

South Broward Hospital District

d/b/a Memorial Healthcare System

Financial Report

April 30, 2026

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Independent Auditor's Report

Management and the Board of Commissioners
South Broward Hospital District d/b/a Memorial Healthcare System
Fort Lauderdale, Florida

Report on the Audit of the Financial Statements***Opinions***

We have audited the financial statements of the business-type activities and fiduciary activities of South Broward Hospital District d/b/a Memorial Healthcare System (the System), as of and for the years ended April 30, 2026 and 2025, and the related notes to the financial statements, which collectively comprise the System's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and fiduciary activities of the System, as of April 30, 2026 and 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the System, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the System's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 System's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the System's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and pension related schedules as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the System's basic financial statements. The combining statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 13, 2026, on our consideration of the System's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the System's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the System's internal control over financial reporting and compliance.

RSM VS LLP

Fort Lauderdale, Florida
July 13, 2026

**Report on Internal Control Over Financial Reporting and on Compliance
and Other Matters Based on an Audit of Financial Statements Performed
in Accordance With Government Auditing Standards**

RSM US LLP

Independent Auditor's Report

Management and the Board of Commissioners
South Broward Hospital District d/b/a Memorial Healthcare System
Fort Lauderdale, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the business-type activities and fiduciary activities of South Broward Hospital District d/b/a Memorial Healthcare System (the System), as of and for the year ended April 30, 2026, and the related notes to the financial statements, which collectively comprise the System's basic financial statements, and have issued our report thereon dated July 13, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the System's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the System's internal control. Accordingly, we do not express an opinion on the effectiveness of the System's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the System's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

RSM VS LLP

Fort Lauderdale, Florida
July 13, 2026

**South Broward Hospital District
d/b/a Memorial Healthcare System**

Management's Discussion and Analysis—Unaudited

Required Financial Statements

The South Broward Hospital District d/b/a Memorial Healthcare System (the System) is a special tax district created under the Laws of Florida and a 501(c)(3) not-for-profit entity. The System operates Memorial Regional Hospital and Joe DiMaggio Children's Hospital at Memorial Regional Hospital, both located in Hollywood, Florida; Memorial Regional Hospital South (a campus of Memorial Regional Hospital) located in Hollywood, Florida; Memorial Hospital Pembroke, located in Pembroke Pines, Florida; Memorial Hospital West, located in Pembroke Pines, Florida; and Memorial Hospital Miramar, located in Miramar, Florida. The System also operates a 24/7 Care Center and Memorial Manor Nursing Home, both located in Pembroke Pines, Florida. Other components of the System include Memorial Physician Group; Memorial Primary Care; Memorial Outpatient Pharmacy Services; Memorial Cancer Institute, including a partnership with Moffitt Cancer Center; Memorial Cardiac and Vascular Institute; Memorial Neuroscience Institute; Memorial Rehabilitation Institute; Memorial Outpatient Behavioral Health; U-18 Sports Medicine; three Urgent Care Centers; Graduate Medical Education; Memorial Health Network; and Broward Guardian. As of April 30, 2026, the System operates a total of 2,035 licensed hospital beds and 120 licensed nursing home beds.

The System utilizes two different funds to account for its activities: an enterprise fund, which presents the business-type activities of the operating fund of the System; and a pension trust fund, which reports information about the plan fiduciary net position and changes in plan fiduciary net position of the Retirement Plan for Employees of the South Broward Hospital District (the Plan). The pension trust fund does not issue a stand-alone financial report; however, it is reported as a pension trust fund, and fiduciary component unit in the financial statements of the System herein.

The financial statements of the System report information about the System's business-type activities using accounting methods similar to those used by private sector companies. These statements offer short-term and long-term financial information about its activities. The statements of net position include all of the System's assets, deferred outflows of resources, liabilities and deferred inflows of resources and provide information about the nature and amounts of investments in resources (assets) and the obligations to the System's creditors (liabilities). The assets and liabilities are presented in a classified format, which distinguishes between current and long-term assets and liabilities. These statements also provide the basis for computing rate of return, evaluating the capital structure of the System, and assessing the liquidity and financial flexibility of the System.

All of the current year's revenue and expenses are accounted for in the statements of revenues, expenses and changes in net position. This statement communicates the performance of the System's operations over the past year.

The final required statement is the statements of cash flows. The primary purpose of these statements is to provide information about the System's cash receipts and cash disbursements during the reporting period. These statements report cash receipts, cash disbursements and net changes in cash and cash equivalents resulting from operating, non-capital financing, capital and related financing and investing activities.

**South Broward Hospital District
d/b/a Memorial Healthcare System**

Management's Discussion and Analysis—Unaudited

Summary of Financial Information

The financial statements consist of four parts: (a) management's discussion and analysis; (b) the audited financial statements; (c) required supplementary information; and (d) supplementary information. The audited financial statements also include notes that explain in more detail some of the information in the financial statements. The financial statements are intended to describe the results of operations, the changes in net position, the sources and uses of cash and cash equivalents, and the capital structure of the System. The following selected financial data as of April 30, 2026 and 2025, and for the years then ended, for the System's business-type activities are derived from the audited financial statements of the System. The data should be read in conjunction with the financial statements, related notes and supplementary information contained therein.

	Condensed Statements of Net Position			
	2026	2025	Dollar Increase (Decrease)	Percentage Increase (Decrease)
	<i>(In Thousands)</i>			
Other non-capital assets	\$ 4,283,015	\$ 3,771,812	\$ 511,203	13.6%
Capital assets, net	1,457,772	1,385,448	72,324	5.2%
Right-to-use lease assets, net	46,887	50,467	(3,580)	(7.1%)
Right-to-use subscription assets, net	97,281	93,504	3,777	4.0%
Total assets	5,884,955	5,301,231	583,724	11.0%
Deferred outflows of resources	68,467	76,877	(8,410)	(10.9%)
Total current liabilities	811,835	685,059	126,776	18.5%
Long-term debt	839,085	861,348	(22,263)	(2.6%)
Lease payable, net of current portion	42,710	45,660	(2,950)	(6.5%)
Subscription liability, net of current portion	46,433	38,436	7,997	20.8%
Other noncurrent liabilities	123,781	133,065	(9,284)	(7.0%)
Total liabilities	1,863,844	1,763,568	100,276	5.7%
Deferred inflows of resources	23,824	52,047	(28,223)	(54.2%)
Net investment in capital assets	579,572	521,363	58,209	11.2%
Restricted net position	35,927	34,957	970	2.8%
Unrestricted net position	3,450,255	3,006,173	444,082	14.8%
Total net position	\$ 4,065,754	\$ 3,562,493	\$ 503,261	14.1%

**South Broward Hospital District
d/b/a Memorial Healthcare System**

Management's Discussion and Analysis—Unaudited

Management's Discussion of Financial Performance

	Statements of Revenues, Expenses and Changes in Net Position			
	2026	2025	Dollar Increase (Decrease)	Percentage Increase (Decrease)
	<i>(In Thousands)</i>			
Operating revenue:				
Net patient service revenue	\$3,431,838	\$3,216,313	\$ 215,525	6.7%
Disproportionate share distributions	4,496	33,125	(28,629)	(86.4%)
Other operating revenues	370,667	285,543	85,124	29.8%
Total operating revenue	<u>3,807,001</u>	<u>3,534,981</u>	<u>272,020</u>	<u>7.7%</u>
Operating expenses:				
Salaries and wages	1,715,880	1,670,828	45,052	2.7%
Employee benefits	263,875	286,359	(22,484)	(7.9%)
Professional fees	90,730	91,085	(355)	(0.4%)
Supplies	871,799	739,018	132,781	18.0%
Purchased services	234,153	232,430	1,723	0.7%
Facilities	103,149	96,324	6,825	7.1%
Depreciation and amortization	177,848	162,823	15,025	9.2%
Other	128,847	118,510	10,337	8.7%
Total operating expenses	<u>3,586,281</u>	<u>3,397,377</u>	<u>188,904</u>	<u>5.6%</u>
Operating income	<u>220,720</u>	<u>137,604</u>	<u>83,116</u>	<u>60.4%</u>
Nonoperating revenues, net	<u>266,865</u>	<u>267,824</u>	<u>(959)</u>	<u>(0.4%)</u>
Excess of revenues over expenses	<u>487,585</u>	<u>405,428</u>	<u>82,157</u>	<u>20.3%</u>
Capital contributions and grants	<u>15,676</u>	<u>16,177</u>	<u>(501)</u>	<u>(3.1%)</u>
Increase in net position	<u>503,261</u>	<u>421,605</u>	<u>81,656</u>	<u>19.4%</u>
Net position at the beginning of the year	<u>3,562,493</u>	<u>3,140,888</u>	<u>421,605</u>	<u>13.4%</u>
Net position at the end of the year	<u><u>\$4,065,754</u></u>	<u><u>\$3,562,493</u></u>	<u><u>\$ 503,261</u></u>	<u><u>14.1%</u></u>

For fiscal year 2026, the System's total operating revenue increased by 7.7% and operating expenses increased by 5.6%, resulting in operating income increasing by 60.4% from the prior year of \$137.6 million to approximately \$220.7 million. The System's excess of revenues over expenses increased from \$405.4 million for the fiscal year ended April 30, 2025, to \$487.6 million for the fiscal year ended April 30, 2026.

**South Broward Hospital District
d/b/a Memorial Healthcare System**

Management's Discussion and Analysis—Unaudited

Net patient service revenue increased by 6.7% from \$3.216 billion for the fiscal year ended April 30, 2025, to \$3.432 billion for the fiscal year ended April 30, 2026, primarily due to higher patient volumes and rate increases, partially offset by an unfavorable payor mix. Total admissions, including observation discharges, decreased by 0.3% from 123,184 for the fiscal year ended April 30, 2025, to 122,863 for the fiscal year ended April 30, 2026, with the acuity of patients, as measured by case-mix index, increasing from 1.57 to 1.58, and occupancy decreasing from 74.1% to 72.2%. Total surgical volume decreased from 46,851 cases to 45,266 cases, or 3.4%; hospital outpatient visits increased from 723,043 to 764,381, or 5.7%; emergency visits, including the 24/7 Care Center, decreased from 440,090 to 420,462, or 4.5%; and patient days increased from 482,281 to 488,242, or 1.2% for these periods.

For the fiscal years ended April 30, 2025 and 2026, the System recognized approximately \$109.3 million and \$4.7 million, respectively, of net patient service revenue under the Medicaid supplemental financing initiative called the Hospital Directed Payment Program (DPP). DPP is administered regionally and is intended to bridge the difference between Medicaid reimbursement rates and the costs of providing the care. Florida's DPP provides a financial incentive for all hospitals to engage in quality initiatives with the Medicaid managed care plans in their region. Hospitals that participate receive their DPP funding via their local Medicaid managed care plans. The decrease in DPP revenue for fiscal year 2026 was primarily attributable to delays in both state and federal approvals, which resulted in the applicable revenue recognition criteria not being met at April 30, 2026.

On November 13, 2020, the U.S. Court of Appeals for the D.C. Circuit issued its opinion in favor of the plaintiff hospitals, concluding that patient days paid for with Florida Medicaid Waiver funds from the Low Income Pool (LIP) must be regarded as Medicaid patient days for purposes of computing Medicare Disproportionate Share Hospital (DSH) payments. Centers for Medicare & Medicaid Services (CMS) declined to appeal the U.S. Court of Appeals decision, and during fiscal year 2023, CMS entered into settlement discussions with the affected hospitals, resulting in the issuance of formal payment instructions. There were no additional material changes in estimates related to this matter in fiscal years 2026 and 2025.

For the fiscal year ended April 30, 2026, the System recognized approximately \$33.6 million of net patient service revenue under the Medicaid supplemental financing program known as Nursing Indirect Medical Education (NIME), as applicable to the state fiscal year ended June 30, 2024. NIME is administered under the Florida Funding Initiative for the Recruitment, Sustainment, and Training of Nursing (Florida FIRST) Program, which operates as part of the Florida Health Care Workforce Sustainability Demonstration, a Medicaid Section 1115 waiver program approved by the CMS in 2024. The program is designed to strengthen the healthcare workforce, expand access to care, and stabilize funding through federal support for workforce incentives and hospital directed payments.

Other operating revenue increased as the System recognized \$285.5 million and \$370.7 million for the fiscal years ended April 30, 2025 and 2026, respectively. The increase was primarily attributable to an increase in outpatient pharmacy revenue, driven by volumes of higher cost specialty drugs. Total revenue recognized by the System from disproportionate share distributions, which includes both DSH and LIP funding, was \$33.1 million and \$4.5 million for the fiscal years ended April 30, 2025 and 2026, respectively. The decrease was primarily driven by a reduction in DSH revenue, as no amounts related to the state's fiscal year ended June 30, 2025 were recognized in fiscal year 2026, as the DSH reimbursement model had not been approved by the State Legislature as of year-end. Additionally, following approval of the NIME program, the System determined that the DSH reimbursement model had reached the Medicaid funding limit for amounts previously recognized related to the state fiscal year ended June 30, 2024, resulting in an increase in DSH reserves. LIP revenue also contributed to the overall decrease, primarily due to changes in case mix volumes associated with the return to pre-COVID-19 Medicaid eligibility levels. Unlike DSH, LIP is not subject to the Medicaid funding limits and is therefore, unaffected by other supplemental funding programs. Refer to Note 3 for further information.

**South Broward Hospital District
d/b/a Memorial Healthcare System**

Management's Discussion and Analysis—Unaudited

Total operating expenses increased from \$3.397 billion for the fiscal year ended April 30, 2025, to \$3.586 billion for the fiscal year ended April 30, 2026, or 5.6%. The increase in salaries and wages was primarily driven by higher average hourly rates compared to prior year combined with increased incentive payouts reflecting the System's continued commitment to recruitment and retention. These efforts have contributed to a sustained reduction in reliance on purchased outside labor. The decrease in employee benefits is primarily attributable to lower pension expense resulting from favorable investment returns relative to actuarial assumptions, the impact of the lump-sum plan amendment effective August 1, 2024, that removed the \$50,000 lump-sum limit, and the complete recognition of deferred investment losses. The decrease in professional fees resulted from reduced utilization of consulting services, largely offset by increased use of contracted physician services to support higher clinical volumes. The increase in supplies expense was driven by both higher medical supply and pharmaceutical costs associated with increased patient volumes, as well as greater utilization of higher-cost specialty drugs. Purchased services increased due to higher information technology costs incurred to expand the System's IT infrastructure in support of increased patient days and hospital outpatient visits, largely offset by a reduction in outsourced labor as internal staffing capacity increased and retention efforts improved. The increase in facilities expenses was attributable to higher routine repairs and maintenance of clinical equipment and facility infrastructure across the System. Depreciation and amortization expense increased due to the completion of major projects in the prior year, including the fourth-floor expansion of the Family Birthplace at Memorial Regional Hospital and the acquisition of the land, buildings, structures and site improvements located at the Memorial Hospital Pembroke campus (The Memorial Hospital Pembroke campus), which incurred a full year of depreciation and amortization expense in fiscal year 2026. The increase was further driven by the ongoing growth in the System's infrastructure and technology assets. The increase in other operating expenses was driven by higher medical equipment rental costs, increased Public Medical Assistance Trust Fund assessments due to higher net patient service revenue, additional advertising costs associated with the launch of new marketing campaigns, and increased shared savings distribution expense primarily attributable to higher shared savings earned and distributed under value-based care arrangements as a result of improved program performance and achievement of quality and cost-efficiency targets.

Nonoperating revenues, net, slightly decreased by \$0.9 million, from \$267.8 million for the fiscal year ended April 30, 2025, to \$266.9 million for the fiscal year ended April 30, 2026. The decrease is primarily driven by lower COVID-19 relief funding from the Federal Emergency Management Agency, which totaled \$5.5 million for the fiscal year ended April 30, 2026, compared to \$78.4 million for the fiscal year ended April 30, 2025, largely offset by improved investment performance. Investment returns benefited from favorable market conditions and a higher allocation to global equities, resulting in \$143.3 million of unrealized gains and \$147.7 million of realized gains for the fiscal year ended April 30, 2026, compared to \$117.9 million and \$99.9 million, respectively, for the fiscal year ended April 30, 2025.

Capital contributions and grants decreased by \$0.5 million, from \$16.2 million for the fiscal year ended April 30, 2025, to \$15.7 million for the fiscal year ended April 30, 2026. These contributions were primarily received from the Joe DiMaggio Children's Hospital Foundation and the Memorial Foundation. These contributions supported the expansion of Joe DiMaggio Children's Hospital and the construction of the new surgical and patient bed tower located on the campus of Memorial Regional Hospital.

In fiscal year 2026, the System's Board of Commissioners adopted a millage rate of 0.0805 which is less than the prior year millage rate of 0.0869. In fiscal years 2026 and 2025, the System used the gross tax proceeds solely to offset the cost of the System's governmental obligations, including the county's Medicaid match, community redevelopment assessment and tax collector fees. No tax dollars were used for the operations of the System's facilities.

**South Broward Hospital District
d/b/a Memorial Healthcare System**

Management's Discussion and Analysis—Unaudited

Income available for debt service was \$465.0 million and \$539.1 million for the fiscal years ended April 30, 2025 and 2026, respectively. The long-term debt service coverage ratio was 7.62 and 8.83 for the fiscal years ended April 30, 2025 and 2026, respectively, as defined by the System's Master Trust Indenture. The investment policy of the System is consistent with Section 218.415 of the Florida Statutes, which is designed to ensure the prudent management of financial assets. Cash, cash equivalents and investments, excluding assets whose use is limited and restricted assets, increased from \$2.794 billion at April 30, 2025, to \$3.407 billion at April 30, 2026. Cash, cash equivalents and investments, including assets whose use is limited and restricted assets, increased from \$2.917 billion at April 30, 2025, to \$3.534 billion at April 30, 2026, primarily as a result of \$574.4 million cash provided by operating activities, \$3.8 million provided by noncapital financing activities, unrealized investment gains of \$143.3 million, and realized investment gains of \$147.7 million, offset by \$257.7 million used in capital and related financing activities. Net patient accounts receivable decreased from \$359.5 million at April 30, 2025, to \$345.3 million at April 30, 2026, primarily attributable to the termination of the System's contract with Blue Cross Blue Shield, which resulted in lower patient volumes late in the fiscal year, a corresponding reduction in collections activity, and increased valuation reserves on aging receivables. Additions to capital assets, excluding right-to-use lease and subscription assets, decreased from \$239.7 million in fiscal year 2025, to \$206.1 million in fiscal year 2026, largely driven by the completion of the fourth-floor expansion of the Family Birthplace at Memorial Regional Hospital and the acquisition of the Memorial Hospital Pembroke campus in fiscal year 2025. The estimated cost to complete all construction projects in process at April 30, 2026, is \$800.5 million. Additions to right-to-use lease assets decreased from \$12.1 million in fiscal year 2025, to \$7.9 million in fiscal year 2026, primarily reflecting reduced leasing activity following significant expansion efforts across the System in the prior year. Additions to right-to-use subscription assets increased from \$17.1 million in fiscal year 2025 to \$41.8 million in fiscal year 2026, primarily due to new information technology project initiatives to improve the System's revenue cycle management, automate organizational processes, and support the measurement and improvement of clinical performance. Total debt decreased from \$879.6 million at April 30, 2025 to \$859.2 million at April 30, 2026, primarily attributable to scheduled maturities of long-term debt. Refer to Note 4, Note 7, Note 9, Note 15 and Note 16 for further discussion of other funding, capital asset, long-term debt, right-to-use lease asset and right-to-use subscription asset activity, respectively.

Taxes and Uncompensated Care

The Board of Commissioners of the System is authorized to levy a tax annually upon real and personal taxable property located within the boundaries of the System at a millage rate not to exceed 2.5 mills. The taxes collected pursuant to this levy can be used for the purposes and needs of the System, such as operations, debt service, and construction. Such ad valorem taxes cannot be pledged directly or indirectly to pay revenue bonds; however, there is no prohibition on the use of such taxes once collected. Since fiscal year 2015, the System has primarily used the gross tax proceeds to cover the cost of its governmental obligations, including the county's Medicaid match, community redevelopment assessments, and the tax collectors' fee.

The financial strength of the System minimizes the tax burden in South Broward County. In September 2025, the System's Board of Commissioners voted once again to reduce the tax millage rate from 0.0869 mills to 0.0805 mills.

With no net tax revenue, the System's financial strength enables it to absorb the financial burden of providing a continued high level of uncompensated care and to develop and support state-of-the-art facilities.

**South Broward Hospital District
d/b/a Memorial Healthcare System**

Management's Discussion and Analysis—Unaudited

Source of Patient Charges

A substantial amount of the gross charges of the System are provided to patients insured by third-party payors. The table below lists the approximate percentages of gross charges by payor.

	2026	2025
Medicare	12.9%	12.9%
Medicaid	2.5%	3.0%
Managed care	76.3%	76.1%
Other	8.3%	8.0%
Total	100.0%	100.0%

Summary of Financial Information

As of and for the Years Ended April 30, 2025 and 2024

	Condensed Statements of Net Position			
	2025	2024	Dollar Increase (Decrease)	Percentage Increase (Decrease)
	<i>(In Thousands)</i>			
Other non-capital assets	\$ 3,771,812	\$ 3,460,206	\$ 311,606	9.0%
Capital assets, net	1,385,448	1,260,684	124,764	9.9%
Right to use lease assets, net	50,467	56,654	(6,187)	(10.9%)
Right to use subscription assets, net	93,504	111,943	(18,439)	(16.5%)
Total assets	5,301,231	4,889,487	411,744	8.4%
Deferred outflows of resources	76,877	117,212	(40,335)	(34.4%)
Total current liabilities	685,059	657,226	27,833	4.2%
Long-term debt	861,348	881,813	(20,465)	(2.3%)
Lease payable, net of current portion	45,660	44,242	1,418	3.2%
Subscription liability, net of current portion	38,436	51,858	(13,422)	(25.9%)
Other noncurrent liabilities	133,065	216,496	(83,431)	(38.5%)
Total liabilities	1,763,568	1,851,635	(88,067)	(4.8%)
Deferred inflows of resources	52,047	14,176	37,871	>100%
Net investment in capital assets	521,363	390,329	131,034	33.6%
Restricted net position	34,957	29,659	5,298	17.9%
Unrestricted net position	3,006,173	2,720,900	285,273	10.5%
Total net position	\$ 3,562,493	\$ 3,140,888	\$ 421,605	13.4%

**South Broward Hospital District
d/b/a Memorial Healthcare System**

Management's Discussion and Analysis—Unaudited

Management's Discussion of Financial Performance

	Statements of Revenues, Expenses and Changes in Net Position			
	2025	2024	Dollar Increase (Decrease)	Percentage Increase (Decrease)
	<i>(In Thousands)</i>			
Operating revenue:				
Net patient service revenue	\$3,216,313	\$3,003,774	\$ 212,539	7.1%
Disproportionate share distributions	33,125	45,371	(12,246)	(27.0%)
Other operating revenues	285,543	223,076	62,467	28.0%
Total operating revenue	3,534,981	3,272,221	262,760	8.0%
Operating expenses:				
Salaries and wages	1,670,828	1,557,796	113,032	7.3%
Employee benefits	286,359	265,478	20,881	7.9%
Professional fees	91,085	79,081	12,004	15.2%
Supplies	739,018	637,353	101,665	16.0%
Purchased services	232,430	240,218	(7,788)	(3.2%)
Facilities	96,324	91,361	4,963	5.4%
Depreciation and amortization	162,823	145,170	17,653	12.2%
Other	118,510	108,999	9,511	8.7%
Total operating expenses	3,397,377	3,125,456	271,921	8.7%
Operating income	137,604	146,765	(9,161)	(6.2%)
Nonoperating revenues, net	267,824	99,156	168,668	>100%
Excess of revenues over expenses	405,428	245,921	159,507	64.9%
Capital contributions and grants	16,177	30,773	(14,596)	(47.4%)
Increase in net position	421,605	276,694	144,911	52.4%
Net position at the beginning of the year	3,140,888	2,864,194	276,694	9.7%
Net position at the end of the year	\$3,562,493	\$3,140,888	\$ 421,605	13.4%

For fiscal year 2025, the System's total operating revenue increased by 8.0% and operating expenses increased by 8.7%, resulting in operating income decreasing by 6.2% from the prior year of \$146.8 million to approximately \$137.6 million. The System's excess of revenues over expenses increased from \$245.9 million for the fiscal year ended April 30, 2024, to \$405.4 million for the fiscal year ended April 30, 2025.

**South Broward Hospital District
d/b/a Memorial Healthcare System**

Management's Discussion and Analysis—Unaudited

Net patient service revenue increased by 7.1% from \$3.004 billion for the fiscal year ended April 30, 2024, to \$3.216 billion for the fiscal year ended April 30, 2025, primarily due to increased patient volumes, price increases, and more favorable payor mix. Total admissions, including observation discharges, increased by 1.5% from 121,373 for the fiscal year ended April 30, 2024, to 123,184 for the fiscal year ended April 30, 2025, with the acuity of patients, as measured by case-mix index, remaining stable at 1.57, and occupancy increasing from 73.9% to 74.1%. Total surgical volume increased from 46,697 cases to 46,851 cases, or 0.3%; hospital outpatient visits increased from 668,112 to 723,043, or 8.2%; emergency visits, including the 24/7 Care Center, decreased from 453,115 to 440,090, or 2.9%; and patient days decreased from 487,554 to 482,281, or 1.1% for these periods.

For the fiscal years ended April 30, 2024 and 2025, the System recognized approximately \$107.5 million and \$109.3 million, respectively, of net patient service revenue under the Medicaid supplemental financing initiative called the Hospital Directed Payment Program (DPP). DPP is administered regionally and is intended to bridge the difference between Medicaid reimbursement rates and the costs of providing the care. Florida's DPP provides a financial incentive for all hospitals to engage in quality initiatives with the Medicaid managed care plans in their region. Hospitals that participate receive their DPP funding via their local Medicaid managed care plans.

On November 13, 2020, the U.S. Court of Appeals for the D.C. Circuit issued its opinion in favor of the plaintiff hospitals, concluding that patient days paid for with Florida Medicaid Waiver funds from the Low Income Pool (LIP) must be regarded as Medicaid patient days for purposes of computing Medicare Disproportionate Share Hospital (DSH) payments. Centers for Medicare & Medicaid Services (CMS) declined to appeal the U.S. Court of Appeals decision, and during fiscal year 2023, CMS entered into settlement discussions with the affected hospitals, resulting in the issuance of formal payment instructions. During the fiscal year ended April 30, 2024, the System changed its estimate and recognized \$14.1 million of interest due from CMS related to this matter, which was included in nonoperating revenues, net in the accompanying statements of revenues, expenses and changes in net position. Besides the recognition of interest, there were no additional material changes in estimates related to this matter in fiscal years 2025 and 2024.

Other operating revenue increased as the System recognized \$223.1 million and \$285.5 million for the fiscal years ended April 30, 2024 and 2025, respectively. The increase was primarily attributable to an increase in outpatient pharmacy revenue, driven by volumes of higher cost specialty drugs. Total revenue recognized by the System from disproportionate share distributions, which includes both DSH and LIP funding, was \$45.4 million and \$33.1 million for the fiscal years ended April 30, 2024 and 2025, respectively. The decrease was primarily driven by lower DSH revenue, as no amounts for the state fiscal year ended June 30, 2025, were recognized in fiscal year 2025 since the DSH model had not been approved by the State Legislature as of year-end. Refer to Note 3 for further information.

Total operating expenses increased from \$3.125 billion for the fiscal year ended April 30, 2024, to \$3.397 billion for the fiscal year ended April 30, 2025, or 8.7%. The increase in salaries and wages was driven by additional staffing needs related to higher patient volumes, along with the System's ongoing focus on recruitment and retention efforts, which contributed to a reduced reliance on purchased outside labor. Correspondingly, the increase in employee benefits was primarily due to higher headcount and wages, resulting in greater overall benefit costs. This was partially offset by a decrease in pension expense due to improved returns on pension plan assets. The increase in professional fees resulted from greater utilization of contracted physician services to support expanded clinical volumes. The increase in supplies expense was driven by both higher medical supply and pharmaceutical costs associated with increased patient volumes, as well as greater utilization of higher-cost specialty drugs. Purchased services declined, largely reflecting a reduction in outsourced labor as internal staffing capacity increased. This decrease was partially offset by higher costs associated with new patient care initiatives and expanded security

**South Broward Hospital District
d/b/a Memorial Healthcare System**

Management's Discussion and Analysis—Unaudited

efforts. The increase in facilities expenses was attributable to higher routine repairs and maintenance of clinical equipment and facility infrastructure across the System. Depreciation and amortization expense increased due to the completion of major projects in the prior year, including the new freestanding Memorial Cancer Institute and the System's Enterprise Resource Planning (ERP) system replacement, both of which incurred a full year of depreciation and amortization expense in fiscal year 2025. The increase was further driven by the ongoing growth in the System's infrastructure and technology assets. The increase in other operating expenses was driven by higher medical equipment rental costs, increased Public Medical Assistance Trust Fund assessments due to higher net patient service revenue, and a lease termination loss related to the acquisition of Memorial Hospital Pembroke.

Nonoperating revenues, net, increased by \$168.8 million, from \$99.1 million for the fiscal year ended April 30, 2024, to \$267.8 million for the fiscal year ended April 30, 2025. The increase is primarily driven by higher COVID-19 relief funding from the Federal Emergency Management Agency, which totaled \$78.4 million for the fiscal year ended April 30, 2025, compared to \$22.4 million for the fiscal year ended April 30, 2024, as well as improved investment performance. Investment returns benefited from favorable market conditions, resulting in \$117.9 million of unrealized gains and \$99.9 million of realized gains for the fiscal year ended April 30, 2025, compared to \$10.0 million and \$79.0 million, respectively, for the fiscal year ended April 30, 2024. These increases were partially offset by \$14.1 million of interest income recognized for the fiscal year ended April 30, 2024, related to the Medicare DSH Waiver Days settlement.

Capital contributions and grants decreased by \$14.6 million, from \$30.8 million for the fiscal year ended April 30, 2024, to \$16.2 million for the fiscal year ended April 30, 2025, primarily due to timing of contributions from the Joe DiMaggio Children's Hospital Foundation and the Memorial Foundation in the prior year. These contributions supported the construction of the four-floor expansion of Joe DiMaggio Children's Hospital and the new, freestanding Memorial Cancer Institute facility located on the campus of Memorial Hospital West.

In fiscal year 2025, the System's Board of Commissioners adopted a millage rate of 0.0869, which is less than the prior year millage rate of 0.0937. In fiscal years 2025 and 2024, the System used the gross tax proceeds solely to offset the cost of the System's governmental obligations, including the county's Medicaid match, community redevelopment assessment and tax collector fees. No tax dollars were used for the operations of the System's facilities.

Income available for debt service was \$404.3 million and \$465.0 million for the fiscal years ended April 30, 2024 and 2025, respectively. The long-term debt service coverage ratio was 6.71 and 7.62 for the fiscal years ended April 30, 2024 and 2025, respectively, as defined by the System's Master Trust Indenture. The investment policy of the System is consistent with Section 218.415 of the Florida Statutes, which is designed to ensure the prudent management of financial assets. Cash, cash equivalents and investments, excluding assets whose use is limited and restricted assets, increased from \$2.617 billion at April 30, 2024, to \$2.794 billion at April 30, 2025. Cash, cash equivalents and investments, including assets whose use is limited and restricted assets, increased from \$2.729 billion at April 30, 2024, to \$2.917 billion at April 30, 2025, primarily as a result of \$190.2 million cash provided by operating activities, \$77.9 million provided by noncapital financing activities, unrealized investment gains of \$117.9 million, and realized investment gains of \$99.9 million, offset by \$306.5 million used in capital and related financing activities. Net patient accounts receivable decreased from \$361.9 million at April 30, 2024, to \$359.5 million at April 30, 2025, due to aging accounts resulting in higher allowances. Additions to capital assets, excluding right-to-use lease and subscription assets, increased from \$147.4 million in fiscal year 2024, to \$239.7 million in fiscal year 2025, largely driven by the acquisition of the land, buildings, structures and site improvements located at the Memorial Hospital Pembroke campus for \$96.0 million as well as the fourth-floor expansion of the Family Birthplace at Memorial Regional Hospital. The estimated cost to complete all construction projects in process at April 30, 2025, is \$165.0 million.

**South Broward Hospital District
d/b/a Memorial Healthcare System**

Management's Discussion and Analysis—Unaudited

Additions to right-to-use lease assets increased from \$2.5 million in fiscal year 2024, to \$12.1 million in fiscal year 2025, which was driven by growth in clinical services and efforts to optimize space on hospital campuses. Additional offsite space was leased to support expanding operations and reduce congestion, improving access and efficiency across the System. Additions to right-to-use subscription assets decreased from \$77.8 million in fiscal year 2024 to \$17.1 million in fiscal year 2025, primarily due to the System's ERP replacement project completed in fiscal year 2024. Total debt decreased from \$894.7 million at April 30, 2024 to \$879.6 million at April 30, 2025, primarily attributable to scheduled maturities of long-term debt. Refer to Note 4, Note 7, Note 9, Note 15 and Note 16 for further discussion of other funding, capital asset, long-term debt, right-to-use lease asset and right-to-use subscription asset activity, respectively.

Taxes and Uncompensated Care

The Board of Commissioners of the System is authorized to levy a tax annually upon real and personal taxable property located within the boundaries of the System at a millage rate not to exceed 2.5 mills. The taxes collected pursuant to this levy can be used for the purposes and needs of the System, such as operations, debt service, and construction. Such ad valorem taxes cannot be pledged directly or indirectly to pay revenue bonds; however, there is no prohibition on the use of such taxes once collected. Since fiscal year 2015, the System has primarily used the gross tax proceeds to cover the cost of its governmental obligations, including the county's Medicaid match, community redevelopment assessments, and the tax collectors' fee.

The financial strength of the System minimizes the tax burden in south Broward County. In September 2024, the System's Board of Commissioners voted once again to reduce the tax millage rate from 0.0937 mills to 0.0869 mills.

With no net tax revenue, the System's financial strength enables it to absorb the financial burden of providing a continued high level of uncompensated care and to develop and support state-of-the-art facilities.

Source of Patient Charges

A substantial amount of the gross charges of the System are provided to patients insured by third-party payors. The table below lists the approximate percentages of gross charges by payor.

	2025	2024
Medicare	12.9%	12.9%
Medicaid	3.0%	3.2%
Managed care	76.1%	75.6%
Other	8.0%	8.3%
Total	100.0%	100.0%

**South Broward Hospital District
d/b/a Memorial Healthcare System**

**Statements of Net Position – System
April 30, 2026 and 2025
(In Thousands)**

	2026	2025
Assets and Deferred Outflows of Resources		
Current assets:		
Cash and cash equivalents	\$ 256,483	\$ 427,752
Investments	3,150,621	2,366,530
Patient accounts receivable, net of estimated uncollectibles of \$1,003,659 and \$771,003 at April 30, 2026 and 2025, respectively	345,336	359,566
Inventories	64,895	63,342
Other current assets	294,281	385,787
Restricted assets:		
Investments under indenture agreements for debt service	35,255	33,866
Investments under self-insurance agreements	12,450	13,752
Total current assets	4,159,321	3,650,595
Noncurrent assets:		
Designated investments for employee disability	22,249	21,542
Capital assets, net	1,457,772	1,385,448
Right-to-use lease assets, net	46,887	50,467
Right-to-use subscription assets, net	97,281	93,504
Other assets	44,783	46,717
Restricted assets, net of current portion:		
Investments under self-insurance agreements	56,662	52,958
Total assets	\$ 5,884,955	\$ 5,301,231
Deferred outflows of resources:		
Pension related items	\$ 56,263	\$ 63,399
Loss on defeasance	12,204	13,478
Total deferred outflows of resources	\$ 68,467	\$ 76,877

(Continued)

**South Broward Hospital District
d/b/a Memorial Healthcare System**

**Statements of Net Position – System (Continued)
April 30, 2026 and 2025
(In Thousands)**

	2026	2025
Liabilities, Deferred Inflows of Resources and Net Position		
Current liabilities:		
Accounts payable and accrued expenses	\$ 197,846	\$ 160,963
Accrued compensation and payroll taxes	266,977	254,118
Estimated third-party payor settlements	213,665	144,728
Current installments of long-term debt	20,080	18,280
Current portion of estimated claims liability	18,200	17,263
Current portion of lease payable	9,353	8,417
Current portion of subscription liability	24,105	24,420
Other current liabilities	61,609	56,870
Total current liabilities	811,835	685,059
Noncurrent liabilities:		
Long-term portion of estimated claims liability	27,005	27,923
Net pension liability	40,663	41,944
Other noncurrent liabilities	56,113	63,198
Lease payable	42,710	45,660
Subscription liability	46,433	38,436
Long-term debt	839,085	861,348
Total liabilities	\$ 1,863,844	\$ 1,763,568
Deferred inflows of resources:		
Pension related items	\$ 12,791	\$ 37,925
Lease related items	11,033	14,122
Total deferred inflows of resources	\$ 23,824	\$ 52,047
Net position:		
Net investment in capital assets	\$ 579,572	\$ 521,363
Restricted	35,927	34,957
Unrestricted	3,450,255	3,006,173
Total net position	\$ 4,065,754	\$ 3,562,493

See notes to financial statements.

**South Broward Hospital District
d/b/a Memorial Healthcare System**

**Statements of Revenues, Expenses and Changes in Net Position – System
Years Ended April 30, 2026 and 2025
(In Thousands)**

	2026	2025
Operating revenue:		
Net patient service revenue	\$ 3,431,838	\$ 3,216,313
Disproportionate share distributions	4,496	33,125
Other operating revenues	370,667	285,543
Total operating revenue	3,807,001	3,534,981
Operating expenses:		
Salaries and wages	1,715,880	1,670,828
Employee benefits	263,875	286,359
Professional fees	90,730	91,085
Supplies	871,799	739,018
Purchased services	234,153	232,430
Facilities	103,149	96,324
Depreciation and amortization	177,848	162,823
Other	128,847	118,510
Total operating expenses	3,586,281	3,397,377
Operating income	220,720	137,604
Nonoperating revenues, net	266,865	267,824
Excess of revenues over expenses	487,585	405,428
Capital contributions and grants	15,676	16,177
Increase in net position	503,261	421,605
Net position at the beginning of the year	3,562,493	3,140,888
Net position at the end of the year	\$ 4,065,754	\$ 3,562,493

See notes to financial statements.

**South Broward Hospital District
d/b/a Memorial Healthcare System**

**Statements of Cash Flows – System
Years Ended April 30, 2026 and 2025
(In Thousands)**

	2026	2025
Cash flows from operating activities:		
Receipts from third-party payors and patients	\$ 3,609,515	\$ 3,110,837
Payments to vendors	(1,437,601)	(1,283,360)
Other receipts	372,126	309,531
Payments to employees	(1,892,246)	(1,871,458)
Claims and self-insurance payments	(77,443)	(75,363)
Net cash provided by operating activities	574,351	190,187
Cash flows from noncapital financing activities:		
COVID-19 relief funds	5,467	78,425
Transitional reinsurance program recoveries	-	936
Ad valorem tax receipts	7,707	7,456
Payments for governmental obligations	(9,356)	(8,951)
Net cash provided by noncapital financing activities	3,818	77,866
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(177,255)	(239,287)
Capital contribution and grant receipts	16,079	30,768
Recoveries from damage and defects related to capital assets	70	523
Principal payments on long-term debt	(18,280)	(12,935)
Interest payments on long-term debt	(29,942)	(30,613)
Change in investments restricted under debt service	(1,389)	(5,081)
Principal payments on leases	(9,135)	(13,618)
Interest payments on leases	(1,851)	(1,932)
Termination payments on leases	-	(4,000)
Principal payments on SBITAs	(33,492)	(27,964)
Interest payments on SBITAs	(2,327)	(2,404)
Initial implementation costs on SBITAs	-	(35)
Net cash used in capital and related financing activities	(257,522)	(306,578)
Cash flows from investing activities:		
Proceeds from sales, maturities, or repayment of investments	7,671,136	3,589,594
Purchases of investments	(8,267,020)	(3,505,422)
Investment income received	108,138	113,890
Custodial fees paid	(4,170)	(3,390)
Net cash (used in) provided by investing activities	(491,916)	194,672
Net change in cash and cash equivalents	(171,269)	156,147
Cash and cash equivalents:		
Beginning of year	427,752	271,605
End of year	\$ 256,483	\$ 427,752

(Continued)

**South Broward Hospital District
d/b/a Memorial Healthcare System**

**Statements of Cash Flows – System (Continued)
Years Ended April 30, 2026 and 2025
(In Thousands)**

	2026	2025
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 220,720	\$ 137,604
Adjustments to reconcile operating income to net cash and cash equivalents provided by operating activities:		
Depreciation and amortization	177,848	162,823
Provision for doubtful accounts	349,261	308,960
(Gain) loss on termination of right-to-use assets	(123)	3,928
Loss (gain) on disposal of capital assets	497	(269)
Changes in operating assets, deferred outflows of resources, liabilities and deferred inflows of resources:		
Patient accounts receivable	(335,031)	(306,580)
Other current assets and inventories	85,218	(137,085)
Other assets	456	373
Lease receivable and related deferred inflows of resources	598	492
Accounts payable and accrued expenses	9,847	(8,265)
Accrued compensation and payroll taxes	12,859	14,018
Estimated third-party payor settlements	68,937	26,098
Other current liabilities	4,739	(5,817)
Other noncurrent liabilities	(2,215)	854
Net pension liability and related deferred outflows and inflows of resources	(19,279)	(9,203)
Estimated claims liability	19	2,256
Net cash provided by operating activities	\$ 574,351	\$ 190,187
Supplemental noncash investing, capital and financing activities:		
Noncash investment and other nonoperating income	\$ 9,540	\$ 10,551
Nonoperating depreciation expense	2,166	2,141
Nonoperating loss on disposal of assets	474	234
Unrealized gains on investments	143,318	117,917
Noncash interest expense	1,328	1,232
(Increase) decrease in noncash capital assets	(27,834)	869
Right-to-use lease asset additions	7,914	12,112
Right-to-use lease asset deletions	793	3,213
Right-to-use SBITA additions	41,884	17,075
Right-to-use SBITA deletions	710	576
Decrease in noncash capital contributions and grants	(403)	(14,591)

See notes to financial statements.

**South Broward Hospital District
d/b/a Memorial Healthcare System**

**Statements of Fiduciary Net Position – Pension Trust Fund
April 30, 2026 and 2025
(In Thousands)**

	2026	2025
Assets, Liabilities and Net Position		
Investments:		
SEC-registered money market funds	\$ 19,948	\$ 18,872
U.S. government and agency obligations	215,425	167,834
Asset-backed / mortgage obligations	12,635	8,646
Corporate debt	119,500	98,202
Floating rate mutual fund	60,258	56,327
U.S. equities	137,791	150,095
U.S. equity exchange traded funds	215,947	176,033
International equities	97,764	86,979
Global mutual funds	267,315	271,549
Foreign bonds	9,716	7,331
Total investments	1,156,299	1,041,868
Due from broker for investment sold	3,801	3,248
Total assets	\$ 1,160,100	\$ 1,045,116
Investment management fee payable	\$ 777	\$ 1,151
Total liabilities	\$ 777	\$ 1,151
Restricted for pension benefits	\$ 1,159,323	\$ 1,043,965
Total net position	\$ 1,159,323	\$ 1,043,965

See notes to financial statements.

**South Broward Hospital District
d/b/a Memorial Healthcare System**

**Statements of Changes in Fiduciary Net Position – Pension Trust Fund
Years Ended April 30, 2026 and 2025
(In Thousands)**

	2026	2025
Additions:		
Investment income:		
Net appreciation in fair value of investments	\$ 139,625	\$ 51,345
Interest and dividends	27,832	27,284
Less investment expense	(2,419)	(2,587)
Net investment income	165,038	76,042
Employer pension contributions	21,163	37,350
Total additions	186,201	113,392
Deductions:		
Benefit payments	70,692	57,987
Administrative expenses	151	110
Total deductions	70,843	58,097
Increase in net position	115,358	55,295
Net position at the beginning of year	1,043,965	988,670
Net position at the end of year	<u>\$ 1,159,323</u>	<u>\$ 1,043,965</u>

See notes to financial statements.

**South Broward Hospital District
d/b/a Memorial Healthcare System**

Notes to Financial Statements

Note 1. Nature of Organization and Summary of Significant Accounting Policies

Nature of organization: The South Broward Hospital District d/b/a Memorial Healthcare System (the System) is a special tax district created under the Laws of Florida and a 501(c)(3) not-for-profit entity. The System operates Memorial Regional Hospital and Joe DiMaggio Children's Hospital at Memorial Regional Hospital, both located in Hollywood, Florida; Memorial Regional Hospital South (a campus of Memorial Regional Hospital) located in Hollywood, Florida; Memorial Hospital Pembroke, located in Pembroke Pines, Florida; Memorial Hospital West, located in Pembroke Pines, Florida; and Memorial Hospital Miramar, located in Miramar, Florida. The System also operates a 24/7 Care Center and Memorial Manor Nursing Home, both located in Pembroke Pines, Florida. Other components of the System include Memorial Physician Group; Memorial Primary Care; Memorial Outpatient Pharmacy Services; Memorial Cancer Institute, including a partnership with Moffitt Cancer Center; Memorial Cardiac and Vascular Institute; Memorial Neuroscience Institute; Memorial Rehabilitation Institute; Memorial Outpatient Behavioral Health; U-18 Sports Medicine; three Urgent Care Centers; Graduate Medical Education; Memorial Health Network; and Broward Guardian. As of April 30, 2026, the System operates a total of 2,035 licensed hospital beds and 120 licensed nursing home beds.

As required by accounting principles generally accepted in the United States of America (GAAP), these financial statements present the primary unit of government, the System, and its component units. All significant intercompany accounts and balances have been eliminated in the financial statements.

Component units: Memorial Health Network, Inc. (MHN) is a not-for-profit taxable corporation wholly owned by the System. MHN operates as a clinically-integrated physician hospital organization with an 18-member board comprised of nine independent physicians and nine employed System executives and physicians. MHN was conceived to foster collaboration between the System's employed physicians, community physicians, and hospitals in order to improve quality, reduce cost, eliminate waste and enhance patient and physician satisfaction. The System shares savings with MHN members based on the achievement of certain quality and financial goals.

Broward Guardian, LLC (Broward Guardian) is a Florida limited liability company wholly owned by the System. It currently has a contract with the Centers for Medicare & Medicaid Services (CMS) to participate in the Medicare Shared Savings Program—Enhanced track. Broward Guardian is a collaboration between the System and community primary care providers, in an effort to work together to develop a higher quality and more efficient health care delivery model. Through this collaboration, Broward Guardian collaborates with doctors, hospitals and other health care providers towards achieving the three goals of health care reform: expanding access, improving quality and controlling cost.

Memorial Insurance Company, LLC d/b/a Memorial Health Assurance (Memorial Health Assurance), a Montana limited liability company and special purpose captive insurance company wholly owned by the System, was dissolved on October 27, 2025, upon approval by the State of Montana. As a result of the dissolution, Memorial Health Assurance is no longer reported as a component unit of the System as of April 30, 2026.

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 80, *Blending Requirements for Certain Component Units—an amendment of GASB Statement No. 14*, and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34*, MHN and Broward Guardian are blended within the financial results of the System because of the significance of the component units' operational and financial relationships with the System and, in certain cases, because the component unit is a nonprofit corporation for which the System is the sole corporate member. Memorial Health Assurance was blended within the financial results of the System as of April 30, 2025, and is no longer blended as of April 30, 2026, due to its dissolution on October 27, 2025.

**South Broward Hospital District
d/b/a Memorial Healthcare System**

Notes to Financial Statements

Note 1. Nature of Organization and Summary of Significant Accounting Policies (Continued)

Additionally, the System also reports a defined benefit pension plan as a fiduciary component unit. Further information on the plan is included in Note 10 of the financial statements.

A summary of the System's significant accounting policies follows:

Basis of presentation: The financial statements are prepared in accordance with the requirements of the GASB. The System utilizes the accrual basis of accounting, whereby revenues are recognized as they are earned, and expenses are recognized when the related obligation is incurred.

The accounts of the System are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows, liabilities, deferred inflows, net position, revenue and expenses, as appropriate. Significant intercompany accounts and transactions have been eliminated in the combination of these funds for financial reporting purposes herein.

The System is accounted for in an enterprise fund that consists of unrestricted net position, restricted net position and net investment in capital assets. The enterprise fund is used to account for the System's ongoing business-type activities.

The pension trust fund is a fiduciary component unit which accounts for the assets held in trust for the benefit of the employees of the System who participate in the Retirement Plan for Employees of the South Broward Hospital District (the Plan). The Plan's custodians hold the Plan's assets in custody accounts on behalf of the trust.

Cash and cash equivalents: Cash includes cash on hand, amounts in demand deposits and cash equivalents. The System considers all highly liquid investments with a maturity of three months or less when purchased, except those classified as restricted assets, U.S. equities, equity mutual funds and group annuity contracts to be cash equivalents.

Fair value of investments: The System categorizes its investments within the fair value hierarchy established by GASB Statement No. 72, *Fair Value Measurement and Application* (GASB Statement No. 72). The hierarchy is based on the inputs used in valuation and gives the highest priority to unadjusted quoted prices in active markets and requires that observable inputs be used in the valuation when available. The disclosure of fair value estimates in the hierarchy is based on whether the significant inputs into the valuations are observable as listed below:

Level 1: Valuations based on unadjusted quoted prices for identical instruments in active markets that the System has the ability to access.

Level 2: Valuations based on quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments that are not active; and model-driven valuations in which all significant inputs are observable.

Level 3: Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

In instances where inputs used to measure fair value fall within different levels, fair value measurement is categorized based on the lowest level input that is significant to the valuation. The System's assessment of the significance of particular inputs to these measurements requires judgment and considers factors specific to each investment.

**South Broward Hospital District
d/b/a Memorial Healthcare System**

Notes to Financial Statements

Note 1. Nature of Organization and Summary of Significant Accounting Policies (Continued)

Certain investments are measured at net asset value (NAV) per share (or its equivalent) as a practical expedient for estimating fair value. Investments measured using the NAV practical expedient are not categorized within the fair value hierarchy.

The calculation of realized gains and losses is independent of the calculation of the net change in the fair value of investments. Realized gains and losses on investments that had been held in more than one fiscal year and sold in the current year may have been recognized as an increase or decrease in the fair value of investments reported in the prior year.

Net patient accounts receivable: Net patient accounts receivable are reported at estimated net realizable amounts due from patients, third-party payors and others for services rendered. The provision for bad debts is based on management's assessment of historical and expected net collections, considering business and economic conditions, trends in health care coverage and other collection indicators. Throughout the year, management assesses the adequacy of the allowance for uncollectible accounts based on these trends. The results of this review are then used to make any modifications to the provision for bad debts and to establish an appropriate estimated allowance for uncollectible accounts. Specific patient accounts identified as uncollectible are written off to the allowance for uncollectible accounts.

Inventories: Inventories, consisting primarily of medical, surgical and other supplies, are stated at the lower of cost (principally determined by the weighted average cost method) or market.

Restricted assets: Restricted assets include resources restricted to a specific period or purpose. This includes balances held in investments under indenture agreements for principal and interest amounts due for debt service, balances held in investments to fund workers' compensation, professional liability and health and dental self-insurance, and balances held in investments as the repayment mechanism for Broward Guardian to participate in the Medicare Shared Savings Program (MSSP).

Capital assets, net: Capital assets, including improvements to existing facilities, are recorded at cost, except for donated items, which are recorded at acquisition value at the date of the contribution. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets. Estimated useful lives for buildings and improvements range from 7 to 40 years and for equipment range from 3 to 10 years. Routine maintenance and repairs that do not extend the life of the assets are charged to expense as incurred, and major renovations or improvements are capitalized. The System capitalizes assets with an initial cost of \$5,000 or greater, with a life expectancy greater than a year.

Other assets: Other assets consist primarily of the following:

South Florida Community Care Network d/b/a Community Care Plan (SFCCN): The System is an equal partner in SFCCN, a managed care network governed by an agreement between two governmental entities, the System and the North Broward Hospital District, which are the sole members of SFCCN. SFCCN administers various health programs and is designated by the State of Florida as a Provider Service Network (PSN). SFCCN operates pursuant to contracts with the Florida Agency for Health Care Administration (AHCA), the Florida Department of Health (DOH), and the Florida Healthy Kids Corporation (FHK). As a PSN, SFCCN comprises a network of hospitals, physicians, and ancillary providers developed to deliver integrated, managed care services to covered enrollees across multiple Florida counties.

**South Broward Hospital District
d/b/a Memorial Healthcare System**

Notes to Financial Statements

Note 1. Nature of Organization and Summary of Significant Accounting Policies (Continued)

The System accounts for its investment in SFCCN under the equity method and it measures the value of its investment in SFCCN based on the net asset value of its membership interest. The System evaluates the value of its investment by considering available evidence, including general market conditions and the investee's financial condition. This investment may not be transferred unless all existing SFCCN members agree in writing in advance. For the years ended April 30, 2026 and 2025, the System recognized income from its investments in SFCCN of approximately \$970,000 and \$1,161,000, respectively, which is included in nonoperating revenues, net in the accompanying statements of revenues, expenses and changes in net position. As of April 30, 2026 and 2025, the System's investment in SFCCN was approximately \$34,248,000 and \$33,277,000, respectively, and is included in other assets in the accompanying statements of net position.

Leases: The System applies GASB Statement No. 87, *Leases* (GASB Statement No. 87), for the measurement, recognition, and disclosure of both lessee and lessor leases. GASB Statement No. 87 requires leases with durations greater than twelve months to be recognized on the statements of net position. The System capitalizes leases with an initial, individual value of \$181,000 or greater. Refer to Note 15 for further information.

The System is a lessee for various noncancellable operating leases for office space, medical equipment and data processing equipment, and a lessor for noncancellable leases of medical and retail office space in its managed facilities.

At the commencement of a lease, the System initially measures the lease payable or receivable at the present value of fixed payments expected to be made or received during the lease term. Subsequently, the lease payable or receivable is reduced by the principal portion of lease payments made or received. The lease asset or deferred inflow of resources is initially measured as the initial amount of the lease payable or lease receivable, adjusted for lease payments made or received at or before the lease commencement date. Subsequently, the lease asset is amortized on a straight-line basis over the shorter of the term of the respective lease or the life of the related asset and the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments related to leases include how the System determines the: (1) discount rate it uses to discount the expected lease payments or receipts to present value, (2) lease term, and (3) lease payments or receipts.

- (1) The System uses its estimated incremental borrowing rate as the discount rate for leases, as most of the leases do not provide a readily determinable implicit interest rate.
- (2) The lease term includes the noncancellable period of the lease.
- (3) Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase options that the System is reasonably certain to exercise. Lease receipts included in the measurement of the lease receivable are composed of fixed payments from the lessee.

The System monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease if certain changes occur that are expected to significantly affect the amount of the lease.

Notes to Financial Statements

Note 1. Nature of Organization and Summary of Significant Accounting Policies (Continued)

Subscription-Based Information Technology Arrangements: The System applies GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (GASB Statement No. 96), for the measurement, recognition and disclosure of subscription-based information technology arrangements (SBITA). A SBITA is a contract that conveys control of the right-to-use another party's (a SBITA vendor's) IT software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction. GASB Statement No. 96 requires SBITAs with durations greater than twelve months to be recognized on the statements of net position. The System is obligated under various noncancellable SBITAs. The System capitalizes subscriptions with an initial, individual value of \$181,000 or greater. Refer to Note 16 for further information.

At the commencement of a SBITA, the System initially measures the subscription liability at the present value of fixed payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of subscription payments made. The subscription asset is measured as the initial amount of the subscription liability, adjusted for subscription payments made at or before the subscription commencement date, in addition to certain initial direct costs. Subsequently, the subscription asset is amortized on a straight-line basis over the shorter of the respective SBITA term or the life of the related IT asset.

Key estimates and judgments related to SBITAs include how the System determines the: (1) discount rate it uses to discount the expected subscription payments to present value, (2) subscription term, and (3) subscription payments.

- (1) The System uses the incremental borrowing rate as the discount rate for SBITAs, as most of the subscriptions do not provide a readily determinable implicit interest rate.
- (2) The subscription term includes the noncancellable period of the subscription.
- (3) Subscription payments included in the measurement of the subscription liability are composed of fixed payments and purchase options that the System is reasonably certain to exercise.

The System monitors changes in circumstances that would require a remeasurement of its subscriptions and will remeasure the subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the subscription liability.

Deferred outflows and inflows of resources: A deferred outflow of resources represents the consumption of net assets by the System that is applicable to a future reporting period. A deferred inflow of resources represents an acquisition of net assets by the System that is applicable to a future reporting period. Amounts reported in deferred outflows and inflows of resources are amortized over time. Certain pension related activities are included in deferred outflows and inflows of resources, which are amortized in employee benefits expense in the accompanying statements of revenues, expenses and changes in net position. Losses on refunding of debt in prior years are included in deferred outflows of resources, which are amortized in nonoperating revenues, net in the accompanying statements of revenues, expenses and changes in net position. The initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date, is included in deferred inflows of resources, which is amortized in nonoperating revenues in the accompanying statements of revenues, expenses and changes in net position.

**South Broward Hospital District
d/b/a Memorial Healthcare System**

Notes to Financial Statements

Note 1. Nature of Organization and Summary of Significant Accounting Policies (Continued)

Compensated absences: Personal leave time, which includes holiday, sick and vacation time, that is accrued but not used at April 30, 2026 and 2025, is included in accrued compensation and payroll taxes and other noncurrent liabilities in the accompanying statements of net position. The gross increases and decreases for compensated absences are disclosed as a net change.

Pensions: The System applies GASB Statement No. 67, *Financial Reporting for Pension Plans* (GASB Statement No. 67), GASB Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27* (GASB Statement No. 68), GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68* (GASB Statement No. 71), GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements 67 and 68* (GASB Statement No. 73), and GASB Statement No. 82, *Pension Issues—an amendment of GASB Statements No. 67, No. 68 and No. 73* (GASB Statement No. 82), for the measurement, recognition, and disclosure of pension expenses, liabilities, assets and deferred inflows and outflows of resources. The Plan's fiduciary net position has been determined on the same basis as it is reported by the Plan, for purposes of measuring the net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense related to the Plan. The Plan's financial statements are prepared using the accrual basis of accounting, whereby employer contributions to the Plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan's policy.

Costs of borrowing: Premiums and discounts associated with long-term debt are amortized using the straight-line method over the life of the debt since the result is not significantly different from the effective interest method of amortization. Debt issuance costs, excluding prepaid bond insurance, are expensed in the year of issuance. Losses resulting from the defeasance of debt are recorded as deferred outflows of resources and amortized over the shorter of the remaining life of the refunded debt or the life of the new debt using the straight-line method since the results are not significantly different from the effective interest method of amortization.

Income taxes: The System is exempt from income taxes as it is a political subdivision of the State of Florida (the State). It also has dual status as a tax-exempt entity under Internal Revenue Code Section 501(a) as an entity described in Section 501(c)(3).

Net position: Net position is reported in three categories: net investment in capital assets, restricted and unrestricted. Net investment in capital assets consists of capital assets and right-to-use assets, net of accumulated depreciation and amortization, and reduced by the outstanding balances of any debt issued that is attributable to the acquisition, construction or improvement of those capital assets, and any outstanding lease or subscription liability balances. If there are unspent related debt proceeds at year-end, including investments restricted under indenture agreements for project funds, the portion of the debt attributable to the unspent proceeds is not included in the calculation of net investment in capital assets.

The restricted component of net position consists of restricted assets; assets that have constraints placed on them externally by creditors, grantors, contributors, laws or regulations of other governments or laws through constitutional provisions or enabling legislation, reduced by liabilities or deferred inflows related to those restricted assets. The unrestricted component of net position consists of the net amount of assets and deferred outflows of resources and liabilities and deferred inflows of resources that do not meet the definitions of the other two components of net position.

**South Broward Hospital District
d/b/a Memorial Healthcare System**

Notes to Financial Statements

Note 1. Nature of Organization and Summary of Significant Accounting Policies (Continued)

When an expense is incurred for purposes for which both restricted and unrestricted resources are available, the System's policy is to apply restricted resources first, and then unrestricted resources as needed.

Accounting estimates: The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the accounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Statements of revenues, expenses and changes in net position: For purposes of presentation, transactions determined to be ongoing, major or central to the provision of health care services are reported as operating revenue and expenses. Non-exchange transactions and peripheral, incidental or transactions not considered to be central to the provision of health care services are reported as nonoperating revenues and expenses and include investment income, interest expense, ad valorem tax revenue and certain grants, including relief funds related to the coronavirus (COVID-19). Revenue recognition for grants and other non-exchange transactions occurs when all eligibility requirements are met (including time requirements) or when qualifying expenditures and contingencies are met, as applicable. The System uses the gross tax proceeds to cover a portion of the cost of its governmental obligations, including the county's Medicaid match, community redevelopment assessments, and the tax collectors' fee, and is reported net in nonoperating revenues and expenses in the accompanying statements of revenues, expenses and changes in net position. Grants and other contributions received for the purpose of acquiring or constructing capital assets are reported as capital contributions and grants, below nonoperating revenues, net in the accompanying statements of revenues, expenses and changes in net position.

Net patient service revenue: Net patient service revenue is reported as net realizable amounts due from patients, third-party payors, and others for services rendered. Settlements with certain third-party payors are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

Charity care: The System provides care, without charge, to patients who meet certain financial criteria based upon the Federal Income Poverty Guidelines. The System does not pursue collection of amounts due from patients who meet the System's criteria for charity care; therefore, such amounts are not reported as revenue.

Disproportionate share distributions: AHCA distributes Low Income Pool (LIP) and Disproportionate Share Hospital (DSH) payments to the System based in part on the System's indigent care service level. The System's policy is to recognize these distributions as revenue when amounts are due, and collection is reasonably assured. The receipt of any additional distributions is contingent upon the continued support by the State Legislature and the Federal Government.

**South Broward Hospital District
d/b/a Memorial Healthcare System**

Notes to Financial Statements

Note 1. Nature of Organization and Summary of Significant Accounting Policies (Continued)

New accounting pronouncements: In December 2023, the GASB issued Statement No. 102, *Certain Risk Disclosures* (GASB Statement No. 102). The Statement requires governments to disclose essential information about risks related to vulnerabilities due to certain concentrations or constraints. The Statement defines a concentration as a lack of diversity related to an aspect of a significant inflow or outflow of resources; and a constraint as a limitation imposed on a government by an external party or by formal action of the government's highest level of decision-making authority, such as a voter-approved property tax cap or a state-imposed debt limit. Concentrations and constraints may limit a government's ability to acquire resources or control spending. The Statement generally requires a government to disclose information about a concentration or constraint if all of the following criteria are met: (a) a concentration or constraint is known to the government prior to issuing the financial statements; (b) the concentration or constraint makes the government vulnerable to the risk of a substantial impact; and (c) an event or events associated with the concentration or constraint that could cause a substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. The requirements of GASB Statement No. 102 are effective for fiscal years beginning after June 15, 2024, which for the System was May 1, 2025. The System implemented the requirements of this Statement as of May 1, 2025, which had no material impact on the financial statements.

In May 2024, the GASB issued Statement No. 103, *Financial Reporting Model Improvements* (GASB Statement No. 103). The Statement provides guidance built on GASB Statement No. 34, to improve key components of the financial reporting model. The targeted improvements contained in GASB Statement No. 103 establish or modify existing accounting and financial reporting requirements related to: management's discussion and analysis, unusual or infrequent items (previously known as extraordinary and special items), presentation of the proprietary fund statements of revenues, expenses and changes in fund net position, major component unit information, and budgetary comparison information. The requirements of Statement No. 103 are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Earlier application is encouraged. The System has not elected to implement the requirements of this Statement early and is still evaluating the potential impacts.

In September 2024, the GASB issued Statement No. 104, *Disclosure of Certain Capital Assets* (GASB Statement No. 104). The Statement requires governments to disclose separately certain types of capital assets in the capital assets note disclosures required by Statement No. 34. The Statement also establishes requirements for capital assets held for sale, including additional disclosures for those capital assets. The requirements of GASB Statement No. 104 are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Earlier application is encouraged. The System has not elected to implement the requirements of this Statement early and is still evaluating the potential impacts.

In December 2025, the GASB issued Statement No. 105, *Subsequent Events*, (GASB Statement No. 105). This statement provides guidance to improve financial reporting requirements for subsequent events by clarifying the subsequent events time frame and the subsequent events that constitute recognized and non-recognized events and by specifying the information items that are required to be disclosed about subsequent events. The requirements of this Statement are effective for fiscal years beginning after June 15, 2026, and all reporting periods thereafter. Earlier application is encouraged. The System has not elected to implement the requirements of this Statement early and is still evaluating the potential impacts.

**South Broward Hospital District
d/b/a Memorial Healthcare System**

Notes to Financial Statements

Note 2. Uncompensated Care

The System maintains records to identify and monitor the level of uncompensated care it provides. These records include the amount of charges forgone for services provided under the System's charity care policy, as well as a provision for uncollectible accounts, included in the accompanying statements of revenues, expenses and changes in net position.

The following information measures the level of uncompensated care provided during the years ended April 30, 2026 and 2025 (in thousands):

	2026	2025
Uncompensated care, based on established rates	\$ 1,224,677	\$ 1,123,781
Percentage of uncompensated care patients to all patients served based upon total charges	4.9%	4.9%

For the years ended April 30, 2026 and 2025, uncompensated care includes approximately \$875,416,000 and \$814,821,000, respectively, of charges forgone for services provided under the System's charity care policy. Using the System's average ratio of cost to charges, the cost of charity care provided was approximately \$126,388,000 and \$121,581,000 for the years ended April 30, 2026 and 2025, respectively.

Note 3. Net Patient Service Revenue

The System has contractual agreements with third-party payors (Medicare, Medicaid and commercial insurance payors) that provide for prospective reimbursement at contractually established rates. A summary of the payment arrangements with major third-party payors follows.

Medicare

Reimbursement for certain services subject to special reimbursement methodologies under the Medicare program is subject to audit and settlement by a Medicare Administrative Contractor. For Memorial Hospital West, audits and final settlements have been completed through 2020. For Memorial Hospital Pembroke, audits and final settlements have been completed through 2023; except for 2020 and 2021, for which audits have not started; and 2024, for which audit field work is currently in progress. For Memorial Regional Hospital, audits and final settlements have been completed through 2019 and for 2023; 2020 was reopened for audit and fieldwork is currently in progress; 2021 and 2022 audits have not yet commenced. For Memorial Hospital Miramar, audits and final settlements have been completed through 2023, and audit field work is currently in progress for 2024. Medicare program beneficiaries accounted for approximately 12.9% of the System's gross patient charges in both fiscal years 2026 and 2025.

**South Broward Hospital District
d/b/a Memorial Healthcare System**

Notes to Financial Statements

Note 3. Net Patient Service Revenue (Continued)

On November 13, 2020, the U.S. Court of Appeals for the D.C. Circuit issued its opinion in favor of the plaintiff hospitals, concluding that patient days paid for with Florida Medicaid Waiver funds from the Low Income Pool must be regarded as Medicaid patient days for purposes of computing Medicare DSH payments. This matter affected the System's cost reports dating back to fiscal year 2007. CMS declined to appeal the U.S. Court of Appeals decision, and during fiscal year 2023, CMS entered into settlement discussions with the affected hospitals, instructing its Medicare Administrative Contractors (MACs) to reopen and adjust certain hospital cost reports to revise upward the Medicare DSH payments (the Medicare DSH Waiver Days settlement). These retrospective reopenings applied to the System's cost reports for fiscal years 2007 through 2016. MACs were also instructed to allow amendments to non-final cost reports for the affected hospitals to include additional documentation for those periods. This applied to the System's cost reports for fiscal years 2017 through 2020. Beginning with fiscal year 2021, the relevant documentation was included in the original filed cost reports, based on the favorable court decision.

As of April 30, 2026 and 2025, the receivable from the Medicare DSH Waiver Days settlement, including interest, was approximately \$54,202,000 and \$62,340,000, respectively, which is included in other current assets in the accompanying statements of net position. There were no additional material changes in estimate related to this matter in fiscal years 2026 and 2025.

In December 2025, a court ruling was issued that may result in the reversal of the prior decision supporting the inclusion of certain Section 1115 Waiver days in the Medicare DSH calculation. In connection with this ruling, the System voluntarily returned approximately \$1,041,000 to Medicare related to fiscal years 2024 and 2025. The ultimate impact of this ruling on prior or future Medicare DSH reimbursement remains uncertain.

Medicaid

Reimbursement under the Florida Medicaid program is based on a variety of prospective rate methodologies. Medicaid program beneficiaries accounted for approximately 2.5% and 3.0% of the System's gross patient charges in fiscal years 2026 and 2025, respectively.

During the years ended April 30, 2026 and 2025, the System recognized approximately \$4,697,000 and \$109,314,000, respectively, of net patient service revenue under the Medicaid supplemental financing initiative called the Hospital Directed Payment Program (DPP). This included approximately \$8,185,000 of DPP funding net of intergovernmental transfers (IGTs) of \$3,506,000 for the year ended April 30, 2026, and \$195,972,000 of DPP funding net of IGTs of \$86,658,000 for the year ended April 30, 2025. DPP is administered regionally and is intended to bridge the difference between Medicaid reimbursement rates and the costs of providing the care. Hospitals that participate receive their DPP funding via their local Medicaid managed care plans. Florida's DPP provides a financial incentive for all hospitals to engage in quality initiatives with the Medicaid managed care plans in their region. Total DPP payments are subject to a 2% withholding for each of the three quality measures (6% in total). Each measure is applied collectively to participant hospitals. If the group of participant hospitals meet a benchmark measure, then all participants receive back the 2% withheld for the respective measure.

**South Broward Hospital District
d/b/a Memorial Healthcare System**

Notes to Financial Statements

Note 3. Net Patient Service Revenue (Continued)

During the year ended April 30, 2026, the net patient service revenue recognized under DPP included only the amounts related to quality measures for the Medicaid HMO Plan year ended September 30, 2024. The System did not recognize any DPP revenue related to the Medicaid HMO Plan year ended September 30, 2025 due to delays in state and federal approvals which resulted in the applicable revenue recognition criteria not being met at April 30, 2026. During the year ended April 30, 2025, the net patient service revenue recognized for DPP primarily included Medicaid HMO Plan year ended September 30, 2024, which was net of 6% withheld for certain quality measures, and quality measures for the Medicaid HMO Plan year ended September 30, 2023. Measurement of performance against these benchmarks for the Medicaid HMO plan year ended September 30, 2024 was still being conducted by the State Medicaid Agency as of April 30, 2025. At April 30, 2026, there were no receivables recorded related to DPP funding. At April 30, 2025, total receivables from DPP funding were approximately \$120,893,000, which were reported in other current assets in the accompanying statements of net position. Subsequent to April 30, 2026, upon receiving all the required state and federal approvals and IGT invoices, the System recognized approximately \$203,491,000 of net patient service revenue under DPP related to the previously delayed Medicaid HMO Plan year ended September 30, 2025, which was net of 6% withheld for certain quality measures. This amount included approximately \$364,322,000 of DPP funding net of IGTs of \$160,831,000. Measurement of performance against these benchmarks for the Medicaid HMO plan year ended September 30, 2025, is still being conducted by the State Medicaid Agency.

During the year ended April 30, 2026, the System recognized approximately \$33,600,000 of net patient service revenue under the Medicaid supplemental financing program known as Nursing Indirect Medical Education (NIME), as applicable to the state fiscal year ended June 30, 2024. NIME is administered under the Florida Funding Initiative for the Recruitment, Sustainment, and Training of Nursing (Florida FIRST) Program, which operates as part of the Florida Health Care Workforce Sustainability Demonstration, a Medicaid Section 1115 waiver program approved by CMS in 2024. The program is designed to strengthen the healthcare workforce, expand access to care, and stabilize funding through federal support for workforce incentives and hospital directed payments.

Insurance and Other Payors

The System has entered into payment agreements with certain commercial insurance carriers, HMOs, and preferred provider organizations. The basis for payments to the System under these agreements includes prospectively determined rates per discharge, allowances from established charges and prospectively determined daily rates.

Net Patient Service Revenue

The difference between gross patient charges and the contractually established rate for all payors is accounted for as contractual adjustments. The System's gross patient charges, charity care adjustments, provision for doubtful accounts and contractual adjustments for the years ended April 30, 2026 and 2025, are as follows (in thousands):

	2026	2025
Gross patient charges	\$ 24,840,084	\$ 22,764,756
Charity care adjustments	(875,416)	(814,821)
Provision for doubtful accounts	(349,261)	(308,960)
Contractual adjustments	(20,183,569)	(18,424,662)
Net patient service revenue	<u>\$ 3,431,838</u>	<u>\$ 3,216,313</u>

**South Broward Hospital District
d/b/a Memorial Healthcare System**

Notes to Financial Statements

Note 3. Net Patient Service Revenue (Continued)

Net Patient Accounts Receivable

The System grants credit without collateral to its patients, most of which are local residents that are insured under third-party payor agreements. Net patient accounts receivable, reported as current assets by the System at April 30, 2026 and 2025, consists of the following amounts (in thousands):

	2026	2025
Receivable from Medicare	\$ 222,098	\$ 213,171
Receivable from Medicaid	121,879	103,531
Receivable from patients' insurance carriers	2,463,176	2,206,175
Receivable from other	325,277	345,363
Total patient accounts receivable	3,132,430	2,868,240
Less allowance for charity care and contractual adjustments	(1,783,435)	(1,737,671)
Less allowance for doubtful accounts	(1,003,659)	(771,003)
Patient accounts receivable, net	\$ 345,336	\$ 359,566

Concentrations of Credit Risk

The mix of net receivables from patients and third-party payors at April 30, 2026 and 2025, is as follows:

	2026	2025
Medicare	13.4%	10.3%
Medicaid	3.4%	4.4%
Managed care	77.2%	77.9%
Other	6.0%	7.4%
Total	100.0%	100.0%

Note 4. Other Funding Sources

The System receives funding from various components of the State Medicaid program, including the LIP and DSH payments. The State's LIP distributes funding to the System in support of programs that provide coverage for uninsured and underinsured patients. The LIP is a federal matching program that provides the State with the opportunity to receive additional distributions based upon a fixed annual pool of approximately \$1.5 billion distributed by the State based on a measure of charity care cost. DSH is a federally mandated additional Medicaid payment intended to recognize the higher cost of treating a disproportionate share of low-income patients, subject to federal State-wide limits. Both are subject to provider-specific cost limits which are retrospectively audited. Audits have been completed through the State Fiscal Year ended June 30, 2022.

**South Broward Hospital District
d/b/a Memorial Healthcare System**

Notes to Financial Statements

Note 4. Other Funding Sources (Continued)

Total revenue recognized by the System from LIP and DSH funding was approximately \$4,496,000 and \$33,125,000 for the years ended April 30, 2026 and 2025, respectively, and was reported as disproportionate share distributions in the accompanying statements of revenues, expenses and changes in net position. As of April 30, 2026 and 2025, the System had total receivables from LIP funding of approximately \$46,212,000 and \$50,216,000, respectively, which are reported in other current assets, in the accompanying statements of net position. In addition, the System had reserves related to LIP funding of approximately \$116,219,000 and \$70,388,000 as of April 30, 2026 and 2025, respectively. The System also recorded reserves related to DSH funding of approximately \$5,928,000 as of April 30, 2026; there were no DSH reserves as of April 30, 2025. These reserves are reported in estimated third-party payor settlements in the accompanying statements of net position. Following approval of the NIME program as referenced in Note 3, the System determined that the DSH reimbursement model had reached the Medicaid funding limit for amounts previously recognized related to the State fiscal year ending June 30, 2024, resulting in the recognition of DSH reserves during the fiscal year ended April 30, 2026. As of April 30, 2026 and 2025, the DSH model for the State Fiscal Year ended June 30, 2026 and June 2025, had not been approved by the State Legislature; therefore, no amounts related to these years were recognized during the years ended April 30, 2026 and 2025. Subsequent to April 30, 2026, the System received approximately \$119,606,000 in LIP funding and remitted approximately \$64,151,000 in IGTs related to the receivables at year-end.

For the years ended April 30, 2026 and 2025, the System recognized approximately \$5,467,000 and \$78,425,000, respectively, of COVID-19 related relief funds from the Federal Emergency Management Agency (FEMA) for expenses incurred during the pandemic, which were reported as nonoperating revenues, net in the accompanying statements of revenue, expenses and changes in net position.

Note 5. Cash, Cash Equivalents and Investments

Custodial Credit Risk

The System's unrestricted bank deposit balances in the accompanying statements of net position were approximately \$101,329,000 and \$195,394,000 at April 30, 2026 and 2025, respectively. At April 30, 2026 and 2025, the System's deposits consisting of cash and money market accounts were covered by federal depository insurance and a collateral pool pledged to the State Treasurer of Florida by financial institutions that comply with the requirements of Florida Statutes and have been designated as Qualified Public Depositories (QPDs) by the State Treasurer. QPDs are required to pledge collateral to the State Treasurer with a market value equal to a percentage of the average daily balance of all governmental deposits in excess of any federal deposit insurance. In the event of a default by a QPD, all claims for governmental deposits would be satisfied by the State Treasurer from the proceeds of federal deposit insurance, pledged collateral of the public depository in default, and, if necessary, a pro rata assessment to the other QPDs participating in the collateral pool.

At April 30, 2026 and 2025, pursuant to Florida Statute 218.415, investment securities, with the exception of certificates of deposit and money market accounts, are held with a third-party custodian, and all securities purchased by, and all collateral obtained by the System are properly designated as an asset of the System. The securities are held in accounts separate and apart from the assets of the financial institution. The System's bond indentures stipulate that all bond and trustee held funds be "Eligible Investments" as defined in the indentures and be maintained in separate accounts with a bond trustee. All bond and trustee held investments are held in accounts separate and apart from the assets of the financial institution.

**South Broward Hospital District
d/b/a Memorial Healthcare System**

Notes to Financial Statements

Note 5. Cash, Cash Equivalents and Investments (Continued)

Cash Equivalents and Investments

At April 30, 2026 and 2025, the System's cash equivalents and investments, including assets whose use is limited and restricted assets, are as follows (in thousands):

	2026	2025
Unrestricted cash equivalents	\$ 281,209	\$ 440,488
Unrestricted investments	3,150,621	2,366,530
Designated investments for employee disability	22,506	21,717
Restricted assets:		
Investments for MSSP repayment mechanism (*)	671	671
Investments under indenture agreements for debt service	35,255	33,866
Investments under self-insurance agreements	69,112	66,710
	<u>\$ 3,559,374</u>	<u>\$ 2,929,982</u>

(*) Included in Other assets in the accompanying statements of net position

As of April 30, 2026 and 2025, designated investments for employee disability included in cash and cash equivalents were approximately \$257,000 and \$175,000, respectively.

The System's investment policy, as amended from time to time, is approved by the Board of Commissioners of the South Broward Hospital District (the Board). The investment policy is designed to maximize financial return to the System consistent with the risks incumbent in each investment and designed to preserve the appropriate diversification in the portfolio. The System utilizes an independent investment consultant to identify and hire investment managers, implement strategies and monitor risk and performance. The investment policy authorizes investment in equity strategies up to a 40% limitation of investable assets. At April 30, 2026 and 2025, approximately 30.86% and 16.54%, respectively, of investable assets were in equity strategies.

On November 25, 2025, the stockholders of Premier, Inc. (Premier) approved the acquisition of Premier by an affiliate of Patient Square Capital pursuant to a definitive merger agreement (the Acquisition). Under the terms of the Acquisition, Premier stockholders received \$28.25 per share of common stock. The System held 726,553 shares of Premier common stock at the time of the Acquisition and received cash proceeds accordingly upon disposition of those shares. As a result of the Acquisition, the System recognized a realized loss of approximately \$5,145,000 during the year ended April 30, 2026, which is included in nonoperating revenues, net in the accompanying statement of revenues, expenses, and changes in net position.

**South Broward Hospital District
d/b/a Memorial Healthcare System**

Notes to Financial Statements

Note 5. Cash, Cash Equivalents and Investments (Continued)

Fair Value Measurements

The System measures and records investments, assets whose use is limited and restricted assets using fair value measurement guidelines established by GASB Statement No. 72. These guidelines recognize a three-tiered fair value hierarchy, as follows:

Level 1: Quoted prices for identical investments in active markets.

Level 2: Observable inputs other than quoted prices.

Level 3: Unobservable inputs.

Debt and equity securities classified in Level 1 are valued using prices quoted in active markets for those securities. Money market mutual funds and equity mutual funds are valued using the net asset values as quoted daily for the funds. Debt securities classified in Level 2 are valued using the following approaches:

- U.S. Agencies and commercial paper: quoted prices for identical securities in markets that are not active; and
- Corporate and municipal bonds: quoted prices for similar securities in active markets.

The tables below present the fair value leveling of the System's cash equivalents and investments as of April 30, 2026 and 2025, in accordance with GASB Statement No. 72 (in thousands):

	2026			
	Fair Value	Level 1	Level 2	Level 3
Money market accounts	\$ 99,950	\$ 99,950	\$ -	\$ -
SEC-registered money market funds	186,000	186,000	-	-
Commercial paper	30,314	-	30,314	-
U.S. treasuries	582,974	582,974	-	-
U.S. agencies / U.S. agency mortgage bonds	115,353	-	115,353	-
Supranational bonds	26,431	-	26,431	-
Corporate debt / Asset-backed securities	702,492	-	702,492	-
U.S. equity / Equity mutual funds	211,128	179,082	32,046	-
Municipal securities	246	-	246	-
Group annuity contract	109	-	-	109
	1,954,997	\$ 1,048,006	\$ 906,882	\$ 109
Investments measured at NAV	1,604,377			
	<u>\$ 3,559,374</u>			

**South Broward Hospital District
d/b/a Memorial Healthcare System**

Notes to Financial Statements

Note 5. Cash, Cash Equivalents and Investments (Continued)

	2025			
	Fair Value	Level 1	Level 2	Level 3
Money market accounts	\$ 193,838	\$ 193,838	\$ -	\$ -
SEC-registered money market funds	149,324	149,324	-	-
Commercial paper	45,242	-	45,242	-
U.S. treasuries	860,397	860,397	-	-
U.S. agencies / U.S. agency mortgage bonds	322,598	-	322,598	-
Supranational bonds	1,916	-	1,916	-
Corporate debt / Asset-backed securities	850,016	-	850,016	-
U.S. equity / Equity mutual funds	484,691	164,681	320,010	-
Municipal securities	21,855	-	21,855	-
Group annuity contract	105	-	-	105
	<u>\$ 2,929,982</u>	<u>\$ 1,368,240</u>	<u>\$ 1,561,637</u>	<u>\$ 105</u>

The System invests in a limited partnership and in collective investment trust funds that are measured at NAV per share (or its equivalent) as a practical expedient for estimating fair value. These investments are not classified within the fair value hierarchy established by GASB Statement No. 72. The following table summarizes the System's investments measured at NAV as of April 30, 2026 (in thousands):

Investment Type	2026			
	Fair Value	Unfunded Commitments	Redemption Frequency*	Redemption Notice*
Treasury Index Collective Trust Funds	\$ 321,619	None	Daily	1 Day
MSCI ACWI Index Collective Trust Fund	887,344	None	Daily	1 Day
Multi-Sector Full Discretion Fixed Income Fund	198,505	None	Daily	None
Tactical Bond Limited Partnership	196,909	None	Daily	5 Days
	<u>\$ 1,604,377</u>			

*These investments are generally redeemable in accordance with their stated redemption provisions. Under certain extraordinary circumstances, including periods of market disruption, the governing documents may permit temporary restrictions or modifications to normal redemption procedures.

The System did not have any investments measured at NAV as a practical expedient as of April 30, 2025.

Treasury Index Collective Trust Funds

These investments consist of collective investment trusts managed by State Street Global Advisors (SSGA) that seek to replicate the performance of the Bloomberg U.S. 1–3 Year Treasury Bond Index and the Bloomberg U.S. 3–10 Year Treasury Bond Index, respectively, over the long term. The trusts invest primarily in publicly traded U.S. Treasury securities and are valued using each trust's daily NAV. As of April 30, 2026, the System owned approximately 18.91% and 21.06% of the net assets of the SSGA 1–3 Year U.S. Treasury Index Collective Investment Trust and the SSGA 3–10 Year U.S. Treasury Index Collective Investment Trust, respectively.

**South Broward Hospital District
d/b/a Memorial Healthcare System**

Notes to Financial Statements

Note 5. Cash, Cash Equivalents and Investments (Continued)

MSCI ACWI Index Collective Trust Fund

This investment consists of a collective investment trust managed by SSGA that seeks to replicate the performance of the MSCI All Country World Index (ACWI) over the long term. The trust invests primarily in publicly traded equity securities through a passive investment strategy designed to provide broad global equity market exposure. The investment is valued using the trust's daily NAV. As of April 30, 2026, the System owned approximately 56.75% of the net assets of the trust.

Multi-Sector Full Discretion Fixed Income Fund

This investment consists of an actively managed collective investment trust that invests primarily across multiple sectors of the global fixed-income market. The investment is valued using the trust's daily NAV. As of April 30, 2026, the System owned approximately 20.75% of the net assets of the trust.

Tactical Bond Limited Partnership

This investment consists of an actively managed fixed-income investment strategy that seeks to maximize total return through tactical allocations among multiple sectors of the fixed-income market. The investment is valued using the limited partnership's daily NAV. As of April 30, 2026, the System owned approximately 11.66% of the net assets of the limited partnership.

Interest Rate Risk

The System manages interest rate exposure by limiting investment maturities in accordance with parameters in its investment policy. To the extent possible, the System attempts to match investment maturities with known cash needs and anticipated cash flow requirements. The System's investment policy segments its fixed income investment portfolio into pools with identified asset allocation percentages that attempt to match its liquidity requirements. Investments of bond indenture restricted funds have maturities set in accordance with the relevant documents.

**South Broward Hospital District
d/b/a Memorial Healthcare System**

Notes to Financial Statements

Note 5. Cash, Cash Equivalents and Investments (Continued)

At April 30, 2026 and 2025, the System had cash equivalents and investments maturing as follows (in thousands):

2026					
	Fair Value	No Maturity Date or Less than 1 Year	1 -5 Years	6-10 Years	Greater Than 10 Years
Money market accounts	\$ 99,950	\$ 99,950	\$ -	\$ -	\$ -
SEC-registered money market funds	186,000	186,000	-	-	-
Commercial paper	30,314	30,314	-	-	-
U.S. treasuries	582,974	257,670	232,695	92,609	-
U.S. agencies / U.S. agency mortgage bonds	115,353	2,124	40,381	28,728	44,120
Supranational bonds	26,431	-	11,497	14,934	-
Corporate debt / asset-backed securities	702,492	39,478	424,028	236,245	2,741
U.S. equity / equity mutual funds	211,128	211,128	-	-	-
Municipal securities	246	140	106	-	-
Group annuity contract	109	109	-	-	-
	<u>1,954,997</u>	<u>\$ 826,913</u>	<u>\$ 708,707</u>	<u>\$ 372,516</u>	<u>\$ 46,861</u>
Investments measured at NAV	<u>1,604,377</u>				
	<u><u>\$ 3,559,374</u></u>				

2025					
	Fair Value	No Maturity Date or Less than 1 Year	1 -5 Years	6-10 Years	Greater Than 10 Years
Money market accounts	\$ 193,838	\$ 193,838	\$ -	\$ -	\$ -
SEC-registered money market funds	149,324	149,324	-	-	-
Commercial paper	45,242	45,242	-	-	-
U.S. treasuries	860,397	261,540	314,602	284,255	-
U.S. agencies / U.S. agency mortgage bonds	322,598	9,894	83,253	72,163	157,288
Supranational bonds	1,916	-	1,916	-	-
Corporate debt / asset-backed securities	850,016	93,882	523,120	206,001	27,013
U.S. equity / equity mutual funds	484,691	484,691	-	-	-
Municipal securities	21,855	1,120	11,000	9,725	10
Group annuity contract	105	105	-	-	-
	<u>\$ 2,929,982</u>	<u>\$ 1,239,636</u>	<u>\$ 933,891</u>	<u>\$ 572,144</u>	<u>\$ 184,311</u>

**South Broward Hospital District
d/b/a Memorial Healthcare System**

Notes to Financial Statements

Note 5. Cash, Cash Equivalents and Investments (Continued)

Credit Risk

The System's investment policy provides guidelines for fixed income investment managers that require maintaining an average portfolio credit rating of at least A; restricting investments in debt securities to those with A- or higher credit ratings at the time of purchase; and limiting the duration of the System's total fixed income portfolios to match the applicable benchmarks. The System's bond indentures stipulate credit ratings for "Eligible Investments".

At April 30, 2026 and 2025, the System's cash equivalents and investments have credit ratings as follows (in thousands):

	S&P Rating or Comparable as of April 30, 2026											
	Fair Value	AAA	AA+	AA	AA-	A+	A	A-	BBB+	BBB	BBB-	BB+
Money market accounts	\$ 99,950	\$ 99,950	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
SEC-registered money market funds	186,000	186,000	-	-	-	-	-	-	-	-	-	-
Commercial paper	30,314	30,314	-	-	-	-	-	-	-	-	-	-
U.S. treasuries	582,974	-	582,974	-	-	-	-	-	-	-	-	-
U.S. agencies / U.S. agency mortgage bonds	115,353	-	115,353	-	-	-	-	-	-	-	-	-
Supranational bonds	26,431	-	-	-	-	-	1,114	15,470	6,109	380	3,358	-
Corporate debt / asset-backed securities	702,492	54,751	6,447	7,990	41,576	40,409	132,926	171,409	113,035	78,750	50,953	4,246
Municipal securities	246	-	-	-	246	-	-	-	-	-	-	-
	<u>1,743,760</u>	<u>\$ 371,015</u>	<u>\$ 704,774</u>	<u>\$ 7,990</u>	<u>\$ 41,822</u>	<u>\$ 40,409</u>	<u>\$ 134,040</u>	<u>\$ 186,879</u>	<u>\$ 119,144</u>	<u>\$ 79,130</u>	<u>\$ 54,311</u>	<u>\$ 4,246</u>
U.S. equities, and group annuity contracts	211,237											
Investments measured at NAV	<u>1,604,377</u>											
	<u>\$ 3,559,374</u>											

	S&P Rating or Comparable as of April 30, 2025												
	Fair Value	AAA	AA+	AA	AA-	A+	A	A-	BBB+	BBB	BBB-	BB+	B
Money market accounts	\$ 193,838	\$ 193,838	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
SEC-registered money market funds	149,324	149,324	-	-	-	-	-	-	-	-	-	-	-
Commercial paper	45,242	45,242	-	-	-	-	-	-	-	-	-	-	-
U.S. treasuries	860,397	860,397	-	-	-	-	-	-	-	-	-	-	-
U.S. agencies / U.S. agency mortgage bonds	322,598	7,849	314,749	-	-	-	-	-	-	-	-	-	-
Supranational bonds	1,916	1,916	-	-	-	-	-	-	-	-	-	-	-
Corporate debt / asset-backed securities	850,016	111,481	4,245	14,163	38,118	42,123	135,381	211,237	112,196	119,272	59,776	1,928	96
Municipal securities	21,855	5,380	9,223	5,163	1,784	305	-	-	-	-	-	-	-
	<u>2,445,186</u>	<u>\$1,375,427</u>	<u>\$ 328,217</u>	<u>\$ 19,326</u>	<u>\$ 39,902</u>	<u>\$ 42,428</u>	<u>\$ 135,381</u>	<u>\$ 211,237</u>	<u>\$ 112,196</u>	<u>\$ 119,272</u>	<u>\$ 59,776</u>	<u>\$ 1,928</u>	<u>\$ 96</u>
U.S. equities, and group annuity contracts	<u>484,796</u>												
	<u>\$ 2,929,982</u>												

**South Broward Hospital District
d/b/a Memorial Healthcare System**

Notes to Financial Statements

Note 5. Cash, Cash Equivalents and Investments (Continued)

Concentration of Credit Risk

The System's investment policy has asset allocation and issuer limitations for cash equivalents and fixed income investments which are designed to reduce concentration of credit risk of the System's investments. The System's investment policy does not have an issuer limitation for U.S. Treasury securities. The System's bond indentures do not stipulate issuer limitations for "Eligible Investments".

At April 30, 2026, there were no investments in any one issuer representing 5% or more of the System's total investments. In addition, as of April 30, 2026, approximately 45.07% of the System's investments were held in collective investment trusts and a limited partnership measured at NAV. The underlying portfolios of these investments are broadly diversified across numerous securities and issuers in accordance with their respective investment objectives, thereby mitigating concentration of credit risk. At April 30, 2025, investments in any one issuer representing 5% or more of the System's total investments were approximately \$148,781,000 (5.1%) invested in issues of the Federal National Mortgage Association.

Note 6. Other Current Assets

At April 30, 2026 and 2025, the System's other current assets consist of the following amounts (in thousands):

	2026	2025
Due from Medicare	\$ 125,129	\$ 125,279
Due from Medicaid	84,170	178,530
Prepaid expense	26,933	23,008
Due from the Foundations	5,053	4,986
Accrued interest receivable	12,067	15,998
Lease receivable	4,492	4,775
Other receivables	36,437	33,211
	<u>\$ 294,281</u>	<u>\$ 385,787</u>

Refer to Note 3 and Note 4 for additional information related to other receivables due from Medicare and Medicaid.

**South Broward Hospital District
d/b/a Memorial Healthcare System**

Notes to Financial Statements

Note 7. Capital Assets, Net

A summary of the activity for capital assets and the related accumulated depreciation is as follows for the years ended April 30, 2026 and 2025 (in thousands):

	Balance at May 1, 2025	Additions	Transfers	Deletions	Balance at April 30, 2026
Depreciable assets:					
Land improvements	\$ 36,520	\$ -	\$ 2,242	\$ -	\$ 38,762
Buildings and improvements	1,832,331	503	55,387	(4,808)	1,883,413
Equipment	843,056	43,715	50,546	(39,296)	898,021
Total depreciable assets	2,711,907	44,218	108,175	(44,104)	2,820,196
Accumulated depreciation:					
Land improvements	(25,333)	(1,377)	-	-	(26,710)
Buildings and improvements	(959,776)	(56,674)	-	4,331	(1,012,119)
Equipment	(623,564)	(73,752)	-	37,980	(659,336)
Total accumulated depreciation	(1,608,673)	(131,803)	-	42,311	(1,698,165)
Net depreciable assets	1,103,234	(87,585)	108,175	(1,793)	1,122,031
Land	146,547	-	-	-	146,547
Construction in progress	135,667	161,893	(108,175)	(191)	189,194
Capital assets, net	\$ 1,385,448	\$ 74,308	\$ -	\$ (1,984)	\$ 1,457,772

	Balance at May 1, 2024	Additions	Transfers	Deletions	Balance at April 30, 2025
Depreciable assets:					
Land improvements	\$ 32,135	\$ 4,385	\$ -	\$ -	\$ 36,520
Buildings and improvements	1,684,630	68,969	79,311	(579)	1,832,331
Equipment	787,334	38,613	36,650	(19,541)	843,056
Total depreciable assets	2,504,099	111,967	115,961	(20,120)	2,711,907
Accumulated depreciation:					
Land improvements	(23,875)	(1,458)	-	-	(25,333)
Buildings and improvements	(908,338)	(51,783)	-	345	(959,776)
Equipment	(581,660)	(61,056)	-	19,152	(623,564)
Total accumulated depreciation	(1,513,873)	(114,297)	-	19,497	(1,608,673)
Net depreciable assets	990,226	(2,330)	115,961	(623)	1,103,234
Land	123,160	23,387	-	-	146,547
Construction in progress	147,298	104,330	(115,961)	-	135,667
Capital assets, net	\$ 1,260,684	\$ 125,387	\$ -	\$ (623)	\$ 1,385,448

**South Broward Hospital District
d/b/a Memorial Healthcare System**

Notes to Financial Statements

Note 7. Capital Assets, Net (Continued)

At April 30, 2026 and 2025, noncash capital additions that are included in accounts payable and accrued expenses were approximately \$52,807,000 and \$24,973,000, respectively. The System is currently engaged in construction projects at its facilities. The estimated cost to complete all construction projects in process at April 30, 2026, is approximately \$800,531,000.

Note 8. Self-Insurance

The System is exposed to various risks of loss related to professional liability, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and certain employee health plan costs; and natural disasters. The System believes it is more economical to manage certain risks internally and set aside assets for possible claim settlements. Commercial insurance is procured to cover the System's property, commissioners and officers, accidents and vehicles.

The System, as a subdivision of the State, has sovereign immunity in tort actions. Therefore, in accordance with Chapter 768.28 of the Florida Statutes, for claims with occurrence dates subsequent to October 1, 2011, the System is not liable to pay a claim or judgment by any one person that exceeds the sum of \$200,000 or any claim or judgment, or portions thereof that when totaled with all other claims or judgments paid by the State or its agencies or subdivisions arising out of the same incident or occurrence exceeds the sum of \$300,000.

Chapter 768.28 of the Florida Statutes also provides that judgments may be claimed or rendered in excess of these limits; however, these amounts must be reported to, and approved by, the State Legislature. In addition, the System has excess insurance coverage that varies by claim year. Specific excess coverage to cover any damages rendered against the System as a result of the passage of a claims bill for professional and general liability ranges from \$10 million to \$25 million in excess insurance coverage, with self-insured retention that ranges from \$2 million to \$10 million. Specific excess coverage for workers' compensation includes retention that ranges from \$125 thousand to \$1 million per incident.

The System's management estimates and accrues for the cost of unreported claims based on historical data and actuarial projections. The liability includes estimates of the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled, and of claims that have been incurred but not reported. The estimated claims liability for professional and general liability has been discounted based on an interest rate of 3.9% and 4.5% at April 30, 2026 and 2025, respectively. The estimated claims liability for workers' compensation has been discounted based on an interest rate of 4.0% and 4.5% at April 30, 2026 and 2025, respectively.

The System has established separate accounts for the purpose of setting aside assets to fund future self-insurance losses. The assets can only be used for payment of losses and administrative expenses. Earnings and losses on investments in the self-insurance accounts are reported as nonoperating revenues and expenses in the statements of revenues, expenses and changes in net position and are retained as part of the self-insurance accounts. A roll forward of the System's claims liability for self-insurance claims is as follows (in thousands):

	Liability at Beginning of Year	New Claims and Changes in Estimates	Claim Payments	Liability at End of Year	Estimated Amount Due Within One Year
Years ended April 30:					
2024	45,059	60,368	(62,497)	42,930	15,443
2025	42,930	77,619	(75,363)	45,186	17,263
2026	45,186	77,462	(77,443)	45,205	18,200

**South Broward Hospital District
d/b/a Memorial Healthcare System**

Notes to Financial Statements

Note 9. Long-Term Debt

The following is a summary of long-term debt as of April 30, 2026 and 2025 (in thousands):

	2026	2025
Series 2021A Hospital Revenue Bonds – \$200,000 authorized and issued:		
Serial Bonds, interest rates of 2.25% to 3.00%, maturing in amounts ranging from \$4,545 to \$10,765 beginning May 1, 2037 through May 1, 2048	\$ 82,150	\$ 82,150
3.00% Term Bond due May 1, 2050	40,105	40,105
3.00% Term Bond due May 1, 2051	41,325	41,325
3.00% Term Bond due May 1, 2052	36,420	36,420
	<u>200,000</u>	<u>200,000</u>
Unamortized premium, net	6,932	7,199
	<u>206,932</u>	<u>207,199</u>
Series 2021B Hospital Revenue Bonds – \$50,000 authorized and issued:		
2.85% Term Bond due May 1, 2051	6,160	6,160
2.85% Term Bond due May 1, 2052	43,840	43,840
	<u>50,000</u>	<u>50,000</u>
Unamortized discount, net	(260)	(270)
	<u>49,740</u>	<u>49,730</u>
Series 2018 Hospital Revenue Bonds – \$101,575 authorized and issued:		
Serial Bonds, interest rate of 5.00%, maturing on May 1, 2045	20,715	20,715
4.00% Term Bond due May 1, 2048	80,860	80,860
	<u>101,575</u>	<u>101,575</u>
Unamortized premium, net	199	207
	<u>101,774</u>	<u>101,782</u>
Series 2017 Hospital Revenue and Refunding Revenue Bonds – \$101,420 authorized and issued:		
Serial Bonds, interest rates of 3.25% to 5.00%, maturing in amounts ranging from \$3,835 to \$15,305 beginning May 1, 2022 through May 1, 2032	81,945	87,900
Unamortized premium, net	5,125	5,980
	<u>87,070</u>	<u>93,880</u>
Series 2016A Hospital Revenue and Refunding Revenue Bonds – \$160,620 authorized and issued:		
Serial Bonds, interest rates of 3.375% to 4.00%, maturing in amounts ranging from \$11,235 to \$20,435 beginning May 1, 2027 through May 1, 2040	31,670	31,670
3.50% Term Bond due May 1, 2039	38,825	38,825
4.00% Term Bond due May 1, 2044	90,125	90,125
	<u>160,620</u>	<u>160,620</u>
Unamortized premium, net	1,576	1,664
	<u>162,196</u>	<u>162,284</u>
Series 2016 Hospital Revenue and Refunding Revenue Bonds – \$173,040 authorized and issued:		
Serial Bonds, interest rates of 2.75% to 5.00%, maturing in amounts ranging from \$1,600 to \$24,070 beginning May 1, 2017 through May 1, 2037	136,115	143,740
Unamortized premium, net	7,396	8,012
	<u>143,511</u>	<u>151,752</u>
Series 2015 Hospital Revenue and Refunding Revenue Bonds – \$154,905 authorized and issued:		
Serial Bonds, interest rates of 3.00% to 5.00%, maturing in amounts ranging from \$1,195 to \$7,915 beginning May 1, 2016 through May 1, 2037	72,785	77,485
4.00% Term Bond due May 1, 2040	9,560	9,560
4.00% Term Bond due May 1, 2045	18,735	18,735
	<u>101,080</u>	<u>105,780</u>
Unamortized premium, net	6,862	7,221
	<u>107,942</u>	<u>113,001</u>
Total debt	859,165	879,628
Less current portion	(20,080)	(18,280)
Long-term portion	<u>\$ 839,085</u>	<u>\$ 861,348</u>

**South Broward Hospital District
d/b/a Memorial Healthcare System**

Notes to Financial Statements

Note 9. Long-Term Debt (Continued)

At April 30, 2026 and 2025, the System's long-term debt is comprised solely of revenue bonds issued under its Master Trust Indenture (MTI) dated as of September 1, 2003, as supplemented to date by the Supplemental Indenture dated as of November 1, 2021. The System is the only member of the obligated group although the MTI provides for additional membership. The obligations issued under the MTI are payable solely from and are secured by a pledge of and a lien on the gross patient charges of the obligated group and any future member of the obligated group and certain accounts created under the MTI, provided, however, the lien and pledge of the accounts under the MTI do not extend to obligations issued for the benefit of the Revenue Certificate holders. As of April 30, 2026 and 2025, amounts on deposit in certain accounts under the MTI were approximately \$35,255,000 and \$33,866,000, respectively, and are presented as restricted assets in investments under indenture agreements for debt service in the accompanying statements of net position.

The MTI contains certain restrictive debt covenants for the System, including a minimum debt service ratio and an incurrence test for the addition of indebtedness. As of April 30, 2026 and 2025, the System was in compliance with all of its debt covenants.

The MTI also contains an acceleration provision which provides that, upon the occurrence and during the continuation of an event of default (as described in the MTI), outstanding obligations issued under the MTI may be declared to be immediately due and payable in the manner provided thereby. Additionally, each series of bonds or other indebtedness secured by obligations issued under the MTI also may be subject to acceleration pursuant to the terms of the trust indenture or other agreement governing each such series of bonds or other indebtedness, as applicable. If the obligations issued under the MTI are accelerated, the total principal amount of those obligations, plus all interest accrued thereon to the date of acceleration and that which accrues to the date of payment, will be due and payable.

Series 2015 Bonds: \$154,905,000 issued on April 14, 2015, as tax-exempt fixed rate bonds and are callable on or after May 1, 2025, at par in the amount of \$101,080,000, without premium. The 2015 Bonds provided funds to refund and redeem a portion of the Series 2006 Bonds and to finance certain eligible projects and costs of issuance.

The System completed the advance refunding of a portion of its Series 2006 Bonds as a part of the Series 2015 Bonds to reduce its total debt service payments. On a matched-maturity basis, the cash flow savings, not including the funds held in related bond debt service accounts, was approximately \$8,169,000.

The refunding of the Series 2006 Bonds resulted in a loss on defeasance of approximately \$5,975,000. At April 30, 2026 and 2025, the unamortized value of the deferred amount was approximately \$2,987,000 and \$3,259,000, respectively, which is included in loss on defeasance, net in the accompanying statements of net position. The deferred amount is being charged to operations through the year 2037.

Series 2016 Bonds: \$173,040,000 issued on June 29, 2016, as tax-exempt fixed rate bonds and are callable on or after May 1, 2026, at par in the amount of \$143,740,000, without premium. The 2016 Bonds provided funds to refund and redeem the remaining Series 2006 Bonds, advance refund all of the Series 2008 Bonds and to pay certain costs of issuance.

The System completed the refunding of the remaining outstanding Series 2006 Bonds and the advance refunding of the Series 2008 Bonds with the Series 2016 Bonds to reduce its total debt service payments. On a matched-maturity basis, the present value of the cash flow savings was approximately \$29,725,000.

**South Broward Hospital District
d/b/a Memorial Healthcare System**

Notes to Financial Statements

Note 9. Long-Term Debt (Continued)

The refunding of the Series 2006 and advance refunding of the 2008 Bonds resulted in a loss on defeasance of approximately \$15,936,000. At April 30, 2026 and 2025, the unamortized value of the deferred amount was approximately \$8,002,000 and \$8,802,000, respectively, which is included in loss on defeasance, net in the accompanying statements of net position. The deferred amount is being charged to operations through the year 2036.

Series 2016A Bonds: \$160,620,000 issued on November 10, 2016, as tax-exempt fixed rate bonds to advance refund, on a cross-over basis, all of the Series 2009 Bonds and to pay certain costs of issuance and are callable on or after May 1, 2026. The cross-over structure was used in order to preserve the cash subsidy payments from the U.S. Department of the Treasury through the May 1, 2019 call date. The Series 2009 Escrow Fund was funded to pay interest on the Series 2016A Bonds through May 1, 2019 and redeem all of the \$150,000,000 Series 2009 Bonds on May 1, 2019. The System completed the cross-over refunding of the Series 2009 to reduce its total debt service payments. On a matched-maturity basis, the net present value cash flow savings were approximately \$10,512,000.

Series 2017 Bonds: \$101,420,000 issued on March 8, 2017, as tax-exempt fixed rate bonds to refund and redeem all of the Series 2007 Bonds and to pay certain costs of issuance and are callable on or after May 1, 2027, at par in the amount of \$81,945,000, without premium. The System completed the refunding of its Series 2007 Bonds to reduce its total debt service payments. On a matched-maturity basis, the net present value cash flow savings, not including the funds held in related bond debt service accounts, was approximately \$15,145,000.

The refunding of the Series 2007 Bonds resulted in a loss on defeasance of approximately \$3,070,000. At April 30, 2026 and 2025, the unamortized value of the deferred amount was approximately \$1,215,000 and \$1,417,000, respectively, which is included in loss on defeasance, net in the accompanying statements of net position. The deferred amount is being charged to operations through the year 2032.

Series 2018 Bonds: \$101,575,000 issued on November 1, 2018, as tax-exempt fixed rated bond to finance certain eligible projects and pay costs of issuance and are callable on or after May 1, 2028, at par in the amount of \$101,575,000, without premium.

Series 2021A Bonds: \$200,000,000 issued on November 18, 2021, as tax-exempt fixed rated bond to finance certain eligible projects and pay costs of issuance and are callable on or after May 1, 2031, at par in the amount of \$200,000,000, without premium.

Series 2021B Bonds: \$50,000,000 issued on November 18, 2021, as taxable fixed rated bond to finance certain projects and pay costs of issuance and are callable on or after May 1, 2031, at par in the amount of \$50,000,000, without premium.

**South Broward Hospital District
d/b/a Memorial Healthcare System**

Notes to Financial Statements

Note 9. Long-Term Debt (Continued)

Maturities of long-term debt for the next five years and thereafter are shown in the table below (in thousands):

	Principal	Interest Payments	Total Debt Service
Years ending April 30:			
2027	\$ 20,080	\$ 29,454	\$ 49,534
2028	21,070	28,466	49,536
2029	22,090	27,441	49,531
2030	23,110	26,416	49,526
2031	24,130	25,393	49,523
2032-2036	139,620	112,894	252,514
2037-2041	140,215	88,719	228,934
2042-2046	160,825	61,494	222,319
2047-2051	193,775	28,536	222,311
2052-2056	86,420	2,508	88,928
	<u>\$ 831,335</u>	<u>\$ 431,321</u>	<u>\$ 1,262,656</u>

A summary of the activity for long-term debt is summarized as follows for the years ended April 30, 2026 and 2025 (in thousands):

	2026	2025
Balance at beginning of year	\$ 879,628	\$ 894,748
Principal payments on long-term debt	(18,280)	(12,935)
Amortization of premiums and/or discounts	(2,183)	(2,185)
Balance at end of year	<u>\$ 859,165</u>	<u>\$ 879,628</u>

Note 10. Employer Pension Disclosures, As Required By GASB Statement No. 68

Plan Description

The Plan is a single employer, noncontributory defined benefit pension plan administered by the System, covering substantially all full-time regular employees that were hired on or before October 31, 2011. Effective November 1, 2011, the Plan was closed to new hires and rehires. Eligible employees hired or had a status change on or after November 1, 2011, are covered under the Memorial Healthcare System 401(a) Retirement Plan (the 401(a) Plan). Refer to Note 12 for further discussion of the 401(a) Plan. The Plan does not issue a stand-alone financial report; however, it is reported as a pension trust fund in the financial statements of the System herein. The Board has the authority to establish and amend the benefit provisions of the Plan.

**South Broward Hospital District
d/b/a Memorial Healthcare System**

Notes to Financial Statements

Note 10. Employer Pension Disclosures, As Required By GASB Statement No. 68 (Continued)
Benefits Provided

The Plan's retirement benefits are based on employees' years and completed months of continuous service from date of employment to date of termination and average compensation during the highest consecutive 60-month period in the last 120 months preceding termination or retirement. Employees become eligible for normal retirement based on the attainment of a specified age ranging from 55 to 65 years and years of credited service ranging from 5 to 30 years. Early and late retirement options are available subject to certain conditions.

The Plan is permitted to distribute the actuarial equivalent present value of a participant's benefit that is \$1,000 or less as soon as administratively practical following the participant's date of termination or distribute to the participant (if elected) or into an eligible retirement plan (if the participant does not make an election) the actuarial equivalent present value of a participant's benefit when it exceeds \$1,000 but does not exceed \$5,000. The Plan previously permitted lump-sum distributions to participants when the actuarial equivalent present value of the retirement benefit did not exceed \$50,000 and the participant had not begun receiving a monthly retirement benefit. Effective August 1, 2024, the Plan was amended to remove the \$50,000 limit, allowing retirement benefits to be paid as a single lump sum, in lieu of an annuity form of payment, regardless of the present value of such benefit.

Funding Policy

The Plan's funding policy provides for actuarially determined amounts, which, together with investment earnings, are sufficient to fund the Plan as prescribed under Part VII, Chapter 112 of the Florida Statutes. There are no employee contributions. The Plan's funding policy provides for actuarially determined periodic contributions that, for individual employees, increase gradually over time so that sufficient assets will be available to pay benefits when due. The portion of the actuarially determined contribution for normal cost is determined using the projected unit credit actuarial funding method with proration based on service. The actuary uses the level dollar method to amortize the unfunded liability over the average future working lifetime of active participants. For the measurement date of May 1, 2025, no amortization of unfunded liability was applied, as the actuarial value of assets exceeded the actuarial accrued liability. For the measurement date of May 1, 2024, the average future working lifetime of active participants used for amortization purposes was 9 years. The same amortization method is used for experience gains or losses, changes in benefits, or changes in actuarial assumptions. The actuarial value of assets uses a five-year smoothing for investment gains and losses. The annual contributions to the Plan during fiscal year ended April 30, 2026, were approximately \$21,163,000, and were made based on the actuarially determined contribution for the same amount computed through an actuarial valuation performed as of May 1, 2025. The annual contributions to the Plan during fiscal year ended April 30, 2025, were approximately \$37,350,000, and were in excess of the actuarially determined contribution of approximately \$25,653,000 computed through an actuarial valuation performed as of May 1, 2024. During the fiscal years ended April 30, 2026 and 2025, actual annual contributions as a percentage of covered payroll were 7.2% and 13.0%, respectively.

**South Broward Hospital District
d/b/a Memorial Healthcare System**

Notes to Financial Statements

Note 10. Employer Pension Disclosures, As Required By GASB Statement No. 68 (Continued)

Listed below is information regarding plan membership or employees covered by the benefit terms:

Participant data as of April 30, 2026 and 2025 determined as of May 1 of each respective plan year are as follows:

	2026	2025
Active plan members or employees	2,492	2,675
Inactive plan members or employees or beneficiaries currently receiving benefits	3,286	3,158
Inactive plan members or employees entitled to but not yet receiving benefits	1,942	2,179
Total	7,720	8,012

Net Pension Liability

The net pension liability of the System reported, as of April 30, 2026 and 2025, was measured as of April 30, 2025 and 2024, respectively. The total pension liability reported by the System as of April 30, 2026 and 2025, is based on the liability determined using May 1, 2024 and 2023, census data and valuation date using update procedures to roll forward to the measurement date of April 30, 2025 and 2024, respectively.

The following schedule presents the change in net pension liability reporting for the System for the fiscal years ended April 30, 2026 and 2025 (in thousands):

	2026	2025
Total pension liability		
Service cost	\$ 10,509	\$ 12,002
Interest	71,220	66,787
Differences between expected and actual experience	33,873	16,345
Changes in benefit terms	(17,182)	-
Changes in assumptions	13,581	(38,425)
Benefit payments	(57,987)	(43,344)
Net change in total pension liability	54,014	13,365
Total pension liability – beginning	1,030,614	1,017,249
Total pension liability – ending (a)	\$ 1,084,628	\$ 1,030,614
Plan fiduciary net position		
Contributions – employer	\$ 37,350	\$ 43,650
Net investment income	76,042	99,354
Benefit payments	(57,987)	(43,344)
Administrative expense	(110)	(111)
Net change in plan fiduciary net position	55,295	99,549
Plan fiduciary net position – beginning	988,670	889,121
Plan fiduciary net position – ending (b)	\$ 1,043,965	\$ 988,670
Plan's net pension liability ending – (a) – (b)	\$ 40,663	\$ 41,944

**South Broward Hospital District
d/b/a Memorial Healthcare System**

Notes to Financial Statements

Note 10. Employer Pension Disclosures, As Required By GASB Statement No. 68 (Continued)

Pension Expense and Deferred Outflows and Inflows of Resources

The System recorded approximately \$1,884,000 and \$28,148,000 in pension expense for the fiscal years ended April 30, 2026 and 2025, respectively, which is included in employee benefits expense in the accompanying statements of revenues, expenses and changes in net position.

The following schedule presents information about the pension-related deferred outflows and inflows of resources at April 30, 2026 and 2025 (in thousands):

	Deferred Outflows of Resources	
	2026	2025
Differences between expected and actual experience	\$ 26,202	\$ 22,027
Employer's contribution to the plan subsequent to the measurement date of the net pension liability	21,163	37,350
Changes in assumptions	8,898	4,022
Total deferred outflows of resources	<u>\$ 56,263</u>	<u>\$ 63,399</u>
	Deferred Inflows of Resources	
	2026	2025
Changes in assumptions	\$ 9,425	\$ 23,925
Net difference between projected and actual earnings on pension plan investments	3,366	14,000
	<u>\$ 12,791</u>	<u>\$ 37,925</u>

The following schedule presents the future amortization of pension-related deferred outflows and inflows of resources, excluding the balance attributable to the employer's contribution to the Plan in the current fiscal year and subsequent to the net pension liability measurement date. The difference between projected and actual earnings on pension investment is recorded in pension expense over a five-year period. Under GASB standards, the difference between projected and actual earnings on pension plan investments is amortized into pension expense over a closed five-year period. The changes in assumptions and differences between expected and actual experience is amortized into pension expense over the average remaining service lives of active and inactive members, which were 2.90 and 2.65 years as of May 1, 2024 and 2023, respectively.

**South Broward Hospital District
d/b/a Memorial Healthcare System**

Notes to Financial Statements

Note 10. Employer Pension Disclosures, As Required By GASB Statement No. 68 (Continued)

The employer's contribution to the Plan reported by the System in the fiscal year ended April 30, 2026, will be reported as an increase in the net pension liability in the next fiscal year. Other amounts reported as pension-related deferred outflows of resources and deferred inflows of resources at April 30, 2026, will be recognized as an increase (reduction) to pension expense for the fiscal years ending April 30, as follows (in thousands):

Years ending April 30:

2027	\$	23,308
2028		9,990
2029		(9,552)
2030		(1,437)
	\$	<u>22,309</u>

Actuarial Methods and Assumptions

The System recognizes annual pension expense and net pension liability in accordance with GASB Statements No. 68 and No. 71, based on information obtained from its annual actuarial report.

**South Broward Hospital District
d/b/a Memorial Healthcare System**

Notes to Financial Statements

Note 10. Employer Pension Disclosures, As Required By GASB Statement No. 68 (Continued)

The assumptions used to measure the total pension liability of the System as of the measurement date of April 30, 2025 and 2024, follows. Significant assumptions used in the May 1, 2024 and 2023, valuation were based on the results of actuarial experience studies performed within five years of each respective valuation date.

	2026	2025																																																
Measurement date	April 30, 2025	April 30, 2024																																																
Valuation date	May 1, 2024, rolled forward from May 1, 2024 to April 30, 2025	May 1, 2023, rolled forward from May 1, 2023 to April 30, 2024																																																
Actuarial cost method	Entry age normal actuarial cost method	Entry age normal actuarial cost method																																																
Asset valuation method	Fair market value for plan investments	Fair market value for plan investments																																																
Long-term expected rate of return	7.00%	7.00%																																																
Discount rate	7.00%	7.00%																																																
Mortality rates	Based on the Pri-2012 Benefits-weighted Employee and Annuitant Mortality tables for males and females projected from 2012 using generational projection Scale MP-2021 for males and females.	Based on the Pri-2012 Benefits-weighted Employee, Annuitant, and Disabled Mortality tables for males and females projected from 2012 using generational projection Scale MP-2021 for males and females.																																																
Projected salary increases	<table><tr><th colspan="2">Percentage</th></tr><tr><th><u>Age</u></th><th><u>Increase*</u></th></tr><tr><td>Less than 35</td><td>6.00%</td></tr><tr><td>35-39</td><td>5.25%</td></tr><tr><td>40-44</td><td>5.00%</td></tr><tr><td>45-49</td><td>4.50%</td></tr><tr><td>50-54</td><td>4.00%</td></tr><tr><td>55-59</td><td>3.50%</td></tr><tr><td>60 or older</td><td>3.25%</td></tr><tr><td colspan="2">*Includes inflation at 2.50%</td></tr><tr><td colspan="2">Age-based rated based on plan experience per the rates above.</td></tr><tr><td colspan="2">The salary increase assumption was adjusted to reflect a one-time 1.00% increase at May 1, 2025.</td></tr></table>	Percentage		<u>Age</u>	<u>Increase*</u>	Less than 35	6.00%	35-39	5.25%	40-44	5.00%	45-49	4.50%	50-54	4.00%	55-59	3.50%	60 or older	3.25%	*Includes inflation at 2.50%		Age-based rated based on plan experience per the rates above.		The salary increase assumption was adjusted to reflect a one-time 1.00% increase at May 1, 2025.		<table><tr><th colspan="2">Percentage</th></tr><tr><th><u>Age</u></th><th><u>Increase*</u></th></tr><tr><td>Less than 35</td><td>6.00%</td></tr><tr><td>35-39</td><td>5.25%</td></tr><tr><td>40-44</td><td>4.00%</td></tr><tr><td>45-49</td><td>3.50%</td></tr><tr><td>50-54</td><td>3.00%</td></tr><tr><td>55-59</td><td>2.50%</td></tr><tr><td>60 or older</td><td>2.25%</td></tr><tr><td colspan="2">*Includes inflation at 2.50%</td></tr><tr><td colspan="2">Age-based rated based on plan experience per the rates above.</td></tr><tr><td colspan="2">The salary increase assumption was adjusted to reflect a one-time 2.00% increase at May 1, 2024.</td></tr></table>	Percentage		<u>Age</u>	<u>Increase*</u>	Less than 35	6.00%	35-39	5.25%	40-44	4.00%	45-49	3.50%	50-54	3.00%	55-59	2.50%	60 or older	2.25%	*Includes inflation at 2.50%		Age-based rated based on plan experience per the rates above.		The salary increase assumption was adjusted to reflect a one-time 2.00% increase at May 1, 2024.	
Percentage																																																		
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Retirement rates	Age-graded rates that participants are assumed to retire from age 52 through age 75 based on plan experience. The assumption was updated to reflect the results of the most recent experience study.	Age-graded rates that participants are assumed to retire from age 52 through age 75 based on plan experience.																																																
Cost of living adjustments	None	None																																																
Experience study date	May 1, 2024	May 1, 2019																																																

**South Broward Hospital District
d/b/a Memorial Healthcare System**

Notes to Financial Statements

Note 10. Employer Pension Disclosures, As Required By GASB Statement No. 68 (Continued)

Discount Rate

The discount rate used to measure the total pension liability reported by the System as of April 30, 2026, was 7.00%, reflecting no change from the prior year. The discount rate used to measure the total pension liability reported by the System as of April 30, 2025, was 7.00%, reflecting a 0.40% increase from the discount rate used to measure the total pension liability reported by the System as of April 30, 2024. The projection of cash flows used to determine the discount rate assumed that employer contributions are made at 100% of the annual actuarial determined value and that future contributions will be made in the same manner. Based on these assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive plan participants. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The Florida Statutes require the System to make an actuarially determined contribution to the Plan each year. Thus, as long as the System continues to fund the Plan based on the contributions, the Plan will remain adequately funded. Actuaries perform a valuation on census data and asset information every year as of May 1st. The annual valuation includes a contribution amount that the System funds each year. An alternative method applies for the System due to the Florida Statutes, requiring that the System funds an actuarially determined dollar amount of contribution each year. As long as the System remains financially able to make the contributions each year, there will not likely be a point in time where the Plan will run out of money and not be able to make benefit payments.

Investment Policy

The Board adopted an investment policy for the Plan that adheres to the investment guidelines and permissible investments outlined in Florida Statutes, Title XIV, Chapters 215.44 and 215.47. The investment policy has target percentages for certain asset classes and permits variances of +/- 5% as an allowable range. The Board and its Finance Committee uses an independent registered financial advisor to assist in monitoring investment activities, investment policy formulation and investment manager selection. The following are the Board's adopted investment policy asset allocation midpoint percentages for both the measurement dates as of April 30, 2025 and 2024:

Asset Class	Allocation Percentage
Domestic equity	10.0%
Global equity:	
Value	17.5%
Growth	27.5%
Defensive equity strategy	10.0%
Fixed Income:	
Core fixed income	25.0%
Senior secured bank loans	5.0%
High yield	5.0%
Total Plan	100.0%

Notes to Financial Statements

Note 10. Employer Pension Disclosures, As Required By GASB Statement No. 68 (Continued)

The Plan provides the following guidelines and restrictions for the asset classes authorized:

- **Domestic equity:** The following list of investments may be purchased in the Domestic equity portfolio: common and preferred stock; securities convertible into common stock, including 144a stock limited to 10% of the portfolio and must be in securities that are of size to be index eligible; warrants; American Depositary Receipts; no-load mutual funds; bank, trust or insurance company pooled funds; cash and cash equivalents; exchange traded funds; and initial public offerings. Large and small capitalization companies and defensive or enhanced indexing strategies utilizing domestic large cap equity index funds and/or exchange traded funds in combination with futures and swaps are included as domestic equities.
- **Global equity (including dedicated emerging markets):** The following list of investments may be purchased in a global equity portfolio: common and preferred stocks of issuers whose primary stock exchange listing, registration or headquarters are located in the United States, or countries comprising the Morgan Stanley Capital International All Country World Index (MSCI ACWI Index). The exceptions to this are stocks in emerging markets, subject to certain limitations. Other permissible investments include: securities convertible into common stock, including offerings under Securities Act Rule 144, limited to 20% of the portfolio at market value; warrants; ADRs listed on a major U.S. exchange; forward contracts for foreign currency to be used in defensive hedging only; World Equity Benchmarks (WEBs); exchange traded funds; initial public offerings (only after notification to the System's Finance Committee and its Investment Consultant); no-load mutual funds; bank, trust or insurance company pooled funds; and cash or cash equivalents.
- **Fixed income:** The following list of investments may be purchased in the fixed-income portfolios: U.S. Treasury obligations, Treasury inflation protected bonds, government agencies and government sponsored agency debentures and mortgage pass-through; mortgage-backed To-Be-Announced (TBA) notes; collateralized mortgage obligations, limited to 25% of the portfolio; non-agency issued mortgages originated in Florida per Statute 215.47(2)(b)(c)(d); commercial mortgage-backed securities; corporate bonds and other corporate obligations, including equipment trust certificates; high-yield bonds and secured bank loans; 144a fixed income securities with and without registration rights; asset-backed securities; indexed notes, floaters, and other variable rate obligations; pooled accounts or other collective investment funds; certificates of deposit, bankers' acceptances, and commercial paper rated at least A-1 by S&P or P-1 by Moody's; mutual funds; municipal bonds; complex tranches of collateralized mortgage obligations, asset-backed securities, and commercial mortgage-backed securities (including interest only, principal only, super floaters, inverse floaters, and support bonds), limited to 10% of the portfolio at market value; and U.S. dollar global bonds and non-U.S. dollar global bonds, limited to 5% each (10% total) of the portfolio at market value. Investments not listed above may be purchased only if the investment manager receives written approval from the System's Finance Committee.
- **Alternative investments—long/short equity hedge fund:** A hedge fund refers to an investment or strategy that is not a long-only portfolio of traditional equity. The Plan will generally invest in strategies that have at least yearly liquidity and reasonable levels of transparency.

**South Broward Hospital District
d/b/a Memorial Healthcare System**

Notes to Financial Statements

Note 10. Employer Pension Disclosures, As Required By GASB Statement No. 68 (Continued)

Pension Plan Fiduciary Net Position

Stand-alone financial statements are not issued for the Plan. Detailed information about the pension plan's fiduciary net position used to compute the System's net pension liability as of April 30, 2026 and 2025, is available in the separately issued financial statements of the System for the years ended April 30, 2025 and 2024, which include the pension trust fund statements that can be obtained from the System's website at www.mhs.net.

Expected Rate of Return

The projected long-term rate of return on pension plan investments at April 30, 2025 and 2024, was determined using a model of current capital market simulations. It is designed to simulate a wide range of plausible scenarios of future capital market performance over a 10-year time period. It reflects the capital market conditions prevailing at the start date of the simulation. The long-term rate of return on pension plan investments was determined using best-estimate ranges of expected future rates of return (expected returns, net of pension plan investment expense) developed for each major asset class. These ranges are combined to support the long-term expected rate of return assumptions for the Plan by weighting the expected future rates of return by the asset allocation percentage and by considering active and passive management investment strategies. Best estimates of arithmetic real rates of return (expected returns, net of pension plan investment expense and inflation) for major assets classes included in the Plan's asset allocations as of the measurement date April 30, 2025 and 2024, as reported by the System as of April 30, 2026 and 2025, respectively, are summarized in the following table:

Asset Class	2026	2025
	Long-Term Expected Real Rate of Return	
US Large-Cap Equity	4.7%	3.9%
US Small / Mid-Cap Equity	*	4.7%
Global Equity	4.9%	4.4%
US Aggregate Bond	2.5%	2.4%
US High Yield Corporate Bond	4.8%	4.6%
US Leverage Loan	3.9%	4.0%

* Not available based on rates of return modeling changes year over year

**South Broward Hospital District
d/b/a Memorial Healthcare System**

Notes to Financial Statements

Note 10. Employer Pension Disclosures, As Required By GASB Statement No. 68 (Continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the sensitivity of the net pension liability calculation to a 1.0% increase and a 1.0% decrease in the discount rate used to measure the total pension liability as of the measurement date of April 30, 2025 and 2024, as reported by the System as of April 30, 2026 and 2025, respectively (in thousands):

	2026		
	Current		
	1% Decrease 6.00%	Discount Rate 7.00%	1% Increase 8.00%
Net pension liability (asset)	\$ 156,930	\$ 40,663	\$ (58,926)
	2025		
	Current		
	1% Decrease 6.00%	Discount Rate 7.00%	1% Increase 8.00%
Net pension liability (asset)	\$ 165,205	\$ 41,944	\$ (62,070)

Note 11. Pension Plan Disclosures, As Required by GASB Statement No. 67

The net pension liability of the Plan as of April 30, 2026 to be reported by the System as of April 30, 2027, was measured as of April 30, 2026. The total pension liability of the Plan as of April 30, 2026, is based on the liability determined using May 1, 2025 census data and a May 1, 2025 valuation date using update procedures to roll forward to the measurement date of April 30, 2026. The net pension liability as of April 30, 2025 to be reported by the System as of April 30, 2026, was measured as of April 30, 2025. The total pension liability of the Plan as of April 30, 2025, is based on the liability determined using May 1, 2024 census data and a May 1, 2024 valuation date using update procedures to roll forward to the measurement date of April 30, 2025.

The components of the net pension liability as of the Plan's years ended April 30, 2026 and 2025, were as follows (in thousands):

	2026	2025
Net pension liability		
Total pension liability	\$ 1,110,624	\$ 1,084,628
Plan fiduciary net position	(1,159,323)	(1,043,965)
Net pension (asset) liability	\$ (48,699)	\$ 40,663
Plan fiduciary net position as a percentage of the total pension liability	104.4%	96.3%

**South Broward Hospital District
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Notes to Financial Statements

Note 11. Pension Plan Disclosures, As Required by GASB Statement No. 67 (Continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the sensitivity of the net pension liability calculation to a 1.0% increase and a 1.0% decrease in the discount rate used to measure the total pension liability as of April 30, 2026 and 2025 (in thousands):

	2026		
	Current		
	1% Decrease 6.00%	Discount Rate 7.00%	1% Increase 8.00%
Net pension liability (asset)	\$ 68,926	\$ (48,699)	\$ (149,661)
	2025		
	Current		
	1% Decrease 6.00%	Discount Rate 7.00%	1% Increase 8.00%
Net pension liability (asset)	\$ 156,930	\$ 40,663	\$ (58,926)

**South Broward Hospital District
d/b/a Memorial Healthcare System**

Notes to Financial Statements

Note 11. Pension Plan Disclosures, As Required by GASB Statement No. 67 (Continued)

Actuarial Methods and Assumptions

Significant assumptions used in the May 1, 2025 and 2024 valuations, with measurement dates of April 30, 2026 and 2025, under GASB Statement No. 67 were based on the results of an actuarial experience study performed in May 1, 2024 incorporating five years census data from May 1, 2019 to May 1, 2024. The assumptions used to measure the total pension liability as of the measurement dates of April 30, 2026 and 2025, were based on actuarial valuation dates of May 1, 2025 and 2024, as follows:

	2026	2025
Measurement date	April 30, 2026	April 30, 2025
Valuation date	May 1, 2025, rolled forward from May 1, 2025 to April 30, 2026	May 1, 2024, rolled forward from May 1, 2024 to April 30, 2025
Actuarial cost method	Entry age normal actuarial cost method	Entry age normal actuarial cost method
Asset valuation method	Fair market value for plan investments	Fair market value for plan investments
Long-term expected rate of return	7.00%	7.00%
Discount rate	7.00%	7.00%
Mortality rates	Based on the Pri-2012 Benefits-weighted Employee and Annuitant Mortality tables for males and females projected from 2012 using generational projection Scale MP-2021 for males and females.	Based on the Pri-2012 Benefits-weighted Employee and Annuitant Mortality tables for males and females projected from 2012 using generational projection Scale MP-2021 for males and females.
Projected salary increases	Percentage	
	Age	Increase*
	Less than 35	6.00%
	35-39	5.25%
	40-44	5.00%
	45-49	4.50%
	50-54	4.00%
	55-59	3.50%
	60 or older	3.25%
	*Includes inflation at 2.50%	
Age-based rated based on plan experience per the rates above.		
The salary increase assumption was adjusted to reflect a one-time 1.00% increase at May 1, 2026.		
Retirement rates	Age-graded rates that participants are assumed to retire from age 52 through age 75 based on plan experience.	Age-graded rates that participants are assumed to retire from age 52 through age 75 based on plan experience.
	The assumption was updated to reflect the results of the most recent experience study.	The assumption was updated to reflect the results of the most recent experience study.
Cost of living adjustments	None	None
Experience study date	May 1, 2024	May 1, 2024

**South Broward Hospital District
d/b/a Memorial Healthcare System**

Notes to Financial Statements

Note 11. Pension Plan Disclosures, As Required by GASB Statement No. 67 (Continued)

Discount Rate

The discount rate used to measure the total pension liability of the Plan as of April 30, 2026, was 7.00%, reflecting no change from April 30, 2025. The discount rate used to measure the total pension liability of the Plan as of April 30, 2025, was 7.00%, reflecting no change from the discount rate used to measure the total pension liability of the Plan as of April 30, 2024. The projection of cash flows used to determine the discount rate assumed that employer contributions are made at 100% of the annual actuarial determined value and that future contributions will be made in the same manner. Based on these assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive plan participants. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The Florida Statutes require the System to make an actuarially-determined contribution to the Plan each year. Thus, as long as the System continues to fund the Plan based on the actuarially-determined contributions, the Plan will remain adequately funded. The valuation includes the annual contribution amount that the System funds each year. An alternative method applies for the System due to the Florida Statutes, requiring that the System fund an actuarially determined dollar amount of contribution each year. As long as the System remains financially able to make the contributions each year, there will never be a point in time where the Plan will run out of money and not be able to make the benefit payments.

Termination and Retirement Rates

As part of the demographic assumption studies performed every three to five years, to ensure that assumptions are still appropriate for the population, a study of termination and retirement rates was performed for the May 1, 2024 valuation. The results of this study were not significant to the Plan valuations.

Lump-Sum Election Rate

The Plan was amended effective August 1, 2024, to remove the \$50,000 ceiling on the lump-sum optional form of payment. Accordingly, it was assumed that 30% of active participants who terminate or retire will elect to receive their retirement benefit as a lump sum. This assumption was used to measure the total pension liability of the Plan as of April 30, 2026.

Rate of Return

For the years ended April 30, 2026 and 2025, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 16.2% and 7.7%, respectively. The money-weighted rate of return is used to express investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Expected Rate of Return

The projected long-term rate of return on pension plan investments at April 30, 2026 and 2025, was determined using a model of current capital market simulations. It is designed to simulate a wide range of plausible scenarios of future capital market performance over a 30-year time period. It reflects the capital market conditions prevailing at the start date of the simulation. The long-term rate of return on pension plan investments was determined using best-estimate ranges of expected future rates of return (expected returns, net of pension plan investment expense) developed for each major asset class. These ranges are combined to support the long-term expected rate of return assumptions for the Plan by weighting the expected future rates of return by the largest asset allocation percentage and by considering active and passive investment strategies.

**South Broward Hospital District
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Notes to Financial Statements

Note 11. Pension Plan Disclosures, As Required by GASB Statement No. 67 (Continued)

Best estimates of arithmetic real rates of return (expected returns, net of pension plan investment expense and inflation) for major asset classes included in the Plan's asset allocations as of April 30, 2026 and 2025, are summarized in the following table:

Asset Class	2026	2025
	Long-Term Expected Real Rate of Return	
U.S. Large-Cap Equity	4.4%	4.7%
Global Equity	4.7%	4.9%
U.S. Aggregate Bond	2.7%	2.5%
U.S. High Yield Corporate Bond	5.1%	4.8%
U.S. Leveraged Loan	4.1%	3.9%

Fair Value Measurements—Pension Plan Assets

The tables below present the fair value leveling of the Plan's investments as of April 30, 2026 and 2025, in accordance with GASB Statement No. 72 (in thousands):

	2026		
	Level 1	Level 2	Total
Asset-backed / Mortgage obligations	\$ -	\$ 12,635	\$ 12,635
Corporate debt	-	119,500	119,500
Floating rate mutual fund	-	60,258	60,258
Foreign bonds	-	9,716	9,716
Global mutual funds	267,315	-	267,315
International equities	75,261	22,503	97,764
SEC-registered money market funds	19,948	-	19,948
U.S. agencies / U.S. agency mortgage bonds	-	72,620	72,620
U.S. equities	133,916	3,875	137,791
U.S. equity exchange traded funds	216,523	(576)	215,947
U.S. treasuries	142,805	-	142,805
	<u>\$ 855,768</u>	<u>\$ 300,531</u>	<u>\$ 1,156,299</u>

**South Broward Hospital District
d/b/a Memorial Healthcare System**

Notes to Financial Statements

Note 11. Pension Plan Disclosures, As Required by GASB Statement No. 67 (Continued)

	2025		
	Level 1	Level 2	Total
Asset-backed / Mortgage obligations	\$ -	\$ 8,646	\$ 8,646
Corporate debt	-	98,202	98,202
Floating rate mutual fund	-	56,327	56,327
Foreign bonds	-	7,331	7,331
Global mutual funds	271,549	-	271,549
International equities	71,191	15,788	86,979
SEC-registered money market funds	18,872	-	18,872
U.S. agencies / U.S. agency mortgage bonds	-	81,657	81,657
U.S. equities	145,870	4,225	150,095
U.S. equity exchange traded funds	176,033	-	176,033
U.S. treasuries	86,177	-	86,177
	<u>\$ 769,692</u>	<u>\$ 272,176</u>	<u>\$ 1,041,868</u>

Interest Rate Risk

Interest rate risk exposure is managed by limiting investment maturities in accordance with parameters in the Plan's investment policy. At April 30, 2026 and 2025, the Plan had investments maturing as follows (in thousands):

	2026				
	Fair Value	No Maturity Date or Less than 1 Year	1 -5 Years	6-10 Years	Greater Than 10 Years
Asset-backed / Mortgage obligations	\$ 12,635	\$ -	\$ 6,654	\$ 2,245	\$ 3,736
Corporate debt	119,500	8,459	63,112	29,833	18,096
Floating rate mutual fund	60,258	60,258	-	-	-
Foreign bonds	9,716	457	6,916	733	1,610
Global mutual funds	267,315	267,315	-	-	-
International equities	97,764	97,764	-	-	-
SEC-registered money market funds	19,948	19,948	-	-	-
U.S. agencies / U.S. agency mortgage bonds	72,620	-	1,640	7,642	63,338
U.S. equities	137,791	137,791	-	-	-
U.S. equity exchange traded funds	215,947	215,947	-	-	-
U.S. treasuries	142,805	57,251	33,746	22,225	29,583
	<u>\$ 1,156,299</u>	<u>\$ 865,190</u>	<u>\$ 112,068</u>	<u>\$ 62,678</u>	<u>\$ 116,363</u>

**South Broward Hospital District
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Notes to Financial Statements

Note 11. Pension Plan Disclosures, As Required by GASB Statement No. 67 (Continued)

	2025				
	Fair Value	No Maturity Date or Less than 1 Year	1 -5 Years	6-10 Years	Greater Than 10 Years
Asset-backed / Mortgage obligations	\$ 8,646	\$ 13	\$ 5,029	\$ 1,241	\$ 2,363
Corporate debt	98,202	6,344	54,411	21,975	15,472
Floating rate mutual fund	56,327	56,327	-	-	-
Foreign bonds	7,331	-	3,440	2,487	1,404
Global mutual funds	271,549	271,549	-	-	-
International equities	86,979	86,979	-	-	-
SEC-registered money market funds	18,872	18,872	-	-	-
U.S. agencies / U.S. agency mortgage bonds	81,657	-	5,258	7,807	68,592
U.S. equities	150,095	150,095	-	-	-
U.S. equity exchange traded funds	176,033	176,033	-	-	-
U.S. treasuries	86,177	50,310	13,413	6,393	16,061
	<u>\$ 1,041,868</u>	<u>\$ 816,522</u>	<u>\$ 81,551</u>	<u>\$ 39,903</u>	<u>\$ 103,892</u>

**South Broward Hospital District
d/b/a Memorial Healthcare System**

Notes to Financial Statements

Note 11. Pension Plan Disclosures, As Required by GASB Statement No. 67 (Continued)

Credit Risk

The Plan's investment policy provides guidelines for fixed income investment managers that require:

- fixed income securities should be rated BBB (or, its equivalent) or higher at the time of purchase by a nationally recognized statistical rating agency;
- the minimum dollar weighted average credit quality of the portfolio is "A";
- asset-backed securities, mortgage-backed securities and collateralized mortgage obligations should be rated "AAA" (or, its equivalent) at the time of purchase by a nationally recognized statistical rating agency;
- for split ratings, the higher rating will be used to determine compliance; and
- fixed income securities not in these guidelines shall be authorized by the Board.

At April 30, 2026 and 2025, the Plan's investments have credit ratings as follows (in thousands):

	S&P Rating or Comparable as of April 30, 2026														
	Total	AAA	AA+	AA	AA-	A+	A	A-	BBB+	BB+	B+	BBB	BBB-	Below BBB-	Not rated
Asset-backed / Mortgage obligations	\$ 12,635	\$ 12,635	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Corporate debt	119,500	4,416	14,529	1,595	6,809	8,679	11,284	11,165	8,765	6,442	7,089	15,181	14,582	8,964	-
Floating rate mutual fund	60,258	-	-	-	-	-	-	-	-	-	-	-	-	-	60,258
Foreign bonds	9,716	-	-	-	733	770	1,437	2,572	2,670	841	93	-	457	143	-
Global mutual funds	267,315	-	-	-	-	-	-	-	-	-	-	-	-	-	267,315
International equities	97,764	-	-	-	-	-	-	-	-	-	-	-	-	-	97,764
SEC-registered money market funds	19,948	19,948	-	-	-	-	-	-	-	-	-	-	-	-	-
U.S. agencies / U.S. agency mortgage bonds	72,620	4,877	67,743	-	-	-	-	-	-	-	-	-	-	-	-
U.S. equities	137,791	-	-	-	-	-	-	-	-	-	-	-	-	-	137,791
U.S. equity exchange traded funds	215,947	-	-	-	-	-	-	-	-	-	-	-	-	-	215,947
U.S. treasuries	142,805	-	142,805	-	-	-	-	-	-	-	-	-	-	-	-
	<u>\$ 1,156,299</u>	<u>\$ 41,876</u>	<u>\$ 225,077</u>	<u>\$ 1,595</u>	<u>\$ 7,542</u>	<u>\$ 9,449</u>	<u>\$ 12,721</u>	<u>\$ 13,737</u>	<u>\$ 11,435</u>	<u>\$ 7,283</u>	<u>\$ 7,182</u>	<u>\$ 15,181</u>	<u>\$ 15,039</u>	<u>\$ 9,107</u>	<u>\$ 779,075</u>

**South Broward Hospital District
d/b/a Memorial Healthcare System**

Notes to Financial Statements

Note 11. Pension Plan Disclosures, As Required by GASB Statement No. 67 (Continued)

	S&P Rating or Comparable as of April 30, 2025															
	Total	AAA	AA+	AA	AA-	A+	A	A-	BBB+	BB+	B+	BBB	BBB-	Below BBB-	Not rated	
Asset-backed / Mortgage obligations	\$ 8,646	\$ 8,646	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Corporate debt	98,202	1,536	1,136	660	4,401	4,129	9,148	9,749	10,196	8,860	3,782	18,187	14,786	11,632	-	
Floating rate mutual fund	56,327	-	-	-	-	-	-	-	-	-	-	-	-	-	56,327	
Foreign bonds	7,331	-	-	-	-	619	981	3,284	399	785	796	-	-	467	-	
Global mutual funds	271,549	-	-	-	-	-	-	-	-	-	-	-	-	-	271,549	
International equities	86,979	-	-	-	-	-	-	-	-	-	-	-	-	-	86,979	
SEC-registered money market funds	18,872	18,872	-	-	-	-	-	-	-	-	-	-	-	-	-	
U.S. agencies / U.S. agency mortgage bonds	81,657	-	81,657	-	-	-	-	-	-	-	-	-	-	-	-	
U.S. equities	150,095	-	-	-	-	-	-	-	-	-	-	-	-	-	150,095	
U.S. equity exchange traded funds	176,033	-	-	-	-	-	-	-	-	-	-	-	-	-	176,033	
U.S. treasuries	86,177	62,253	23,924	-	-	-	-	-	-	-	-	-	-	-	-	
	\$ 1,041,868	\$ 91,307	\$ 106,717	\$ 660	\$ 4,401	\$ 4,748	\$ 10,129	\$ 13,033	\$ 10,595	\$ 9,645	\$ 4,578	\$ 18,187	\$ 14,786	\$ 12,099	\$ 740,983	

**South Broward Hospital District
d/b/a Memorial Healthcare System**

Notes to Financial Statements

Note 11. Pension Plan Disclosures, As Required by GASB Statement No. 67 (Continued)

Concentration of Credit Risk

The Plan's investment policy provides the following guidelines to limit concentration of credit risk:

- No more than 10% of a fixed income portfolio shall be invested in securities of any one issuer with the exception of the U.S. government;
- No more than 3% of Plan assets may be invested in any one bond, with the exception of securities issued or guaranteed by the U.S. government; and
- No more than 50% of fixed income assets may be in non-government guaranteed agency securities.

At April 30, 2026 and 2025, there were no investments with any one issuer representing 5% or more of the Plan's total investments.

Custodial Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the Plan may not be able to recover the full value of the investment or collateral securities that are in the possession of an outside party. As of April 30, 2026 and 2025, the Plan's investment portfolio was held in accounts with two third-party custodians in the Plan's name.

Foreign Currency Risk

GASB Statement No. 40, *Deposit and Investment Risk Disclosures—an amendment of GASB Statement No. 3*, requires disclosure of deposits or investments exposed to foreign currency risk, which is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit. The Plan's exposure to foreign currency derives from its positions in foreign currency denominated equities.

As of April 30, 2026 and 2025, global equities had a target percentage of 25% and an approved Policy range of 0% to 80% of the Plan's assets. The following table shows the Plan's exposure to foreign currencies as of April 30, 2026 and 2025 (in thousands):

Currency	2026	2025
Australian dollar	\$ 420	\$ 3,101
British sterling pound	4,171	12,394
Canadian dollar	2,096	8,192
Danish krone	-	5,148
EMU (euro)	12,136	22,426
Hong Kong dollar	4,345	3,661
Japanese yen	4,835	9,792
Swiss franc	3,229	6,676
Total Plan investments subject to foreign currency risk	<u>\$ 31,232</u>	<u>\$ 71,390</u>

**South Broward Hospital District
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Notes to Financial Statements

Note 12. Defined-Contribution Plans

The System implemented the 401(a) Plan for employees who were hired or had a status change on or after November 1, 2011. The 401(a) Plan is a defined-contribution plan under which the System makes required contributions for each eligible employee. Prior to January 1, 2024, eligible employees were defined as those who were full-time (working 72 hours or more per pay period), who were paid 1,872 eligible hours (regular hours excluding overtime) in a calendar year or at least 1,404 eligible hours in their first calendar year of participation, and who maintain active employment status on the last day of the calendar year. The required employer contribution was equal to 2.5% of eligible compensation during such Plan year and an employee was 100% vested after five contributions. Beginning January 1, 2024, employees are now immediately eligible if they are age 21 and a full-time employee expected to work 72 or more hours biweekly. The System increased its required contribution to 3.0% and shortened the time it takes to be vested in matching contributions to three years. In order to receive a contribution, employees must be actively employed on December 31st each year and work at least 1,872 hours during the calendar year. However, no hours are required for the year in which employees are hired.

Eligible employees may also participate in the Memorial Healthcare System 403(b) Retirement Plan (the RSP Gold Plan). Employees are eligible to participate immediately, and full-time and part-time regularly scheduled employees who work 40 or more hours per pay period are eligible to receive employer matching contributions. The RSP Gold Plan is a defined contribution plan under which the System makes required contributions of up to 55% of the employee's contribution (based on the employee's years of service), not to exceed 5% of the employee's eligible compensation. Prior to January 1, 2024, employees vested 20% per year of employment for employer matched funds. Beginning January 1, 2024, the System amended the RSP Gold Plan to shorten the vesting period from a five year to a three-year cliff vesting schedule, and to permit Roth elective deferrals, and allow enhanced catch-up contributions for participants ages 60 through 63.

Participants in the 401(a) Plan and RSP Gold Plan can elect investment options for their individual accounts from among the allowable mutual fund options. In the event investment elections are not provided by the participant, the 401(a) and RSP Gold Plan utilize target date funds as the Qualified Default Investment Alternative. The System's contribution and interest forfeited by employees who leave employment before vesting will periodically be used to reduce the System's current period contribution requirement. For the year ended April 30, 2026 and 2025, the System's contribution expense was approximately \$28,311,000 and \$24,214,000, respectively, for the 401(a) Plan and approximately \$27,805,000 and \$31,158,000, respectively, for the RSP Gold Plan, and is included in employee benefits expense in the accompanying statements of revenues, expenses and changes in net position.

Note 13. Regulatory Matters

In May 1984, the State Legislature enacted the Health Care Consumer Protection and Awareness Act (the Act) in an effort to improve access to medical care for indigent persons. The Act established, among other things, the Public Medical Assistance Trust Fund (PMATF), which is financed by an assessment on the net operating revenues of Florida hospitals. In 1992, the State Legislature transferred the authority to levy assessments to AHCA. The amount of the PMATF assessment is 1.5% of adjusted inpatient operating revenue and 1.0% of adjusted outpatient operating revenue. In addition, an assessment of 0.04% of total operating expenses is levied to be used in the operation of AHCA in the performance of its various functions and duties. The assessed amount recognized by the System was approximately \$43,054,000 and \$40,211,000 for the years ended April 30, 2026 and 2025, respectively, and is included in other operating expenses in the accompanying statements of revenues, expenses and changes in net position.

**South Broward Hospital District
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Notes to Financial Statements

Note 13. Regulatory Matters (Continued)

Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. Compliance with such laws and regulations can be subject to future government review and interpretation, as well as significant regulatory action, including fines, penalties and exclusion from the Medicare and Medicaid programs. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term.

Note 14. Other Noncurrent Liabilities

Other noncurrent liabilities consist primarily of accrued disability expenses, AHCA and other assessments, and retirement benefits.

A summary of the activity for other noncurrent liabilities is summarized as follows for the years ended April 30, 2026 and 2025 (in thousands):

	2026	2025
Balance at beginning of year	\$ 63,198	\$ 60,881
AHCA assessments	1,405	870
Disability expense	(3,621)	(16)
Retirement benefits	(4,869)	1,463
Balance at end of year	<u>\$ 56,113</u>	<u>\$ 63,198</u>

Note 15. Leases

Lessee: As a lessee, the System is obligated under various noncancellable operating leases for office space, medical equipment, and data processing equipment. These leases have terms greater than one year and up to sixteen years, requiring monthly, quarterly or annual payments. Many of the System's leases include escalation clauses and renewal options that are factored into the determination of lease payments, when appropriate. In addition, the System expenses variable payments for increases that are based on the consumer price index (CPI) as well as variable payments based on usage which are not included in the measurement of the lease liability. The amount of lease expense recognized for variable payments not included in the measurement of the lease liability was approximately \$24,000 and \$70,000 for the years ended April 30, 2026 and 2025, respectively.

Effective November 20, 2024, the System acquired the land, buildings, structures, and site improvements located at the Memorial Hospital Pembroke campus for a total purchase price of \$96,000,000. As part of the transaction, the System also paid a \$4,000,000 lease termination fee to end the existing lease, which was scheduled to expire on June 30, 2025. As a result, the System recognized lease termination expense of approximately \$3,837,000 for the year ended April 30, 2025, which is included in other operating expenses in the accompanying statements of revenues, expenses and changes in net position. In connection with the termination, the related right-to-use asset and lease liability were derecognized in the accompanying statements of net position.

For the years ended April 30, 2026 and 2025, the System did not recognize other payments attributable to residual value guarantees or termination penalties not previously included in the measurement of the lease liability, with the exception of the amounts disclosed above.

**South Broward Hospital District
d/b/a Memorial Healthcare System**

Notes to Financial Statements

Note 15. Leases (Continued)

A summary of the activity for right-to-use lease assets and the related accumulated amortization is as follows for the years ended April 30, 2026 and 2025 (in thousands):

	Balance at May 1, 2025	Additions	Deletions	Balance at April 30, 2026
Leased assets being amortized:				
Equipment	\$ 1,300	\$ 843	\$ -	\$ 2,143
Real estate	74,676	7,071	(793)	80,954
Total leased assets being amortized	75,976	7,914	(793)	83,097
Accumulated amortization:				
Equipment	(520)	(443)	-	(963)
Real estate	(24,989)	(10,258)	-	(35,247)
Total accumulated amortization	(25,509)	(10,701)	-	(36,210)
Total, net of accumulated amortization	\$ 50,467	\$ (2,787)	\$ (793)	\$ 46,887
	Balance at May 1, 2024	Additions	Deletions	Balance at April 30, 2025
Leased assets being amortized:				
Equipment	\$ 11,212	\$ 362	\$ (10,274)	\$ 1,300
Real estate	79,404	11,750	(16,478)	74,676
Total leased assets being amortized	90,616	12,112	(26,752)	75,976
Accumulated amortization:				
Equipment	(7,733)	(3,061)	10,274	(520)
Real estate	(26,229)	(12,246)	13,486	(24,989)
Total accumulated amortization	(33,962)	(15,307)	23,760	(25,509)
Total, net of accumulated amortization	\$ 56,654	\$ (3,195)	\$ (2,992)	\$ 50,467

A summary of the activity for the lease payable balance is as follows for the years ended April 30, 2026 and 2025 (in thousands):

	2026	2025
Balance at beginning of year	\$ 54,077	\$ 58,797
Additions	7,914	12,112
Deletions	(793)	(3,214)
Lease payments	(9,135)	(13,618)
Balance at end of year	\$ 52,063	\$ 54,077

**South Broward Hospital District
d/b/a Memorial Healthcare System**

Notes to Financial Statements

Note 15. Leases (Continued)

Maturities of the lease payable balance for the next five years and thereafter are shown in the table below (in thousands):

	Principal	Interest	Total
Year Ending April 30:			
2027	\$ 9,353	\$ 1,585	\$ 10,938
2028	10,282	1,245	11,527
2029	9,785	915	10,700
2030	7,022	637	7,659
2031	4,724	450	5,174
2032-2036	10,409	750	11,159
2037-2041	488	19	507
	<u>\$ 52,063</u>	<u>\$ 5,601</u>	<u>\$ 57,664</u>

Lessor: As a lessor, the System leases medical and retail office space in its managed facilities. These leases have terms greater than one year and up to eight years requiring monthly or annual payments. Many of the System's leases include escalation clauses and renewal options that are factored into the determination of lease payments, when appropriate. In addition, the System receives variable payments for increases that are based on CPI, which are not included in the measurement of the lease receivable. For the years ended April 30, 2026 and 2025, the System recognized approximately \$8,000 and \$704,000, respectively, in lease termination income, which is included in nonoperating revenues, net in the accompanying statements of revenues, expenses and changes in net position. For the years ended April 30, 2026 and 2025, the System did not recognize other payments attributable to residual value guarantees or termination penalties not previously included in the measurement of the lease receivable, with the exception of the amounts disclosed above.

As of April 30, 2026 and 2025, the short-term lease receivable was approximately \$4,492,000 and \$4,775,000, respectively, and the long-term lease receivable was approximately \$7,499,000 and \$10,234,000, respectively, which is included in other current assets and other assets, respectively, in the accompanying statements of net position. The total amount of inflows of resources recognized for the years ended April 30, 2026 and 2025, is as follows (in thousands):

	2026	2025
Lease revenue (*)	\$ 4,921	\$ 5,059
Interest income	700	707
Other variable	5	2

(*) Lease revenue is included net of expenses within Nonoperating revenues, net, in the accompanying statements of revenues, expenses, and changes in net position.

**South Broward Hospital District
d/b/a Memorial Healthcare System**

Notes to Financial Statements

Note 16. Subscription-Based Information Technology Arrangements

On May 1, 2023, the System implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, which requires SBITAs with durations greater than twelve months to be recognized on the statements of net position.

These subscriptions have terms greater than one year and up to ten years requiring monthly, quarterly, or annual payments. Many of the System's subscriptions include escalation clauses and renewal options that are factored into the determination of subscription payments, when appropriate. In addition, the System expenses variable payments for increases that are based on CPI as well as variable payments based on usage which are not included in the measurement of the subscription liability. The amount of subscription expense recognized for variable payments not included in the measurement of the subscription liability was approximately \$3,002,000 and \$3,692,000 for the years ended April 30, 2026 and 2025, respectively. As of April 30, 2026, the System's commitments under SBITAs before the commencement of the subscription term were approximately \$30,944,000. For the years ended April 30, 2026 and 2025, the System did not recognize other payments attributable to residual value guarantees or termination penalties not previously included in the measurement of the subscription liability.

A summary of the activity for right-to-use subscription assets and the related accumulated amortization is as follows for the years ended April 30, 2026 and 2025 (in thousands):

	Balance at May 1, 2025	Additions	Deletions	Balance at April 30, 2026
Subscription assets being amortized	\$ 144,270	\$ 41,884	\$ (16,140)	\$ 170,014
Less accumulated amortization	(50,766)	(37,520)	15,553	(72,733)
Total, net of accumulated amortization	\$ 93,504	\$ 4,364	\$ (587)	\$ 97,281

	Balance at May 1, 2024	Additions	Deletions	Balance at April 30, 2025
Subscription assets being amortized	\$ 137,700	\$ 17,110	\$ (10,540)	\$ 144,270
Less accumulated amortization	(25,757)	(34,882)	9,873	(50,766)
Total, net of accumulated amortization	\$ 111,943	\$ (17,772)	\$ (667)	\$ 93,504

**South Broward Hospital District
d/b/a Memorial Healthcare System**

Notes to Financial Statements

Note 16. Subscription-Based Information Technology Arrangements (Continued)

A summary of the activity for the subscription liability balance is as follows for the years ended April 30, 2026 and 2025 (in thousands):

	2026	2025
Balance at beginning of year	\$ 62,856	\$ 74,320
Additions	41,884	17,075
Deletions	(710)	(575)
Payments	(33,492)	(27,964)
Balance at end of year	<u>\$ 70,538</u>	<u>\$ 62,856</u>

Maturities of the subscription liability balance for the next five years and thereafter are shown in the table below (in thousands):

	Principal	Interest	Total
Years ending April 30:			
2027	\$ 24,105	\$ 1,932	\$ 26,037
2028	17,303	1,314	18,617
2029	9,514	902	10,416
2030	7,213	604	7,817
2031	3,008	457	3,465
2032-2036	9,395	594	9,989
	<u>\$ 70,538</u>	<u>\$ 5,803</u>	<u>\$ 76,341</u>

Note 17. Compensated Absences

A summary of the activity for accrued compensated absences is summarized as follows for the years ended April 30, 2026 and 2025 (in thousands):

	2026	2025
Balance at beginning of year	\$ 188,397	\$ 176,540
Change	1,513	11,857
Balance at end of year	<u>\$ 189,910</u>	<u>\$ 188,397</u>

For the years ended April 30, 2026 and 2025, the short-term portion of accrued compensated absences was approximately \$170,807,000 and \$165,674,000, respectively, and the long-term portion was approximately \$19,103,000 and \$22,723,000, respectively. These amounts are included in accrued compensation and payroll taxes and in other noncurrent liabilities, respectively, in the accompanying statements of net position.

**South Broward Hospital District
d/b/a Memorial Healthcare System**

Notes to Financial Statements

Note 18. Nonoperating Revenues, Net

Nonoperating revenues and expenses consist of activities that are peripheral, incidental, or not considered to be central to the provision of health care services. A summary of the activity for nonoperating revenues, net is as follows for the years ended April 30, 2026 and 2025 (in thousands):

	2026	2025
Investment income and other, net	\$ 150,473	\$ 104,516
Depreciation expense	2,166	2,141
Unrealized gains on investments	143,318	117,917
Interest expense	(32,791)	(33,716)
COVID-19 relief funds	5,467	78,425
Ad valorem taxes, net	(1,768)	(1,459)
	<u>\$ 266,865</u>	<u>\$ 267,824</u>

The System recognized gross ad valorem tax revenue of approximately \$7,588,000 and \$7,492,000 for the years ended April 30, 2026 and 2025, respectively. For the years ended April 30, 2026 and 2025, the System used the gross ad valorem tax proceeds to cover the majority of the cost of its governmental obligations, including the county's Medicaid match, community redevelopment assessments and the tax collectors' fee. These amounts are reported net in nonoperating revenues in the accompanying statements of revenues, expenses and changes in net position.

Note 19. Related Parties

The System has related party relationships with two Foundations, Memorial Foundation, Inc. (Memorial Foundation) and Joe DiMaggio Children's Hospital Foundation, Inc. (JDCH Foundation), collectively referred to as the Foundations, which raise money to benefit the System and the citizens located within the South Broward Hospital District. For the years ended April 30, 2026 and 2025, the System recognized contributions from the Foundations of approximately \$3,609,000 and \$3,471,000, respectively, included in other operating revenues and approximately \$15,082,000 and \$15,818,000, respectively, included in capital contributions and grants, in the accompanying statements of revenues, expenses and changes in net position. The capital contributions and grants for the years ended April 30, 2026 and 2025, were primarily used to support the expansion of Joe DiMaggio Children's Hospital and the construction of the new surgical and patient bed tower located on the campus of Memorial Regional Hospital. As of April 30, 2026 and 2025, total receivables due from the Foundations were approximately \$5,053,000 and \$4,986,000, respectively, and were included in other current assets in the accompanying statements of net position.

Note 20. Subsequent Events

The System has evaluated the impact of subsequent events through July 13, 2026, the date on which the financial statements were issued.

Required Supplementary Information
Unaudited

**South Broward Hospital District
d/b/a Memorial Healthcare System**

**Schedule of Changes in the Plan's Net Pension Liability and Related Ratios – Unaudited
Last 10 fiscal years
(In Thousands)**

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Total pension liability										
Service cost	\$ 12,897	\$ 10,509	\$ 12,002	\$ 12,667	\$ 12,692	\$ 13,375	\$ 16,436	\$ 16,386	\$ 16,902	\$ 17,460
Interest	73,791	71,220	66,787	62,748	57,782	55,647	56,111	54,578	52,277	48,950
Differences between expected and actual experience	4,871	33,873	16,345	34,642	5,810	3,288	1,273	(13,440)	830	(926)
Changes in benefit terms	-	(17,182)	-	-	-	-	-	-	-	-
Changes in assumptions	5,129	13,581	(38,425)	10,704	7,307	10,323	(18,609)	(20,003)	-	305
Benefit payments	(70,692)	(57,987)	(43,344)	(39,210)	(35,139)	(33,013)	(35,788)	(24,903)	(20,812)	(18,572)
Net change in total pension liability	25,996	54,014	13,365	81,551	48,452	49,620	19,423	12,618	49,197	47,217
Total pension liability – beginning	1,084,628	1,030,614	1,017,249	935,698	887,246	837,626	818,203	805,585	756,388	709,171
Total pension liability – ending (a)	<u>\$ 1,110,624</u>	<u>\$ 1,084,628</u>	<u>\$ 1,030,614</u>	<u>\$ 1,017,249</u>	<u>\$ 935,698</u>	<u>\$ 887,246</u>	<u>\$ 837,626</u>	<u>\$ 818,203</u>	<u>\$ 805,585</u>	<u>\$ 756,388</u>
Plan fiduciary net position										
Contributions – employer	\$ 21,163	\$ 37,350	\$ 43,650	\$ 39,894	\$ 34,648	\$ 35,136	\$ 41,122	\$ 37,043	\$ 38,343	\$ 37,295
Net investment (loss) income	165,038	76,042	99,354	32,549	(27,097)	197,540	(8,993)	48,985	48,286	53,179
Benefit payments	(70,692)	(57,987)	(43,344)	(39,210)	(35,139)	(33,013)	(35,788)	(24,903)	(20,812)	(18,572)
Administrative expense	(151)	(110)	(111)	(105)	(162)	(192)	(225)	(235)	(225)	(261)
Net change in plan fiduciary net position	115,358	55,295	99,549	33,128	(27,750)	199,471	(3,884)	60,890	65,592	71,641
Plan fiduciary net position – beginning	1,043,965	988,670	889,121	855,993	883,743	684,272	688,156	627,266	561,674	490,033
Plan fiduciary net position – ending (b)	<u>\$ 1,159,323</u>	<u>\$ 1,043,965</u>	<u>\$ 988,670</u>	<u>\$ 889,121</u>	<u>\$ 855,993</u>	<u>\$ 883,743</u>	<u>\$ 684,272</u>	<u>\$ 688,156</u>	<u>\$ 627,266</u>	<u>\$ 561,674</u>
Plan's net pension (asset) liability – ending (a) – (b)	<u>\$ (48,699)</u>	<u>\$ 40,663</u>	<u>\$ 41,944</u>	<u>\$ 128,128</u>	<u>\$ 79,705</u>	<u>\$ 3,503</u>	<u>\$ 153,354</u>	<u>\$ 130,047</u>	<u>\$ 178,319</u>	<u>\$ 194,714</u>
Plan fiduciary net position as a percentage of total pension liability	104.4%	96.3%	95.9%	87.4%	91.5%	99.6%	81.7%	84.1%	77.9%	74.3%
Covered payroll	\$ 292,209	\$ 287,369	\$ 296,115	\$ 308,229	\$ 304,098	\$ 324,895	\$ 335,633	\$ 348,296	\$ 369,605	\$ 387,420
Plan's net pension liability as a percentage of covered payroll	(16.7%)	14.2%	14.2%	41.6%	26.2%	1.1%	45.7%	37.3%	48.2%	50.3%

The information above is reported in the System's financial statements one year in arrears.

**South Broward Hospital District
d/b/a Memorial Healthcare System**

Schedule of Changes in the Plan's Net Pension Liability and Related Ratios – Unaudited (Continued)
(In Thousands)

Notes to Schedule

Valuation date Liability determined using May 1 census data and valuation date using update procedures to roll forward to the measurement date. The census data and valuation date are both one year prior to the measurement date and the Plan fiscal year end. The System reports this liability in its financial statements one year after the measurement date.

Methods and assumptions used to determine accounting and financial reporting under GASB Statements No. 67 and No. 68.

Actuarial cost method Entry age normal actuarial cost method under GASB Statements No. 67 and No. 68.

Asset valuation method Fair market value for fiduciary net position used to determine net pension liability under GASB Statements No. 67 and No. 68.

Long-term expected rate of return 7.00% beginning with the April 30, 2024 measurement date; 6.60% beginning with the April 30, 2021 measurement date; 6.75% as of the April 30, 2020 measurement date; and 7.00% beginning with the April 30, 2016 measurement date.

Mortality rates For the May 1, 2025 and May 1, 2024 valuation, mortality rates were based on the Pri-2012 Benefits-weighted Employee and Annuitant Mortality tables for males and females projected from 2012 using generational projection Scale MP-2021 for males and females. For the May 1, 2022 and May 1, 2023 valuations, mortality rates were based on the Pri-2012 Benefits-weighted Employee, Annuitant, and Disabled Mortality tables for males and females projected from 2012 using generational projection Scale MP-2021 for males and females. For the May 1, 2021 and May 1, 2020 valuations, mortality rates were based on the Pri-2012 Benefits-weighted Employee, Annuitant, and Disabled Mortality tables for males and females projected from 2012 using generational projection Scale MP-2020 for males and females. For the May 1, 2019 valuation, mortality rates were based on the Pri-2012 Benefits-weighted Employee, Annuitant, and Disabled Mortality tables for males and females projected from 2012 using generational projection Scale MP-2018 for males and females. For the May 1, 2018 valuation, mortality rates were based on the RP-2014 Employee and Annuitant Mortality tables for males and females with the Scale MP-2014 backed out to 2006 and projected forward from 2006 generationally using Scale MP-2018 for males and females. Prior to the May 1, 2018 valuation, mortality rates were based on the RP-2014 Employee and Annuitant Mortality tables for males and females with the Scale MP-2014 backed out to 2006 and projected forward from 2006 generationally using Scale BB (male).

**South Broward Hospital District
d/b/a Memorial Healthcare System**

Schedule of Changes in the Plan's Net Pension Liability and Related Ratios – Unaudited (Continued)
(In Thousands)

Notes to Schedule

Projected salary increases	For the May 1, 2025 valuation, an age-graded salary scale was used starting at 6.00%, grading down to 3.25% and was adjusted to reflect a one-time 1.00% increase at May 1, 2026. For the May 1, 2024 valuation, an age-graded salary scale was used starting at 6.00%, grading down to 3.25% and was adjusted to reflect a one-time 1.00% increase at May 1, 2025. For the May 1, 2023 valuation, an age-graded salary scale was used starting at 6.00%, grading down to 2.25% and was adjusted to reflect a one-time 2.00% increase at May 1, 2024. For the May 1, 2022 valuation, an age-graded salary scale was used starting at 6.00%, grading down to 2.25% and was adjusted to reflect a one-time 2.00% increase at May 1, 2023. For the May 1, 2021 valuation, an age-graded salary scale was used starting at 6.00%, grading down to 2.25% and was adjusted to reflect a one-time 2.00% increase at May 1, 2022. For the May 1, 2020 valuation, an age-graded salary scale was used starting at 6.00%, grading down to 2.25%. For the May 1, 2019 valuation, an age-graded select and ultimate table of rates was used starting with 5.25% and grading down to 3.75% in 2019 and increasing 0.25% per year to 2020 when rates are 5.50% and grading down to 4.00%. For the May 1, 2018 valuation, an age-graded select and ultimate table of rates was used starting with 5.00% and grading down to 3.50% in 2018 and increasing 0.25% per year to 2020 when rates are 5.50% and grading down to 4.00%. For the May 1, 2017 valuation, an age-graded select and ultimate table of rates was used starting with 4.75% and grading down to 3.25% in 2017 and increasing 0.25% per year to 2020 when rates are 5.50% and grading down to 4.00%. For the May 1, 2016 valuation, an age-graded select and ultimate table of rates was used starting with 4.50% and grading down to 3.00% in 2016 and increasing 0.25% per year to 2020 when rates are 5.50% and grading down to 4.00%.
Retirement rates	An age-graded schedule of retirement rates was used, ranging from age 52 through 75, based on plan experience. For the May 1, 2020 and May 1, 2024 valuations, the assumption was updated to reflect the results of the most recent experience studies.
Benefit changes	Effective August 1, 2024, the Plan was amended to remove the \$50,000 ceiling on the lump sum optional form of payment.

**South Broward Hospital District
d/b/a Memorial Healthcare System**

**Schedule of System Contributions – Unaudited
Last 10 fiscal years
(In Thousands)**

	2026	2025	2024	2023	2022
Actuarially determined contribution	\$ 21,163	\$ 25,653	\$ 36,684	\$ 36,278	\$ 33,648
Contributions in relation to the actuarially determined contribution	21,163	37,350	43,650	39,894	34,648
Contribution (excess)	-	(11,697)	(6,966)	(3,616)	(1,000)
Covered payroll	292,209	287,369	296,115	308,229	304,098
Contributions as a percentage of covered payroll	7.2%	13.0%	14.7%	12.9%	11.4%
	2021	2020	2019	2018	2017
Actuarially determined contribution	\$ 35,136	\$ 38,723	\$ 37,043	\$ 38,343	\$ 37,295
Contributions in relation to the actuarially determined contribution	35,136	41,122	37,043	38,343	37,295
Contribution (excess)	-	(2,399)	-	-	-
Covered payroll	324,895	335,633	348,296	369,605	387,420
Contributions as a percentage of covered payroll	10.8%	12.3%	10.6%	10.4%	9.6%

**South Broward Hospital District
d/b/a Memorial Healthcare System**

Schedule of System Contributions – Unaudited (Continued)
Unaudited
(In Thousands)

Notes to Schedule

Valuation date Actuarially determined contributions are calculated as of the beginning of each fiscal year/plan year and interest-adjusted to the end of the year. 1/12 of this amount is paid by the System on a monthly basis.

Methods and assumptions used to determine annual required contributions.

Actuarial cost method Projected unit credit cost method.

Amortization method Beginning with the May 1, 2015 valuation – Level dollar amount, closed.

Remaining amortization period For the May 1, 2025 valuation, no amortization required, as the unfunded actuarial accrued liability is less than zero. For the May 1, 2024 and prior 1-9 years, the average future work life expectancy of the active participants in the year the amortization base is established.

Asset valuation method Five-year smoothed market value

Inflation 2.50% beginning with the May 1, 2015 valuation

Salary increases For the May 1, 2025 and May 1, 2024 valuations, an age-graded salary scale was used starting at 6.00%, grading down to 3.25%. For the May 1, 2020 to May 1, 2023 valuations, an age-graded salary scale was used starting at 6.00%, grading down to 2.25%. For the May 1, 2019 valuation, an age-graded select and ultimate table of rates was used starting with 5.25% and grading down to 3.75% in 2019 and increasing 0.25% per year to 2020 when rates are 5.50% and grading down to 4.00%. For the May 1, 2018 valuation, an age-graded select and ultimate table of rates was used starting with 5.00% and grading down to 3.50% in 2018 and increasing 0.25% per year to 2020 when rates are 5.50% and grading down to 4.00%. For the May 1, 2017 valuation, an age-graded select and ultimate table of rates was used starting with 4.75% and grading down to 3.25% in 2017 and increasing 0.25% per year to 2020 when rates are 5.50% and grading down to 4.00%. For the May 1, 2016 valuation, an age-graded select and ultimate table of rates was used starting with 4.50% and grading down to 3.00% in 2016 and increasing 0.25% per year to 2020 when rates are 5.50% and grading down to 4.00%.

**South Broward Hospital District
d/b/a Memorial Healthcare System**

Schedule of System Contributions – Unaudited (Continued)
Unaudited
(In Thousands)

Notes to Schedule

Investment rate of return	7.0% for the May 1, 2025 and May 1, 2024 valuations; 6.60% for the May 1, 2021 to May 1, 2023 valuations; 6.75% for the May 1, 2020 valuation; 7.00% for the May 1, 2015 to May 1, 2019 valuations.
Retirement rates	An age-graded schedule of retirement rates was used, ranging from age 52 through 75, based on plan experience. For the May 1, 2020 and May 1, 2024 valuations, the assumption was updated to reflect the results of the most recent experience studies.
Mortality rates	For the May 1, 2025 valuation – Pub-2010 separate Employee and Annuitant Headcount-Weighted Mortality Tables for males and females projected generationally using Scale MP-2021 for males and females. For the May 1, 2020 to May 1, 2024 valuations – Pub-2010 separate Employee and Annuitant Below Median Headcount-Weighted Mortality Tables for males and females projected generationally using Scale MP-2018 for males and females. For the May 1, 2016 to May 1, 2019 valuations – combined RP-2000 Mortality tables for males and females projected forward generationally using Scale BB. For the May 1, 2015 valuation – RP-2014 Employee and Annuitant Mortality tables for males and females with the
Other information	The benefit formula for participants hired after May 1, 2010 was changed. At May 1, 2011, the Plan was closed to employees hired or rehired after October 31, 2011.

**South Broward Hospital District
d/b/a Memorial Healthcare System**

**Schedules of Plan Investment Returns – Unaudited
Last 10 fiscal years**

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Annual money-weighted rate of return (loss), net of investment expense	16.2%	7.7%	11.2%	3.8%	(3.1)%	28.7%	(1.3)%	7.7%	8.5%	10.7%

Supplementary Information

**South Broward Hospital District
d/b/a Memorial Healthcare System**

**Combining Statements of Net Position – System
April 30, 2026
(In Thousands)**

	Memorial Regional Hospital and Affiliated Providers	Memorial Hospital West	Memorial Hospital Pembroke	Memorial Hospital Miramar	Memorial Hospital Manor	Other Non- Hospital Operations and Eliminations	Combined
Assets and Deferred Outflows of Resources							
Current assets:							
Cash and cash equivalents	\$ 700	\$ 840	\$ 842	\$ 332	\$ 138	\$ 253,631	\$ 256,483
Investments	-	-	-	-	-	3,150,621	3,150,621
Patient accounts receivable, net of estimated uncollectibles	205,330	90,478	21,048	19,258	1,669	7,553	345,336
Inventories	32,025	12,826	3,079	4,023	218	12,724	64,895
Other current assets	136,623	60,371	8,263	5,622	55	83,347	294,281
Restricted assets:							
Investments under indenture agreements for debt service	-	-	-	-	-	35,255	35,255
Investments under self-insurance agreements	-	-	-	-	-	12,450	12,450
Total current assets	374,678	164,515	33,232	29,235	2,080	3,555,581	4,159,321
Noncurrent assets:							
Designated investments for employee disability	-	-	-	-	-	22,249	22,249
Capital assets, net	583,990	333,023	174,193	93,418	7,509	265,639	1,457,772
Right-to-use lease assets, net	12,766	1,517	878	-	134	31,592	46,887
Right-to-use subscription assets, net	1,322	201	110	-	-	95,648	97,281
Other assets	337	353	9	3	-	44,081	44,783
Restricted assets, net of current portion:							
Investments under self-insurance agreements	-	-	-	-	-	56,662	56,662
Total assets	\$ 973,093	\$ 499,609	\$ 208,422	\$ 122,656	\$ 9,723	\$ 4,071,452	\$ 5,884,955
Deferred outflows of resources:							
Pension related items	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 56,263	\$ 56,263
Loss on defeasance	-	-	-	-	-	12,204	12,204
Total deferred outflows of resources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 68,467	\$ 68,467

(Continued)

South Broward Hospital District
d/b/a Memorial Healthcare System

Combining Statements of Net Position – System (Continued)
April 30, 2026
(In Thousands)

	Memorial Regional Hospital and Affiliated Providers	Memorial Hospital West	Memorial Hospital Pembroke	Memorial Hospital Miramar	Memorial Hospital Manor	Other Non- Hospital Operations and Eliminations	Combined
Liabilities, Deferred Inflows of Resources and Net Position							
Current liabilities:							
Accounts payable and accrued expenses	\$ 82,475	\$ 27,903	\$ 16,726	\$ 7,477	\$ 796	\$ 62,469	\$ 197,846
Accrued compensation and payroll taxes	21,360	10,069	2,691	3,456	399	229,002	266,977
Estimated third-party payor settlements	123,221	42,759	27,026	20,589	54	16	213,665
Current installments of long-term debt	-	-	-	-	-	20,080	20,080
Current portion of estimated claims liability	-	-	-	-	-	18,200	18,200
Current portion of lease payable	2,450	409	228	-	49	6,217	9,353
Current portion of subscription liability	681	28	41	-	-	23,355	24,105
Other current liabilities	28,414	15,337	4,170	5,541	138	8,009	61,609
Total current liabilities	258,601	96,505	50,882	37,063	1,436	367,348	811,835
Noncurrent liabilities:							
Long-term portion of estimated claims liability	-	-	-	-	-	27,005	27,005
Net pension liability	-	-	-	-	-	40,663	40,663
Other noncurrent liabilities	11,734	6,238	1,354	2,158	-	34,629	56,113
Lease payable	12,115	1,494	713	-	91	28,297	42,710
Subscription liability	647	29	42	-	-	45,715	46,433
Long-term debt	-	-	-	-	-	839,085	839,085
Total liabilities	283,097	104,266	52,991	39,221	1,527	1,382,742	1,863,844
Deferred inflows of resources:							
Pension related items	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,791	\$ 12,791
Lease related items	294	829	-	-	-	9,910	11,033
Total deferred inflows of resources	\$ 294	\$ 829	\$ -	\$ -	\$ -	\$ 22,701	\$ 23,824
Net position:							
Net investment in capital assets	\$ 557,331	\$ 325,330	\$ 173,796	\$ 92,900	\$ 7,503	\$ (577,288)	\$ 579,572
Restricted	-	-	-	-	-	35,927	35,927
Unrestricted	132,371	69,184	(18,365)	(9,465)	693	3,275,837	3,450,255
Total net position	\$ 689,702	\$ 394,514	\$ 155,431	\$ 83,435	\$ 8,196	\$ 2,734,476	\$ 4,065,754

South Broward Hospital District
d/b/a Memorial Healthcare System

Combining Statements of Net Position – System
April 30, 2025
(In Thousands)

	Memorial Regional Hospital and Affiliated Providers	Memorial Hospital West	Memorial Hospital Pembroke	Memorial Hospital Miramar	Memorial Hospital Manor	Other Non- Hospital Operations and Eliminations	Combined
Assets and Deferred Outflows of Resources							
Current assets:							
Cash and cash equivalents	\$ 749	\$ 812	\$ 801	\$ 323	\$ 131	\$ 424,936	\$ 427,752
Investments	-	-	-	-	-	2,366,530	2,366,530
Patient accounts receivable, net of estimated uncollectibles	219,408	96,312	20,415	14,373	1,343	7,715	359,566
Inventories	29,939	12,482	3,300	3,784	293	13,544	63,342
Other current assets	197,975	73,293	15,907	14,219	24	84,369	385,787
Restricted assets:							
Investments under indenture agreements for debt service	-	-	-	-	-	33,866	33,866
Investments under self-insurance agreements	-	-	-	-	-	13,752	13,752
Total current assets	448,071	182,899	40,423	32,699	1,791	2,944,712	3,650,595
Noncurrent assets:							
Designated investments for employee disability	-	-	-	-	-	21,542	21,542
Capital assets, net	566,480	327,528	125,517	83,987	6,856	275,080	1,385,448
Right-to-use lease assets, net	8,168	2,095	648	-	183	39,373	50,467
Right-to-use subscription assets, net	1,455	219	152	-	-	91,678	93,504
Other assets	409	1,150	9	3	-	45,146	46,717
Restricted assets, net of current portion:							
Investments under self-insurance agreements	-	-	-	-	-	52,958	52,958
Total assets	\$ 1,024,583	\$ 513,891	\$ 166,749	\$ 116,689	\$ 8,830	\$ 3,470,489	\$ 5,301,231
Deferred outflows of resources:							
Pension related items	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 63,399	\$ 63,399
Loss on defeasance	-	-	-	-	-	13,478	13,478
Total deferred outflows of resources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 76,877	\$ 76,877

(Continued)

South Broward Hospital District
d/b/a Memorial Healthcare System

Combining Statements of Net Position – System (Continued)
April 30, 2025
(In Thousands)

	Memorial Regional Hospital and Affiliated Providers	Memorial Hospital West	Memorial Hospital Pembroke	Memorial Hospital Miramar	Memorial Hospital Manor	Other Non- Hospital Operations and Eliminations	Combined
Liabilities, Deferred Inflows of Resources and Net Position							
Current liabilities:							
Accounts payable and accrued expenses	\$ 54,167	\$ 25,229	\$ 15,994	\$ 7,942	\$ 580	\$ 57,051	\$ 160,963
Accrued compensation and payroll taxes	19,368	8,854	2,686	3,154	356	219,700	254,118
Estimated third-party payor settlements	83,694	31,229	13,711	16,094	-	-	144,728
Current installments of long-term debt	-	-	-	-	-	18,280	18,280
Current portion of estimated claims liability	-	-	-	-	-	17,263	17,263
Current portion of lease payable	1,881	311	148	-	47	6,030	8,417
Current portion of subscription liability	417	30	40	-	-	23,933	24,420
Other current liabilities	26,095	14,245	4,123	5,147	132	7,128	56,870
Total current liabilities	185,622	79,898	36,702	32,337	1,115	349,385	685,059
Noncurrent liabilities:							
Long-term portion of estimated claims liability	-	-	-	-	-	27,923	27,923
Net pension liability	-	-	-	-	-	41,944	41,944
Other noncurrent liabilities	10,962	5,684	1,362	2,072	-	43,118	63,198
Lease payable	7,341	1,903	560	-	140	35,716	45,660
Subscription liability	1,026	56	83	-	-	37,271	38,436
Long-term debt	-	-	-	-	-	861,348	861,348
Total liabilities	\$ 204,951	\$ 87,541	\$ 38,707	\$ 34,409	\$ 1,255	\$ 1,396,705	\$ 1,763,568
Deferred inflows of resources:							
Pension related items	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 37,925	\$ 37,925
Lease related items	375	1,652	-	-	-	12,095	14,122
Total deferred inflows of resources	\$ 375	\$ 1,652	\$ -	\$ -	\$ -	\$ 50,020	\$ 52,047
Net position:							
Net investment in capital assets	\$ 540,584	\$ 320,090	\$ 125,127	\$ 83,469	\$ 6,851	\$ (554,758)	\$ 521,363
Restricted	-	-	-	-	-	34,957	34,957
Unrestricted	278,673	104,608	2,915	(1,189)	724	2,620,442	3,006,173
Total net position	\$ 819,257	\$ 424,698	\$ 128,042	\$ 82,280	\$ 7,575	\$ 2,100,641	\$ 3,562,493

**South Broward Hospital District
d/b/a Memorial Healthcare System**

**Combining Statements of Revenues, Expenses and Changes in Fund Net Position – System
Year Ended April 30, 2026
(In Thousands)**

	Memorial Regional Hospital and Affiliated Providers	Memorial Hospital West	Memorial Hospital Pembroke	Memorial Hospital Miramar	Memorial Hospital Manor	Other Non- Hospital Operations and Eliminations	Combined
Operating revenue:							
Net patient service revenue	\$ 1,735,667	\$ 977,930	\$ 212,162	\$ 336,398	\$ 15,019	\$ 154,662	\$ 3,431,838
Disproportionate share distributions	7,324	83	(4,310)	1,399	-	-	4,496
Other operating revenues	76,189	20,467	4,691	4,940	392	263,988	370,667
Total operating revenue	1,819,180	998,480	212,543	342,737	15,411	418,650	3,807,001
Operating expenses:							
Salaries and wages	805,723	382,720	104,884	128,788	13,486	280,279	1,715,880
Employee benefits	128,929	62,444	17,343	21,931	2,374	30,854	263,875
Professional fees	46,806	28,374	6,963	7,683	124	780	90,730
Supplies	376,130	232,940	29,808	36,137	2,245	194,539	871,799
Purchased services	108,771	67,978	17,686	25,587	1,488	12,643	234,153
Facilities	57,734	24,475	8,085	11,722	716	417	103,149
Depreciation and amortization	87,581	44,651	11,792	13,141	673	20,010	177,848
Other	59,650	31,716	9,356	10,565	671	16,889	128,847
Total operating expenses	1,671,324	875,298	205,917	255,554	21,777	556,411	3,586,281
Operating income (loss)	147,856	123,182	6,626	87,183	(6,366)	(137,761)	220,720
Nonoperating revenues, net	(12,967)	(9,401)	(544)	(2,924)	(24)	292,725	266,865
Excess (deficit) of revenues over (under) expenses	134,889	113,781	6,082	84,259	(6,390)	154,964	487,585
Other changes in net position:							
Capital contributions and grants	15,456	-	-	-	220	-	15,676
Equity transfers	(279,900)	(143,965)	21,307	(83,104)	6,791	478,871	-
Increase (decrease) in net position	(129,555)	(30,184)	27,389	1,155	621	633,835	503,261
Net position at the beginning of the year	819,257	424,698	128,042	82,280	7,575	2,100,641	3,562,493
Net position at the end of the year	<u>\$ 689,702</u>	<u>\$ 394,514</u>	<u>\$ 155,431</u>	<u>\$ 83,435</u>	<u>\$ 8,196</u>	<u>\$ 2,734,476</u>	<u>\$ 4,065,754</u>

**South Broward Hospital District
d/b/a Memorial Healthcare System**

Combining Statements of Revenues, Expenses and Changes in Fund Net Position – System

Year Ended April 30, 2025

(In Thousands)

	Memorial Regional Hospital and Affiliated Providers	Memorial Hospital West	Memorial Hospital Pembroke	Memorial Hospital Miramar	Memorial Hospital Manor	Other Non- Hospital Operations and Eliminations	Combined
Operating revenue:							
Net patient service revenue	\$ 1,630,020	\$ 890,068	\$ 213,029	\$ 324,927	\$ 14,338	\$ 143,931	\$ 3,216,313
Disproportionate share distributions	20,296	6,697	3,537	2,595	-	-	33,125
Other operating revenues	67,724	25,913	4,334	4,338	356	182,878	285,543
Total operating revenue	1,718,040	922,678	220,900	331,860	14,694	326,809	3,534,981
Operating expenses:							
Salaries and wages	789,792	378,545	108,261	130,161	13,143	250,926	1,670,828
Employee benefits	139,946	69,065	19,351	24,428	2,717	30,852	286,359
Professional fees	45,272	29,778	7,367	7,425	139	1,104	91,085
Supplies	342,210	194,035	29,615	36,936	1,849	134,373	739,018
Purchased services	109,288	66,968	19,124	27,059	1,526	8,465	232,430
Facilities	54,179	23,427	7,416	10,780	874	(352)	96,324
Depreciation and amortization	78,361	40,812	14,557	12,995	600	15,498	162,823
Other	54,092	29,085	11,672	10,143	677	12,841	118,510
Total operating expenses	1,613,140	831,715	217,363	259,927	21,525	453,707	3,397,377
Operating income (loss)	104,900	90,963	3,537	71,933	(6,831)	(126,898)	137,604
Nonoperating revenues (expenses), net	19,080	11,035	9,576	8,205	11	219,917	267,824
Excess (deficit) of revenues over (under) expenses	123,980	101,998	13,113	80,138	(6,820)	93,019	405,428
Other changes in net position:							
Capital contributions and grants	11,982	4,064	-	131	-	-	16,177
Equity transfers	(21,477)	(91,902)	84,517	(90,142)	7,169	111,835	-
Increase (decrease) in net position	114,485	14,160	97,630	(9,873)	349	204,854	421,605
Net position at the beginning of the year	704,772	410,538	30,412	92,153	7,226	1,895,787	3,140,888
Net position at the end of the year	\$ 819,257	\$ 424,698	\$ 128,042	\$ 82,280	\$ 7,575	\$ 2,100,641	\$ 3,562,493