accounts payable and accrued expenses	17,043,872	4,282,529
Estimated third-party payor settlements	9,635,482	(22,055,927)
Other liabilities	(7,145,507)	(351,147)
Net cash provided by operating activities	<u>70,043,256</u>	<u>52,053,635</u>
Cash flows from investing activities:		
Purchases of property and equipment	(71,975,268)	(50,032,931)
Purchases of assets limited as to use	(354,623,766)	(1,153,693,672)
Proceeds from sales of assets limited as to use	308,555,102	1,139,192,427
Increase in short-term investments, net	(43)	(5,038,424)
Investment in joint venture	(1,247,050)	(9,100,058)
Net cash used in investing activities	<u>(119,291,025)</u>	<u>(78,672,658)</u>
Cash flows from financing activities:		
Proceeds from restricted contributions	1,228,754	3,330,349
Payments on long-term debt	(7,433,001)	(7,231,899)
Proceeds from capital leases	3,157,911	—
Payments on capital lease obligations	(2,576,971)	(1,046,986)
Net cash used in financing activities	<u>(5,623,307)</u>	<u>(4,948,536)</u>
Decrease in cash and cash equivalents	(54,371,076)	(31,567,559)
Cash and cash equivalents at beginning of year	<u>97,752,986</u>	<u>129,320,545</u>
Cash and cash equivalents at end of year	\$ <u>42,881,910</u>	<u>97,752,986</u>
Supplemental cash flow information:		
Cash paid for interest	\$ 12,762,490	12,885,866
Accounts payable for property and equipment purchases	3,720,051	2,265,791

See accompanying notes to consolidated financial statements.