



ANNUAL REPORT

FOR THE FISCAL YEAR ENDED

April 30, 2025

Memorial Healthcare System Disclosure Representative:

Irfan Mirza

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Important Information

In accordance with undertakings of the South Broward Hospital District d/b/a Memorial Healthcare System (the “Issuer”), regarding secondary market disclosure made pursuant to SEC Rule 15c2-12(b)(5)(i), by various continuing disclosure certificates, attached is the annual financial information (hereinafter collectively called the “Fiscal Year 2025 Annual Information”) and operating data for the Fiscal Year ended April 30, 2025 (“Fiscal Year 2025”). This information also satisfies the requirement for year-to-date financial information and operating data for the fiscal quarter ended April 30, 2025. The information in this Annual Report should be read in connection with the Audited Financial Statements (filed separately) including the Management's Discussion and Analysis, narratives and Notes to the Annual Financial Statements.

The provision of this information is not intended as an offer to sell any securities. It is provided solely to comply with the contractual undertakings made by the Issuer with respect to certain outstanding obligations of the Issuer, which contractual undertakings require the provision of limited financial information and operating data with respect to the Issuer. It is not intended to be and is not an update of all of the information included in the Issuer’s prior Official Statements. Other events may have occurred since the date of the Issuer’s prior Official Statements which might be material to investors in the Issuer’s bonds including, without limitation, changes in regulation of the healthcare industry and certain other risk factors. No representation is made as to whether any such other events have occurred with respect to the Issuer or its outstanding debt that might be material or important to owners of the Issuer’s outstanding debt. No representation is made as to the materiality or completeness of the Fiscal Year 2025 Annual Information. No representation is made that the Fiscal Year 2025 Annual Information is indicative of financial or operating results of the Issuer since the end of Fiscal Year 2025 or of future financial or operating results.

In connection with the sale of each bond issue, the Issuer delivered Official Statements. Capitalized terms used herein shall have the meanings ascribed to such terms in the applicable Official Statement.

This report may contain, in part, estimates and matters of opinion which are not intended as statements of fact, and no representation is made as to the correctness of such estimates and opinions, or that they will be realized. The information and any expression of opinion contained herein are subject to change without notice, and the delivery of this report will not, under any circumstances, create any implication that there has been no change in the affairs of the Issuer or other matters described.

This report may contain additional information that is not required to be provided under the terms of the continuing disclosure undertakings entered into by the Issuer. Any such additional information is provided on a voluntary basis and may be excluded from future reports without notice.

SELECTED FINANCIAL INFORMATION ABOUT THE ISSUER

Sources of Patient Revenue

The table below lists the approximate percentages of gross charges by category for the fiscal years ended April 30, 2024 and 2025.

<u>Percentage of Gross Charges</u>	<u>April 30, 2024</u>	<u>April 30, 2025</u>
Medicare	12.9%	12.9%
Medicaid	3.2%	3.0%
Managed Care	75.6%	76.1%
Other	8.3%	8.0%
Total	100.0%	100.0%

Levy and Collection of Taxes (\$ in Thousands)

The following table sets forth, for the fiscal years 2024 and 2025 the millage, assessed valuation and gross taxes levied.

	<u>2024</u>	<u>2025</u>
Millage	0.0937	0.0869
Assessed Valuation	\$83,565,440	\$90,903,111
Taxes Levied	\$7,830	\$7,899

Maximum Annual Debt Service (\$ in Thousands)

The Issuer's Maximum Annual Debt Service for the Outstanding Indebtedness for fiscal years ended April 30, 2024 and 2025, was approximately \$60.2 million and \$61.0 million, respectively. The Net Income Available for Debt Service and the Maximum Annual Debt Service on Outstanding Indebtedness is computed below for the years ended April 30, 2024 and 2025, as provided in Section 3.07 of the Master Trust Indenture ("MTI").

	Maximum Annual Debt Service Coverage	
	<u>Fiscal Year Ended April 30</u>	
	<u>2024*</u>	<u>2025</u>
Excess of revenues over expenses	\$245,921	\$405,428
Average of unrestricted contributions and grants for the prior three fiscal years	14,195	16,120
Unrealized gains on investments	(10,048)	(117,917)
Interest expense	32,322	31,312
Depreciation and amortization expense	121,301	130,082
Loss (gain) on disposal of assets	630	(35)
Net Income Available for Debt Service	<u>\$404,321</u>	<u>\$464,990</u>
Maximum Annual Debt Service	60,246	61,042
Long-Term Debt Service Coverage Ratio	6.71	7.62
Maximum Annual Debt Service	60,246	61,042
Percentage to adjust pursuant to MTI	110%	110%
Adjusted Maximum Annual Debt Service	66,271	67,146
Adjusted Long-Term Debt Service Coverage Ratio	6.10	6.93

* Certain prior year amounts have been adjusted for consistency with the current year presentation.

SELECTED FINANCIAL INFORMATION ABOUT THE ISSUER (CONTINUED)

Summary of Historical Financial Information (\$ in Thousands)

The following selected financial data as of April 30, 2024 and 2025, and for the years then ended are derived from the audited financial statements of the Issuer. The financial data presented should be read in conjunction with the financial statements and related notes for the respective fiscal year.

	Fiscal Year Ended April 30	
	2024	2025
Cash, cash equivalents and investments	\$2,617,561	\$2,794,282
Designated investments	20,105	21,542
Patient accounts receivable, net	361,946	359,566
Total current assets	3,344,550	3,650,595
Total assets incl. deferred outflows	\$5,006,699	\$5,378,108
Total current liabilities	657,226	685,059
Long term debt	881,813	861,348
Lease payable, net of current portion	44,242	45,660
Net position	\$3,140,888	\$3,562,493
LT Debt-to-Capitalization Ratio	23%	20%
Days Cash on Hand	324	318

	Fiscal Year Ended April 30	
	2024	2025
Total operating revenue	\$3,272,221	\$3,534,981
Total operating expenses	3,125,456	3,397,377
Income from operations	146,765	137,604
Nonoperating revenues, net (including depreciation expense of \$2,100 and \$2,141 in 2024 and 2025, respectively)	99,156	267,824
Excess of revenues and net nonoperating gains over expenses and before capital contributions and grants	\$245,921	\$405,428
Capital contributions and grants	30,773	16,177
Net margin	7.52%	11.47%
Depreciation and amortization	\$145,170	\$162,823
Interest	\$34,242	\$33,716

SELECTED FINANCIAL INFORMATION ABOUT THE ISSUER (CONTINUED)

Liquidity (\$ in Thousands)

The following table sets forth the Issuer's liquidity position and days cash on hand as of April 30, 2024 and 2025.

	<u>As of April 30</u>	
	<u>2024</u>	<u>2025</u>
Cash and cash equivalents	\$271,605	\$427,752
Investments	2,345,956	2,366,530
Designated Investments	20,105	21,542
Total Cash on Hand	\$2,637,666	\$2,815,824
Operating Expenses	3,125,456	3,397,377
Depreciation and amortization	(145,170)	(162,823)
Days Cash on Hand	324	318

Capitalization (\$ in Thousands)

The following table sets forth the Issuer's capitalization as of April 30, 2024 and 2025.

	<u>As of April 30</u>	
	<u>2024</u>	<u>2025</u>
Long-term debt including Current portion	\$894,748	\$879,628
Lease payable including Current portion	58,797	54,077
Total Long-term debt and Lease payable	\$953,545	\$933,705
Net Position	3,140,888	3,562,493
Total capitalization	4,094,433	4,496,198
Debt to Capitalization Ratio	23%	21%

SELECTED FINANCIAL INFORMATION ABOUT THE ISSUER (CONTINUED)

HISTORICAL UTILIZATION STATISTICS

The table below presents certain historical utilization statistics of the Issuer.

		Fiscal Year Ended April 30	
		2024	2025
Admissions		79,737	81,163
Observation Discharges		<u>41,636</u>	<u>42,021</u>
Total		121,373	123,184
Patient Days	(1)	487,554	482,281
Observation Days		<u>65,250</u>	<u>70,135</u>
Total		552,804	552,416
Average Length of Stay (Days)	(1)	6.12	5.94
Average Daily Census	(2)	1,510	1,513
Percent of Occupancy	(2)	73.9%	74.1%
Licensed Beds	(3)	2,044	2,042
Hospital Outpatient Visits		668,112	723,043
Urgent Care Center (UCC) Visits		32,315	40,563
24/7 Care Center Visits		53,857	51,090
Memorial Primary Care (MPC) Visits*		<u>106,863</u>	<u>125,904</u>
Total Outpatient, 24/7, UCC, MPC Visits		861,147	940,600
Emergency Room Visits		399,258	389,000

(1) Inpatients only

(2) Combined inpatient and observation patients

(3) Represents the weighted average number of licensed beds during the period. The reduction in licensed beds is due to the fourth floor renovation at Memorial Regional Hospital, which involved repurposing space previously used for pediatric services to expand adult services.

*Certain prior year amounts have been adjusted for consistency with the current year presentation. These adjustments had no effect on the reported results of operations.