

**BRRH Corporation and Affiliates
Management's Discussion and Analysis of
Financial Condition and Results of Operations**

For the Quarter Ended December 31, 2018

INTRODUCTION

The information contained herein is being filed by BRRH Corporation and Affiliates (BRRH) for the purpose of complying with its obligations under the Continuing Disclosure Undertaking entered into in connection with the issuance of \$89,570,000 of Palm Beach County Health Facilities Authority Hospital Revenue Refunding Bonds, Series 2014.

BRRH includes the following principal entities:

- Boca Raton Regional Hospital, Inc. (Hospital), a not-for-profit corporation.
- BRRH Corporation (Corporation), a not-for-profit, parent holding company and sole voting member of the Hospital and Foundation.
- Boca Raton Regional Hospital Foundation, Inc. (Foundation), a not-for-profit corporation formed to raise funds to support the Hospital and other related organizations.
- BocaCare, Inc. (BocaCare), a taxable not-for-profit corporation formed to operate a primary care network of physician practices.

Other affiliates within the BRRH consolidated entity include: BRRH Home Health Services, Inc., a not-for-profit, full service home health agency formed to assist the Hospital in the furtherance of specialized home care; BRRH Oaks Plaza, LLC, a limited liability company and owner of medical office properties; and Palm Accountable Care Organization, LLC, a limited liability company that was formed to perform, advance, and support the charitable, educational, and scientific missions of the Hospital, its affiliated entities, and the communities they serve.

The Corporation and the Hospital are the members of the Obligated Group under the Master Trust Indenture dated September 1, 2014. Pursuant to the Master Trust Indenture and First Supplemental Master Trust Indenture, the Foundation, a Designated Affiliate, can be directed by the members of the Obligated Group to transfer funds, as necessary, to pay principal and interest on its long term debt in accordance with its terms. The Corporation, the Hospital and the Foundation represent 95% of the total revenues of BRRH.

As of December 31, 2018, \$66.1 million of the Palm Beach County Health Facilities Authority Hospital Revenue Refunding Bonds, Series 2014, is outstanding.

The following financial data as of and for the quarters ended December 31, 2018 and 2017, is derived from the unaudited, consolidated financial statements of BRRH. Operating results for the quarter ended December 31, 2018 are not necessarily indicative of the results that may be expected for any future periods.

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EXECUTIVE SUMMARY

BRRH reported an operating income of \$2.5 million for the quarter ended December 31, 2018 as compared to an operating income of \$3.5 million in the same quarter of fiscal year 2018. The overall financial results for the quarter were impacted by a favorable case and payer mix, reduced length of stay, patient volumes reflecting continued growth over the prior year, and a favorable impact of the clinical documentation improvement initiative (CDI). These improvements were offset by a decrease in other operating revenue.

The net loss for the quarter was \$7.3 million, compared to a net income of \$6.5 million in the same quarter of the prior year. The current year net loss included \$8.8 million net realized and unrealized investment losses, due to a decline in market conditions. The prior year included \$3.6 million of net realized and unrealized investment gains. The current year net loss also included \$0.4 million of expenses related to the strategic partnership process, described in the Strategic Affiliations section below, as compared to \$0.1 million incurred in the prior year.

BRRH is an advanced academic tertiary institution with an expanding geographic reach, growing market share, and a reputation for excellence in patient care and satisfaction. BRRH has continued to make investments in clinical programs focusing resources and growth initiatives in neurosciences, oncology, cardiac services, women's services and physician integration:

- The Marcus Neuroscience Institute is one of a select number of neurological institutes nationally that has access to both intraoperative MRI and intraoperative CT for use in advanced neurosurgical procedures of the brain and spine. Program development and service expansion included the recruitment of three physicians during the first quarter of fiscal year 2019. The primary focus of the Institute during fiscal year 2019 is on the growth of subspecialties in neurovascular/stroke, central nervous system tumor, spine/pain, epilepsy and seizure disorders, and Multiple Sclerosis, as well as the addition of new clinical trials for brain tumors.
- The Christine E. Lynn Heart & Vascular Institute introduced two new procedures over the last year for patients unable to undergo open heart surgery, Transcatheter Aortic Valve Repair (TAVR) and Transcatheter Mitral Valve Repair (TMVR); additionally, BRRH was the first hospital in Palm Beach County to offer the world's smallest pacemaker for patients with bradycardia, the Medtronic Micra® Transcatheter Pacing System.
- The Christine E. Lynn Women's Health and Wellness Institute is home to five centers of excellence, including the Schmidt Center for Breast Care, the Jean and David Blechman Center for Specialty Care, the Phyllis Sandler Center for Living Well, the Barbara Gutin Center for Pelvic Health and the Center for Imaging. The Women's Institute has evolved into a sophisticated, multi-disciplinary center for the diagnosis and treatment of the entire range of women's medical needs.

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- The Hospital initiated and designed its BocaCare Physician Network to strengthen the relationship between the physicians and the Hospital, expand market reach, and moderate the seasonality and Medicare dependence of the organization. BocaCare is comprised of 97 providers (71 physicians, 15 mid-levels and 11 faculty preceptors) practicing in 27 specialty areas at 35 locations within Palm Beach and Broward Counties.
- The Gloria Drummond Physical Rehabilitation Institute has been operating in its newly renovated space for 18 months. Services including outpatient rehabilitation services, cardiac and pulmonary rehabilitation, diabetes education and nutrition, wound care and hyperbaric medicine are housed in a 35,000 square foot state-of-the-art ambulatory facility.
- The Florida Atlantic University (FAU) College of Medicine Graduate Medical Education Consortium (the "GME Consortium") is comprised of three health system partners, including BRRH as the principal facility for the internal medicine, surgery and neurology residency programs. The newly approved neurology residency program began July 1, 2018.
- The Foundation was established in 1984 to raise funds to support the Hospital's mission of providing superior, compassionate health care through the cultivation and stewardship of philanthropic gifts and raising the public's awareness of the Hospital and its related organizations, programs and services. During the first half of fiscal year 2019, the Foundation raised 3,100 gifts totaling \$30.1 million in cash and pledges, of which \$10.3 million has not been recorded in the financial statements due to timing or other conditions.
- The Hospital is the recipient of numerous awards and accolades. Most recently, the hospital was listed by *U.S. News & World Report* for the fourth consecutive year as a Top-Ranked Regional Hospital in South Florida. BRRH is ranked #1 in Palm Beach County, #3 in the Miami-Ft. Lauderdale metro area and #13 in Florida.

In December 2018, respectively, Fitch Ratings upgraded the Hospital's rating to A-, with a Positive outlook. The prior rating was BBB+ with a Stable outlook. Standard & Poor's Ratings Services (S&P) currently rates BRRH as BBB+ with a Stable outlook, and is scheduled to complete their annual review during the third quarter of fiscal year 2019.

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MANAGEMENT DISCUSSION AND ANALYSIS

Consolidated Statement of Revenue and Expenses (Summarized) (in \$000's)

(Amounts in \$000's)	For the Quarter Ended		For the Year Ended	
	December 31		December 31	
	2018	2017	2018	2017
Net patient revenue	\$ 138,448	\$ 126,803	\$ 263,525	\$ 239,418
Other revenue	3,110	5,510	5,586	8,968
Total operating revenue	141,558	132,313	269,111	248,386
Salaries, wages and benefits	62,264	58,568	122,509	116,139
Supplies	45,066	37,752	83,699	71,657
Physician fees, professional fees and purchased services	14,895	16,574	29,753	31,062
Insurance and other expenses	9,622	8,742	18,706	17,447
Depreciation and amortization	6,370	6,352	12,788	12,791
Interest	828	788	1,685	1,515
Total expenses	139,045	128,776	269,140	250,611
Operating Income (Loss)	2,513	3,537	(29)	(2,225)
Other non-operating items (net)	(9,766)	2,932	(9,051)	5,929
Net Income (Loss)	\$ (7,253)	\$ 6,469	\$ (9,080)	\$ 3,704

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Utilization Statistics

The following table sets forth certain utilization statistics for the Hospital:

	For the Quarter Ended				
	12/31/2018	9/30/2018	6/30/2018	3/31/2018	12/31/2017
Total Discharges (IP and observation)	6,834	6,398	6,677	7,366	6,758
Total Admissions	4,926	4,564	4,777	5,403	5,099
Total Adjusted Admissions	13,110	11,701	12,612	13,606	12,274
Average Length of Stay	4.26	4.47	4.49	4.70	4.59
Surgeries – Inpatient	1,294	1,299	1,318	1,370	1,274
Surgeries – Outpatient	1,412	1,348	1,488	1,569	1,510
Emergency Room Visits	13,820	12,648	13,410	15,783	14,619
Outpatient Registrations	73,017	65,230	72,769	78,879	75,211
Cardiac Catheterizations	542	431	461	463	446

Consolidated Financial Results for the Quarter Ended December 31, 2018

BRRH reported an operating income of \$2.5 million for the quarter ended December 31, 2018 as compared to an operating income of \$3.5 million in the same quarter of fiscal year 2018. The overall financial results for the quarter were impacted by a favorable case and payer mix, reduced length of stay, patient volumes reflecting continued growth over the prior year, and a favorable impact of the clinical documentation improvement initiative (CDI). These improvements were offset by a decrease in other operating revenue.

The net loss for the quarter was \$7.3 million, compared to a net income of \$6.5 million in the same quarter of the prior year. The current year net loss included \$8.8 million net realized and unrealized investment losses, due to a decline in market conditions. The prior year included \$3.6 million of net realized and unrealized investment gains. The current year net loss also included \$0.4 million of expenses related to the strategic partnership process, described in the Strategic Affiliations section below, as compared to \$0.1 million incurred in the prior year.

Total Hospital discharges of 6,834 for the quarter ended December 31, 2018 were 76 or 1.1% higher than the prior year. Total adjusted admissions of 13,110 were 6.8% favorable to the prior year. Total surgical cases of 2,706 decreased by 2.8% compared to the same quarter of the prior year, although the composition of surgical cases has shifted, resulting in a 1.6% increase in more complex inpatient surgeries, offset by a 6.0% decrease in outpatient surgeries. Neurosurgical cases increased by 56.7% as compared to the same quarter of the prior year and overall cardiac procedures in the Lynn Heart and Vascular Institute increased 14.0%, including a 21.5% increase in cardiac catheterizations.

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Ancillary volume statistics demonstrated improvement in most areas as compared to the same quarter of the prior year. BocaCare physician visits increased by 16.0%, medical oncology volumes increased by 14.8%, and outpatient physical rehabilitation volumes increased by 21.4%. Outpatient imaging volumes (excluding women's imaging services) were flat, while women's imaging volumes increased by 11.9%. Radiation oncology procedures decreased by 19.6% due to the recent opening of a competing center in the area by the hospital's former medical director.

Net patient service revenue increased by \$11.6 million or 9.2% compared to the same quarter of the prior year, due to the overall increase in patient volumes, certain rate increases, the implementation of clinical documentation improvement initiatives, and graduate medical education reimbursement related to the growth of the internal medicine, surgery and neurology residency programs. Other operating revenue decreased by \$2.4 million due to lower levels of restricted funding used for operations. Total operating revenue, inclusive of net patient service revenue, increased by \$9.2 million, or 7.0%.

Total operating expenses of \$139.0 million were \$10.3 million or 8.0% higher than the same quarter of the prior year. Major variances are described as follows:

- Salaries, wages and benefits of \$62.3 million were \$3.7 million or 6.3% higher than the same quarter of the prior year, due primarily to increased patient volumes and an increase in the number of employed physicians in BocaCare. Hospital labor expense as a percentage of net patient service revenue decreased from 40.6% in the prior year to 38.6% for the second quarter.
- Supplies expense of \$45.1 million was \$7.3 million or 19.4% higher than the same quarter of the prior year as a result of increased patient volumes, particularly in supply costs for more complex surgical cases, and pharmacy expenses related to the increased volume in medical oncology services.
- Physician fees, professional fees and purchased services were \$1.7 million, or 10.1% lower as compared to the same period of the prior year. During the prior year, \$0.9 million in support costs was incurred related to the go-live of the Cerner clinical information system.
- Insurance and other expenses of \$9.6 million were \$0.9 million or 10.1% higher than the same period of the prior year, primarily due to increased self-insurance malpractice claims exposure.

A net non-operating loss of \$9.8 million was \$12.7 million unfavorable to the same quarter of the prior year. Non-operating expenses included \$0.4 million of costs incurred related to the strategic partnership process, described in the Strategic Affiliations section below. The current year results included \$12.5 million higher net realized and unrealized losses on investment values as compared to the same quarter of the prior year, due to a decline in market conditions.

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Consolidated Financial Results for the Six Months Ended December 31, 2018

For the six months ended December 31, 2018, BRRH reported breakeven operating results as compared to an operating loss of \$2.2 million during the same period of fiscal year 2018, an improvement of \$2.2 million. The overall financial results, compared to the prior year, reflect an overall increase in patient volumes, certain rate increases, the implementation of clinical documentation improvement initiatives, and graduate medical education reimbursement related to the growth of the internal medicine, surgery and neurology residency programs.

For the six months ended December 31, 2018, BRRH reported a net loss of (\$9.1) million, as compared to a net income of \$3.7 million in the prior year. The net loss during the current year reflects \$7.0 million of net unfavorable investment performance due to current market conditions.

Total Hospital discharges of 13,232 for the six months ended December 31, 2018 were 410 or 3.2% higher than the same period of the prior year, while total inpatient admissions were slightly higher than the same period of the prior year. Total emergency room visits were 4.3% lower than the same period of the prior year; inpatient ED visits were comparable to the prior year, while outpatient ED visits were 5.7% lower than the same period of the prior year. The decrease in outpatient ED visits reflects a shift of patients who choose to seek care at urgent care facilities rather than the ED, both within the organization's urgent care centers and at outside competing centers. BocaCare urgent care visits increased by 677 visits during the six month period, or 26.4%.

Total surgical cases of 5,353 were lower than prior year cases by 1.6%. Outpatient surgery cases decreased by 7.4% and inpatient surgical cases increased by 5.5% compared to the same period of the prior year. The shift in overall surgical cases reflects growth in higher level tertiary services, including neurosurgery, orthopedics, cardiac and thoracic surgeries.

Ancillary volume statistics demonstrated improvement in most areas as compared to the same period of the prior year. BocaCare physician visits increased by 16.4%, medical oncology volumes increased by 14.6%, and outpatient physical rehabilitation volumes increased by 26.6%. Outpatient imaging volumes (excluding women's imaging services) decreased by 1.2%, while women's imaging volumes increased by 13.4%. Radiation oncology procedures decreased by 27.7% due to the recent opening of a competing center in the area by the hospital's former medical director.

Net patient service revenue increased by \$24.1 million or 10.1% compared to the same period of the prior year, due to the overall increase in patient volumes, certain rate increases, the implementation of clinical documentation improvement initiatives, and graduate medical education reimbursement related to the growth of the internal medicine, surgery and neurology residency programs. Other operating revenue decreased by \$3.4 million. Total operating revenue, inclusive of net patient service revenue, increased by \$20.7 million, or 8.3%.

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Total operating expenses of \$269.1 million were \$18.5 million or 7.4% higher than the same period of the prior year. Major variances are described as follows:

- Salaries and benefits of \$122.5 million were \$6.4 million or 5.5% higher than the same period of the prior year due to the increased patient volumes and growth in the number of employed physicians in BocaCare. FTE's per Adjusted occupied bed of 4.17 were 1.5% higher than the same period of the prior year, while hospital labor costs as a percentage of net patient service revenue decreased from 42.7% to 40.1% for the comparable periods.
- Supplies expense of \$83.7 million was \$12.0 million or 16.8% higher than the same period of the prior year as a result of increased patient volumes, particularly in supply costs for more complex tertiary surgical cases, and pharmacy expenses related to the increased volume in medical oncology services.
- Physician fees, professional fees and purchased services of \$29.8 million decreased by 4.2% compared to the same period in the prior year. During the prior year, \$0.9 million in support costs was incurred related to the go-live of the Cerner clinical information system.
- Insurance and other expenses of \$18.7 million were \$1.3 million or 7.2% higher than the same period of the prior year, primarily due to increased self-insurance malpractice claims exposure.

A net non-operating loss of \$9.1 million was \$15.0 million unfavorable to the same period of the prior year. Non-operating expenses included \$0.9 million of costs incurred related to the strategic partnership process, described in the Strategic Affiliations section below. The current year results included \$14.5 million higher net realized and unrealized losses on investment values as compared to the same quarter of the prior year, due to declines in market conditions.

Clinical Program and Growth Initiatives

BRRH is an advanced academic tertiary institution with an expanding geographic reach, growing market share, and a reputation for excellence in patient care and satisfaction. BRRH has continued to make investments in clinical programs focusing resources and growth initiatives in neurosciences, oncology, cardiac services, women's services and physician integration:

- **Marcus Neuroscience Institute**

The Marcus Neuroscience Institute (MNI) is a state of the art facility that serves as a nexus of care for neurologic and neurosurgical patients and includes 20 critical care and step-down patient rooms, 8 pre- and post-operative beds, and 4 operating rooms. During the first half of fiscal year 2019, 409 surgical procedures were performed by BocaCare employed MNI physicians, compared to 229 procedures during the same period of the prior year, growth of 78.6%. The

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institute is one of a select number of hospitals nationally that has both intraoperative MRI and intraoperative CT for use in advanced neurosurgical procedures of the brain and spine.

Program leadership was focused on program development and service expansion starting in fiscal year 2018, which included the recruitment of two established community neurosurgeons and five respected area neurologists, the addition of tele-stroke services, and the establishment of an MNI satellite office located at the Deerfield Ambulatory Care Center. Three new physicians were hired in the first quarter of fiscal year 2019: Dr. Timothy Miller, Functional Neurosurgery, Dr. Brian Snelling, Endovascular/Cerebrovascular Neurosurgery and Dr. Joshua Chalkley, Multiple Sclerosis specialist.

The primary focus of the Institute during fiscal year 2019 is on the growth of subspecialties in neurovascular/stroke, central nervous system tumor, spine/pain, epilepsy and seizure disorders, and Multiple Sclerosis, as well as the addition of new clinical trials for brain tumors. The BocaCare MNI Practice visits grew to 14,130 visits during the first half of fiscal year 2019, compared to 10,971 visits during the same period of the prior year, growth of 28.8%.

BRRH has received the American Heart Association/American Stroke Association's Get With The Guidelines[®]-Stroke Gold Plus Quality Achievement Award. The award recognizes the hospital's commitment to ensuring stroke patients receive the most appropriate treatment according to nationally recognized, research-based guidelines based on the latest scientific evidence. An epilepsy monitoring unit, designed to evaluate, diagnose and treat intractable seizures in adult patients, was established in January 2018 and has resulted in increased referral volumes and treatment of intractable seizure patients. MNI has established a plan for their Comprehensive Spine/Pain program which will kick off by recruitment and hiring of a strong Nurse navigator.

Although already an AHCA Comprehensive Stroke Program in the state of FL, in March 2018, BRRH/MNI achieved a successful Joint Commission survey as a Primary Stroke Center. Plans for moving forward to be a Thrombectomy capable Stroke Center are underway and the Joint Commission will be coming back to resurvey as early as the third quarter of fiscal year 2019.

- **Christine E. Lynn Heart & Vascular Institute**

The Lynn Heart and Vascular Institute had overall growth of 16.6% during the first half of fiscal year 2019, compared to the same period of the prior year. The Institute's cardiac surgery program remains robust. Last year, the Structural Heart Disease Intervention program introduced two new procedures to patients unable to undergo open heart surgery: Transcatheter Aortic Valve Repair (TAVR) and Transcatheter Mitral Valve Repair (TMVR).

The Arrhythmia Center was the first hospital in Palm Beach County to offer the world's smallest pacemaker for patients with bradycardia. The Medtronic Micra[®] Transcatheter Pacing System (TPS) is a new type of heart device that provides patients with the most advanced pacing technology at one-tenth the size of a traditional pacemaker.

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BRRH has purchased a CardioInsight Noninvasive 3D Mapping System which is a non-invasive mapping system that collects chest ECG signals prior to the procedure by the patient wearing a vest. The mapping enables physicians to more accurately characterize abnormal rhythms of the heart.

The Vascular surgery program provides cutting-edge, tertiary care treatments, and is one of only nine sites in the nation providing endovascular repair of thoracoabdominal aortic aneurysms. This revolutionary therapy is performed in a minimally-invasive manner with two small groin incisions and a one-inch incision in the left armpit; the treatment is only available at nine sites nationwide. Traditional open heart surgery for these types of aneurysms can be extremely morbid and are associated with high mortality.

- **Eugene M. and Christine E. Lynn Cancer Institute**

The Hospital's Eugene M. & Christine E. Lynn Cancer Institute (LCI) is one of the leading cancer centers in Florida and is accredited as a Comprehensive Cancer Center by the American College of Surgeons. More than 25 oncologists and a full complement of oncology professionals provide care at the Institute, which treats more than 4,000 newly diagnosed cancer patients each year in facilities such as the Harvey & Phyllis Sandler Pavilion, our state-of-the-art cancer center, as well as our satellite locations in Delray Beach. With a vision to be recognized as a national leader and the premier provider of cancer care in South Florida, LCI offers the latest technology, sophisticated diagnostic services and the most advanced cancer treatments available in medicine today.

The Center for Hematology & Oncology (CHO) provides contracted physician and management services for LCI: LCI volumes for new patient visits continue to increase and were 7.5% higher during the first six months of fiscal year 2019, compared to the same period last year. Additionally, initial infusions were 14.6% higher during the first six months of this year as compared to the same period of the prior year. A new physician was added to the medical oncology team in fiscal year 2018, bringing the total number of Medical Oncology physicians practicing at LCI to 16 as compared to 10 physicians in 2008 when the center opened.

Urological Oncology is expanding services. A second Board certified Urologist joined the LCI Surgical Oncology clinical space in the second quarter of fiscal year 2019. He brought a large patient practice with him and has helped bring additional patient volume and increased visibility to the Lynn Cancer Institute. A Prostate Health Center of Excellence is under development.

Renovation and construction of a newly expanded space for the CHO lab and pharmacy departments is well underway with completion expected during the third quarter of fiscal year 2019. This will allow for continued growth of the medical oncology program as well as bring the pharmacy up to the USP 800 requirements expected of all pharmacies by next year. LCI will have one of the first USP 800 pharmacy's in South Florida.

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During the first half of fiscal year 2019, the LCI research program increased the number of clinical research trials to 33, including new neuro-oncology and radiation therapy trials. They also opened a unique clinical trial for lung utilizing a vaccine – one of the first centers in the country to do this. In November 2018, the LCI research program successfully passed a routine audit by the National Cancer Institute.

- **Christine E. Lynn Women’s Health & Wellness Institute**

The Christine E. Lynn Women’s Health and Wellness Institute is a 46,000 square foot exquisitely designed facility which serves as a gateway for women in the community to access multidisciplinary services. The Lynn Women’s Institute is home to five centers of excellence including the Schmidt Family Foundation Center for Breast Care, Jean and David Blechman Center for Specialty Care and Preventive Cardiology, Phyllis Sandler Center for Living Well, Barbara Gutin Center for Pelvic Health, and the Ellman Center for Imaging.

Volumes continue to grow compared to the prior year. During the first half of fiscal year 2019, total women’s imaging procedures increased 13.4% as compared to the same period of the prior year. Patient Satisfaction remains at the 99th percentile of the Press Ganey results. New physicians have joined the Blechman Center for Specialty care including an additional fellowship trained breast surgeon and a Board Certified primary care physician. Programming continues to evolve and grow. The new MammoVan is allowing for increased outreach into the South Florida community including to more underserved parts of BRRH’s service area. Since opening in July 2015 more than 266,000 people have been to the Women’s Institute to receive service, or attend a special program or event.

- **Graduate Medical Education**

The Florida Atlantic University (FAU) College of Medicine Graduate Medical Education Consortium (the “GME Consortium”) is comprised of three health system partners, including BRRH as the principal facility for the internal medicine, surgery and neurology residency programs. The newly approved neurology residency program began July 1, 2018. During fiscal year 2019, BRRH will train an average of 47 internal medicine residents, 15 surgery residents and 3 neurology residents daily. The integration of the Hospital’s medical staff into the program also continues to expand, with over 100 physicians actively participating.

- **BocaCare Physician Network**

Boca Raton Regional Hospital initiated and designed its BocaCare Physician Network to strengthen the relationship between the physicians and the Hospital, expand market reach, and moderate the seasonality and Medicare dependence of the organization. BocaCare is now comprised of 97 providers (71 physicians, 15 mid-levels and 11 faculty preceptors) practicing in 27 specialty areas at 35 locations within Palm Beach and Broward Counties. During the first six months of fiscal year 2019, BocaCare physicians accounted for 2,003 inpatient and observation discharges, performed a total of 2,827 surgeries, and performed 780 endoscopies.

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- **Ambulatory Care Network**

BRRH has developed a robust Ambulatory Care Network that includes a 25,000 square foot comprehensive outpatient center in north Broward County, 5 multi-modality imaging centers, 3 breast care centers, 2 radiation therapy sites, 2 urgent care centers, and a comprehensive outpatient rehabilitation center. These outpatient service offerings have supported BRRH diversification as a comprehensive acute care provider, moderated seasonality and expanded market reach and commensurate market share.

BRRH's multi-site outpatient imaging division offers a complete range of diagnostic imaging capabilities in the South Florida market. The footprint of services is spread across five locations from Deerfield Beach in Broward County, to Delray Beach in Palm Beach County. During the second quarter of fiscal year 2019, 41,255 procedures were performed (exclusive of women's imaging services), representing a 0.9% decrease compared to the same period of the prior year. BRRH's imaging market share continues to grow year over year in a very competitive industry, despite intense competition, copayment advantages of free-standing imaging centers, and adverse steerage from insurers. Outpatient imaging is an important entry point to access primary and secondary markets and drives multidisciplinary referrals back to the Hospital.

- **The Gloria Drummond Physical Rehabilitation Institute**

The Gloria Drummond Physical Rehabilitation Institute has been operating in its newly renovated space for 18 months. The current complement of services including outpatient rehabilitation services, cardiac and pulmonary rehabilitation, diabetes education and nutrition, wound care and hyperbaric medicine are housed in a 35,000 square foot state-of-the-art ambulatory facility.

Overall volumes increased by 26.6% during the first half of fiscal year 2019, as compared to the same period of the prior year. BRRH's aim of facilitating transitions to ambulatory settings and into the community has been accomplished by integrating Drummond Institute services with the cardiac, oncologic, neurological, orthopedic, and women's health programs at BRRH. The 10.2% year over year improvement in volume for our Diabetes Program and 12.2% year over year improvement in our Cardiac/Pulmonary Programs highlight the demand for initiatives designed to effectively manage chronic conditions.

Quality and Patient Safety

BRRH continues to strive to be one of the highest rated hospitals nationally for both quality and patient safety. The Quality department is focused on the CMS Hospital Value-Based Purchasing Program that incentivizes acute care hospitals with payment adjustments for quality care. Specific areas of focus include best clinical practices, readmission reduction, reducing hospital acquired conditions, and coordinating teams to improve performance in structure, process, and outcomes for the organization. The quality team is integrating daily concurrent review processes with quality clinicians, clinical documentation improvement specialists, the

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Health Information Management coding team, and clinical teams. The concurrent processes focus on achieving the most timely and thorough documentation and improving information and data submissions to external sources to more accurately reflect the care and services provided to complex and high acuity patients.

A major focus of nursing leadership has been to promote the professional development of bedside nurses which has had significant impact on patient experience and quality of care. Nurses are encouraged and supported to obtain board certification in their specialty.

BRRH participated in the Medicare Comprehensive Joint Replacement program earning a modest financial incentive for performance in the first year. BRRH entered a gainsharing partnership with a physician group under the Medicare Bundled Payments for Care Improvement Program which provides incentives to improve quality, patient experience, and cost-effectiveness of care. These initiatives define the future of healthcare delivery. BRRH’s participation at these early stages provides important educational opportunities in addition to financial incentives.

The Hospital continues to earn numerous awards and accolades recognizing its quality of care, the most recent of which include:

- 2018-2019 Listed by *U.S. News & World Report* for the fourth consecutive year as a Top-Ranked Regional Hospital in South Florida. BRRH is ranked #1 in Palm Beach County, #3 in the Miami–Ft. Lauderdale metro area and #13 in Florida.
- 2018-2019 Listed by *U.S. News & World Report* among nation's High Performing Hospitals in abdominal aortic aneurysm repair, chronic obstructive pulmonary disease (COPD), colon cancer surgery, heart failure and lung cancer surgery
- 2018 Listed by *Becker’s Hospital Review* as one of “150 Top Places to Work in Healthcare” for the second consecutive year
- 2018 Boca Regional had the most primary-affiliated physicians of any hospital in Palm Beach County recognized as Top Doctors by *Castle Connolly* for the sixth year in a row

Patient Satisfaction

The Hospital has consistently focused on improving patient satisfaction, with a goal of meeting or exceeding the 80th percentile in patient satisfaction judged in comparison to national peer benchmarks. The following table shows patient satisfaction results in key areas of the hospital:

Department	YTD Fiscal Year 2019	Fiscal Year 2018	Fiscal Year 2017	Fiscal Year 2016
Emergency Department	99th Percentile	84th Percentile	93rd Percentile	99th Percentile
Outpatient Department	93rd Percentile	95th Percentile	93rd Percentile	89th Percentile
Oncology Department	61st Percentile	95th Percentile	81st Percentile	84th Percentile
Inpatient Department	65th Percentile	55th Percentile	78th Percentile	66th Percentile

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BRRH has partnered with Press Ganey to conduct organization-wide training for employees. This partnership included rounding with various leaders with a focus on coaching staff. BRRH is also addressing recent employee engagement survey results, and recognizes that high employee engagement leads to improved patient experiences. The Hospital continues to develop action plans to ensure each priority is addressed and communicated. The results of the survey indicated positive movement since the Hospital's prior survey scores. BRRH has developed Service Excellence Trainers to be able to conduct training of new employees during our Employee Orientations. This will ensure that all organization-wide training for employees is consistent.

The organization is focused on best practices such as team huddles, nursing bedside report, unit-based patient quiet time, noise reduction, hourly nurse rounding, improved interdisciplinary seasonal staffing, improved patient communication, improved hospital throughput, and post-discharge calls. The organization has developed an ongoing patient satisfaction taskforce that consists of all department leaders that impact the inpatient experience. Initiatives include rolling out comfort kits throughout the units, mandatory staff education, physician engagement, first impressions, unit-based scorecards, ancillary leader rounding, commitment, discharge calls, discharge folders and competencies among departments.

BRRH experienced challenges during fiscal year 2018 in maintaining inpatient satisfaction levels during the transition from the McKesson to Cerner EMR that resulted in revisions in workflow for clinical ancillary departments serving patients.

Boca Raton Regional Hospital Foundation

The Foundation was established in 1984 to raise funds to support the Hospital's mission of providing superior, compassionate health care through the cultivation and stewardship of philanthropic gifts and raising the public's awareness of the Hospital and its related organizations, programs and services. During the first half of fiscal year 2019, the Foundation raised 3,100 gifts totaling \$30.1 million in cash and pledges, of which \$10.3 million has not been recorded in the financial statements due to timing or other conditions.

Information Systems Update

The Hospital is focused on providing services and information systems that enhance the patient experience and provide operational efficiency, while meeting regulatory standards. The strength of such systems is generally determined by the user community that deploys them in their daily operations. Staff, physicians, volunteers and patients collaborate to create and maintain comprehensive electronic records that make critical information available at the point of decision making.

In 2016, BRRH selected Cerner as the replacement for the existing platform, McKesson Horizon Clinicals. The first phase of implementation, which included the Horizon products that were no longer supported as of March 2018, went live on October 21, 2017. This first phase included

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patient scheduling, the emergency department, computerized physician order entry, nursing and physician documentation, surgical services, endoscopy, health information management and pharmacy applications. Phase 1B, inclusive of Promoting Interoperability for Stage 3, Single Sign On and Remote Report Distribution (RRD), continues with the successful go live to date of RRD and Single Sign On. Phase 2 implementations, scheduled to begin in June 2019, will include the Cerner solutions for Laboratory, Infection Control and Radiology.

Strategic Affiliations

The Corporation's management completed an overall assessment of the Corporation's ability to secure the necessary resources to complete a master facility plan and continue its overarching strategic objective to become the preeminent academic tertiary provider in the region. Based on this assessment, management facilitated a dialogue with the Corporation's Board of Trustees (Board) relative to the merits of seeking a strategic affiliation that could accelerate, elevate, and assure that the Corporation can achieve its vision and complete the needed facility improvements. As a result of this discussion, a Special Committee of the Board was appointed and expanded to include community representation to further evaluate the strategic partnership opportunity. Under the oversight of the Special Committee, the Corporation developed a list of key strategic partnership objectives. In July 2018, the Board selected Baptist Health South Florida as its recommendation for further strategic affiliation discussions and executed a non-binding Letter of Intent to Affiliate with Baptist Health in December 2018, to be followed by completed transaction documents and expected closing by the end of fiscal year 2019.

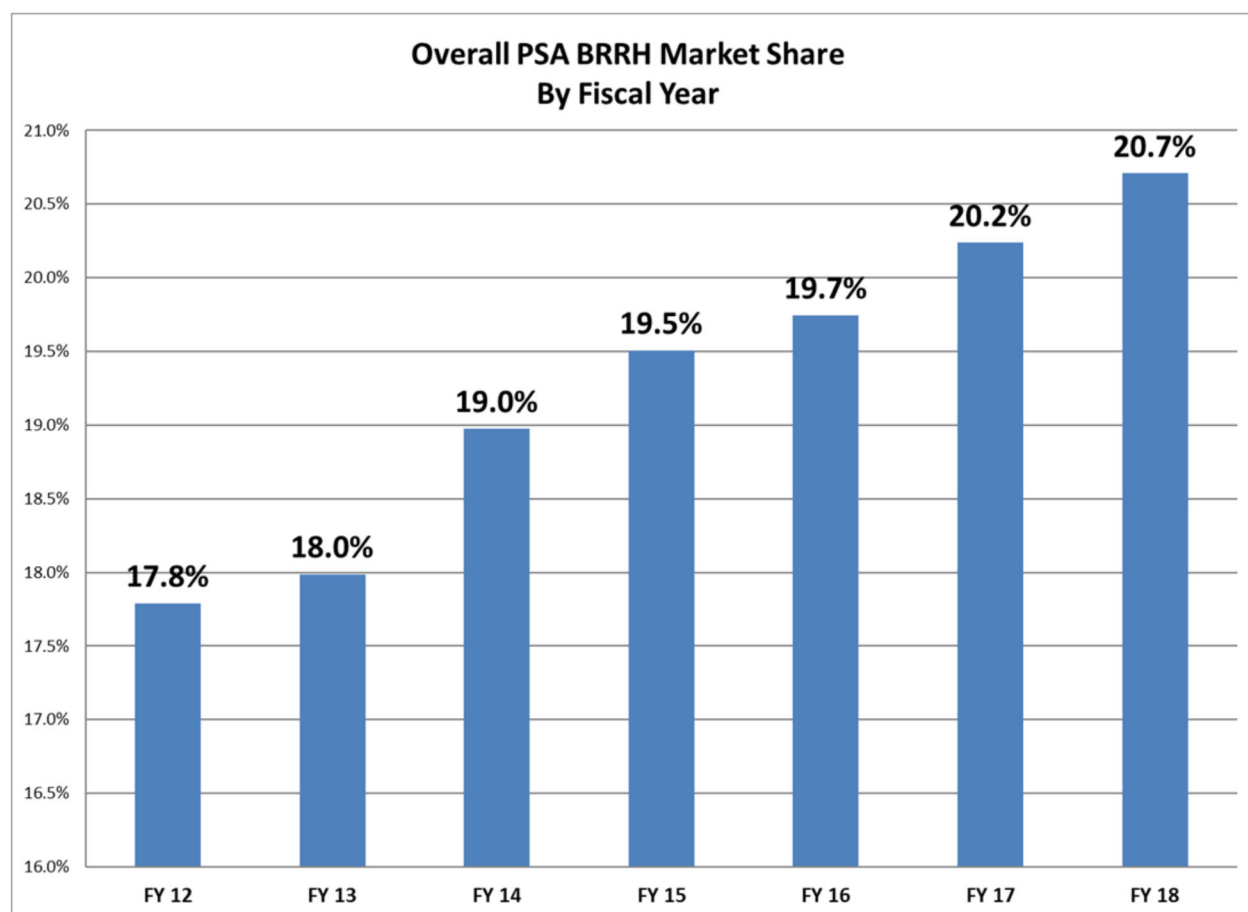
Market Share

The latest inpatient market share data has been released for the quarter ending June 30, 2018.

During fiscal year 2018, BRRH achieved overall market share of 20.7% in the defined Primary Service Area, comparing favorably to 20.2% market share in fiscal year 2017. This marks the continuation of increasing market share with a gain of approximately 3 market share points since 2012; each point represents approximately 800 discharges.

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Management Team

In April 2018, Mindy Shikiar, MBA, MSN, was appointed as Chief Operating Officer effective with the retirement of Karen Poole. Ms. Shikiar joined BRRH in 2003 and has served in various leadership positions including Vice President of Oncology Services, Ambulatory Services and Business Development. She previously served as Chief Executive Officer and Chief Operating Officer at Kindred/Vencor Hospital, a long-term acute care facility in Ft. Lauderdale, Florida.

Jerry Fedele, President and Chief Executive Officer previously announced his plan to retire in August 2018. The Board asked him to delay his retirement, in order to facilitate the strategic partnership process. Mr. Fedele agreed and has deferred his retirement date to August 2019. The Board has formed a CEO search committee, and the search is underway.

Dan Sacco, Vice President, Strategic Affairs, announced his retirement effective March 31, 2019. Dan's responsibilities will be reassigned within the hospital.

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Liquidity / Days Cash on Hand

The following tables set forth BRRH's unrestricted cash and investment balances, restricted cash and investment balances and days of cash on hand ratio for the most recent five (5) quarters. Restricted cash and investments consist of amounts restricted by donors, and limited use assets, such as assets held in the self-insurance trust, and are excluded from the days cash on hand ratio.

From December 31, 2017 to December 31, 2018, total unrestricted cash and investments increased by \$0.2 million, while Days Cash on Hand decreased by 8.5 days. Cash collections have been strong throughout the first half of fiscal year 2019; however, daily operating cash requirements have increased compared to prior year, and market conditions have negatively impacted investment market values as of December 31, 2018.

Unrestricted cash and investments (dollars in millions):

	<u>12/31/2018</u>	<u>9/30/2018</u>	<u>6/30/2018</u>	<u>3/31/2018</u>	<u>12/31/2017</u>
Cash and cash equivalents	\$ 38.3	\$ 34.3	\$ 40.9	\$ 32.2	\$ 30.1
Unrestricted Investments	<u>\$ 111.5</u>	<u>\$ 121.4</u>	<u>\$ 119.4</u>	<u>\$ 120.7</u>	<u>\$ 119.5</u>
Total unrestricted cash and investments	<u>\$ 149.8</u>	<u>\$ 155.7</u>	<u>\$ 160.3</u>	<u>\$ 152.9</u>	<u>\$ 149.6</u>
Daily expenses (1)	\$ 1.4	\$ 1.4	\$ 1.4	\$ 1.3	\$ 1.3
Days cash on hand ratio (2)	104.9	110.8	116.3	114.2	113.4

(1) Daily expenses are calculated as total expenses, excluding depreciation expense, for the rolling twelve month period, divided by 365 or 366 days.

(2) Days cash on hand is calculated as unrestricted cash and investments divided by daily expenses and is calculated in accordance with the Master Trust Indenture dated September 1, 2014. BRRH is required to maintain a minimum of 60 days cash on hand.

Total cash and investments (dollars in millions):

	<u>12/31/2018</u>	<u>9/30/2018</u>	<u>6/30/2018</u>	<u>3/31/2018</u>	<u>12/31/2017</u>
Cash and cash equivalents	\$ 38.3	\$ 34.3	\$ 40.9	\$ 32.2	\$ 30.1
Unrestricted Investments	<u>\$ 111.5</u>	<u>\$ 121.4</u>	<u>\$ 119.4</u>	<u>\$ 120.7</u>	<u>\$ 119.5</u>
Subtotal	\$ 149.8	\$ 155.7	\$ 160.3	\$ 152.9	\$ 149.6
Restricted cash and investments	<u>\$ 124.0</u>	<u>\$ 124.0</u>	<u>\$ 117.4</u>	<u>\$ 116.8</u>	<u>\$ 111.8</u>
Total Cash and Investments	<u>\$ 273.8</u>	<u>\$ 279.7</u>	<u>\$ 277.7</u>	<u>\$ 269.7</u>	<u>\$ 261.4</u>

**BRRH Corporation and Affiliates
Management's Discussion and Analysis of
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For the Quarter Ended December 31, 2018

Accounts Receivable

Total Days in Accounts Receivable (365 day rolling average) were 39.6 as of December 31, 2018, as compared to 45.0 as of December 31, 2017, reflecting improvements in cash collection processes and the implementation of new automated work queue tools.

Historical Debt Service Coverage Ratio

The calculations provided below are based on a rolling 12 month period and are prepared in accordance with the terms of the Master Trust Indenture dated September 1, 2014. BRRH is required to maintain a minimum Debt Service Coverage Ratio of 1.10 to 1.00. The Master Trust Indenture requires an annual calculation of the Debt Service Coverage Ratio as of June 30.

<i>\$ in 000s, based on a rolling 12-month period</i>	12/31/2018	9/30/2018	6/30/2018	3/31/2018	12/31/2017
Excess of unrestricted revenue and nonoperating gains over expenses	(\$9,063)	\$4,659	\$3,722	\$17,687	\$20,800
Add back:					
Interest expense	3,209	3,169	3,038	3,029	3,046
Depreciation and amortization expense	25,549	25,532	25,552	25,331	25,711
Gain or loss resulting from any reappraisal, revaluation, or write down/write up of assets, including unrealized gains or losses on investments, or resulting from early extinguishment of debt.	12,634	(1,016)	(2,978)	(9,342)	(9,260)
Net assets released from restriction for capital purposes	8,691	7,052	6,477	2,524	7,904
Income Available for Debt Service	\$41,020	\$39,396	\$35,811	\$39,229	\$48,201
Actual annual debt service	\$9,719	\$9,772	\$9,777	\$9,754	\$9,734
Historical debt service coverage ratio	4.22	4.03	3.66	4.02	4.95

**BRRH Corporation and Affiliates
Management’s Discussion and Analysis of
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For the Quarter Ended December 31, 2018

Investment Performance

At December 31, 2018, BRRH’s allocation of its managed Foundation investment portfolio is comprised of:

Asset Class	% of Total 12M Return	
Equity	30.4%	-9.9%
Domestic Equity	16.8%	-4.3%
International Equity	13.6%	-16.0%
Fixed Income	30.6%	-0.6%
Alternatives	33.7%	-0.3%
Other (MARR/PE)	5.2%	-2.1%
Cash/Cash Equivalents	0.1%	0.0%
Total	100.0%	-3.6%

For the rolling 12 month period ended December 31, 2018, the portfolio depreciated by -3.6% as compared to a target benchmark return of -2.6%. The portfolio benchmark is a weighted average of market indices using the Foundation’s strategic asset allocation through time.

Fixed income investments have immediate liquidity. Investments in hedge funds have liquidity restrictions ranging from 90 days to eighteen months. Generally, after the initial lockup, some of the hedge fund investments offer liquidity every three months. It is anticipated that certain investments in private equity funds are nonredeemable. However, most of the capital is currently expected to be returned in accordance with the applicable offering agreement.

Certain statements included or incorporated by reference in this Notice constitute “forward-looking statements.” Such statements generally are identifiable by the terminology used such as “plan,” “expect,” “estimate,” “budget” or other similar words. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. BRRH does not plan to issue any updates or revisions to those forward-looking statements if or when its expectations or events, conditions or circumstances on which such statements are based occur.

FINANCIAL STATEMENTS



BOCA RATON REGIONAL HOSPITAL

FOR THE SECOND QUARTER ENDED DECEMBER 2018

(Unaudited)

BRRH CORPORATION AND AFFILIATES

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**Boca Raton Regional Hospital
Statistical Operating Results**

Volume Indicators

	For the 3 Months Ended December 31,				For the 6 Months Ended December 31,			
	2018	2017	Fav/(Unfav) Variance	Var %	2018	2017	Fav/(Unfav) Variance	Var %
Admissions	4,926	5,099	(173)	-3.4%	9,490	9,439	51	0.5%
Inpatient Discharges	4,868	5,079	(211)	-4.2%	9,467	9,458	9	0.1%
Observation Discharges	1,966	1,679	287	17.1%	3,765	3,364	401	11.9%
Inpatient & Observation Discharges	6,834	6,758	76	1.1%	13,232	12,822	410	3.2%
Adjusted Admissions	13,110	12,274	836	6.8%	24,804	22,979	1,824	7.9%
Patient Days	20,980	23,386	(2,406)	-10.3%	41,393	44,254	(2,861)	-6.5%
Observation Days	3,677	3,204	473	14.8%	7,035	6,861	174	2.5%
Patient Days & Observation Days	24,657	26,590	(1,933)	-7.3%	48,428	51,115	(2,687)	-5.3%
Adjusted Patient Days	55,834	56,291	(458)	-0.8%	108,188	107,737	450	0.4%
Average Daily Census	228	254	(26)	-10.3%	225	241	(16)	-6.5%
Length of Stay - Medicare	4.50	4.89	0.39	8.0%	4.68	4.99	0.31	6.2%
Length of Stay - Total	4.26	4.59	0.33	7.1%	4.36	4.69	0.33	7.0%
Deliveries	655	650	5	0.8%	1,318	1,277	41	3.2%
Emergency Room Visits								
Inpatient	3,570	3,709	(139)	-3.7%	6,880	6,870	10	0.1%
Outpatient	10,250	10,910	(660)	-6.0%	19,588	20,780	(1,192)	-5.7%
Total ER Visits	13,820	14,619	(799)	-5.5%	26,468	27,650	(1,182)	-4.3%
Surgeries								
Inpatient	1,294	1,274	20	1.6%	2,593	2,457	136	5.5%
Outpatient	1,412	1,510	(98)	-6.5%	2,760	2,981	(221)	-7.4%
Total Surgeries	2,706	2,784	(78)	-2.8%	5,353	5,438	(85)	-1.6%
Outpatient Registrations	73,017	75,211	(2,194)	-2.9%	138,247	140,387	(2,140)	-1.5%
Outpatient Imaging Chargeable Units	41,255	41,621	(366)	-0.9%	76,595	77,496	(901)	-1.2%
BocaCare Visits								
Office Visits - New	5,718	5,065	653	12.9%	10,872	9,509	1,363	14.3%
Office Visits - Established	25,975	23,072	2,903	12.6%	48,857	42,715	6,142	14.4%
Hospital Visits	5,490	4,071	1,419	34.9%	11,373	9,067	2,306	25.4%
Urgent Care Visits	1,892	1,463	429	29.3%	3,239	2,562	677	26.4%
Total BocaCare Visits	39,075	33,671	5,404	16.0%	74,341	63,853	10,488	16.4%

Boca Raton Regional Hospital
Statistical Operating Results

Volume Indicators by Center of Excellence

	For the 3 Months Ended December 31,				For the 6 Months Ended December 31,			
	2018	2017	Fav/(Unfav) Variance	Var %	2018	2017	Fav/(Unfav) Variance	Var %
Lynn Heart & Vascular Institute								
Open Heart Surgeries	53	55	(2)	-3.6%	121	95	26	27.4%
TAVR	11	11	-	0.0%	18	21	(3)	-14.3%
TMVR/MitraClip	4	1	3	300.0%	6	6	-	0.0%
Vascular Surgeries	203	208	(5)	-2.4%	422	416	6	1.4%
Thoracic Surgeries	96	52	44	84.6%	181	103	78	75.7%
Pacemakers	124	98	26	26.5%	210	198	12	6.1%
Defibrillators	27	53	(26)	-49.1%	72	88	(16)	-18.2%
Cardiac Caths	542	446	96	21.5%	973	867	106	12.2%
EP Studies	80	82	(2)	-2.4%	167	142	25	17.6%
Ablations	95	80	15	18.8%	192	166	26	15.7%
Other Cath/EP Lab Procedures	733	640	93	14.5%	1,395	1,119	276	24.7%
Total	1,968	1,726	242	14.0%	3,757	3,221	536	16.6%
Hybrid OR Cases	229	199	30	15.1%	456	383	73	19.1%
Marcus Neuroscience Institute								
Surgeries								
MNI MDs*	214	117	97	82.9%	409	229	180	78.6%
Community Neuro/Spine MDs	65	61	4	6.6%	117	136	(19)	-14.0%
Total Surgeries	279	178	101	56.7%	526	365	161	44.1%
MNI ICU & MNI Stepdown								
Patient Days	1,247	1,347	(100)	-7.4%	2,499	2,633	(134)	-5.1%
Observation Days	47	76	(29)	-38.2%	83	125	(42)	-33.6%
Total Patient Days and Observation Days	1,294	1,423	(129)	-9.1%	2,582	2,758	(176)	-6.4%
BocaCare MNI Practice Visits								
Office Visits - New	1,145	907	238	26.2%	2,202	1,669	533	31.9%
Office Visits - Established	3,838	3,146	692	22.0%	7,538	5,822	1,716	29.5%
Hospital Visits	2,027	1,701	326	19.2%	4,390	3,480	910	26.1%
Total BocaCare MNI Practice Visits	7,010	5,754	1,256	21.8%	14,130	10,971	3,159	28.8%

*Includes procedures performed in Interventional Radiology & Endoscopy suites

Boca Raton Regional Hospital
Statistical Operating Results

Volume Indicators by Center of Excellence

	For the 3 Months Ended December 31,				For the 6 Months Ended December 31,			
	2018	2017	Fav/(Unfav)		2018	2017	Fav/(Unfav)	
			Variance	Var %			Variance	Var %
Lynn Cancer Institute								
Total Radiation Oncology Procedures	12,293	15,281	(2,988)	-19.6%	21,150	29,255	(8,105)	-27.7%
Radiation Oncology New Patients	308	362	(54)	-14.9%	527	684	(157)	-23.0%
CHO - Initial Infusions								
Boca Raton	2,946	2,688	258	9.6%	5,669	5,291	378	7.1%
Delray Beach	1,260	977	283	29.0%	2,465	1,808	657	36.3%
Total	4,206	3,665	541	14.8%	8,134	7,099	1,035	14.6%
BocaCare LCI Practice Visits								
Office Visits - New	909	627	282	45.0%	1,578	1,124	454	40.4%
Office Visits - Established	2,114	1,694	420	24.8%	3,859	2,945	914	31.0%
Hospital Visits	385	144	241	167.4%	691	318	373	117.3%
Total BocaCare LCI Practice Visits	3,408	2,465	943	38.3%	6,128	4,387	1,741	39.7%
Lynn Women's Health and Wellness Institute								
Breast Imaging & Procedures	24,269	21,627	2,642	12.2%	42,880	37,696	5,184	13.8%
Other Women's Imaging	2,798	2,569	229	8.9%	5,211	4,711	500	10.6%
Total	27,067	24,196	2,871	11.9%	48,091	42,407	5,684	13.4%
BocaCare WHWI Practice Visits								
Office Visits - New	820	631	189	30.0%	1,389	1,060	329	31.0%
Office Visits - Established	2,483	1,562	921	59.0%	4,225	2,672	1,553	58.1%
Hospital Visits	-	-	-	0.0%	4	(1)	5	-500.0%
Total BocaCare WHWI Practice Visits	3,303	2,193	1,110	50.6%	5,618	3,731	1,887	50.6%
Drummond Physical Rehabilitation Institute								
Outpatient Rehab Units	31,063	23,703	7,360	31.1%	60,509	44,630	15,879	35.6%
Cardiac & Pulmonary Rehab Units	6,937	6,659	278	4.2%	13,926	12,408	1,518	12.2%
Wound Care Procedures (including Hyperbaric)	4,318	4,414	(96)	-2.2%	9,031	8,614	417	4.8%
Diabetes Program Units	1,129	1,010	119	11.8%	2,281	2,070	211	10.2%
Total	43,447	35,786	7,661	21.4%	85,747	67,722	18,025	26.6%
Outpatient Rehab New Patients	985	783	202	25.8%	1,961	1,534	427	27.8%

Boca Raton Regional Hospital
Statistical Operating Results

Financial Indicators

Financial Indicators	For the 3 Months Ended December 31,				For the 6 Months Ended December 31,			
	2018	2017	Fav/(Unfav)		2018	2017	Fav/(Unfav)	
			Variance	Var %			Variance	Var %
NPSR/Adj Admission	\$ 9,925	\$ 9,735	\$ 190	2.0%	\$ 9,986	\$ 9,828	\$ 159	1.6%
CMI Adjusted NPSR/Adj Admission	\$ 6,163	\$ 6,356	\$ (192)	-3.0%	\$ 6,135	\$ 6,329	\$ (195)	-3.1%
NPSR/Adj Patient Days	\$ 2,330	\$ 2,123	\$ 208	9.8%	\$ 2,290	\$ 2,096	\$ 193	9.2%
Bad Debt Exp as a % of NPSR	3.1%	2.0%	-1.1%	-56.2%	2.5%	2.7%	0.2%	6.8%
Medicare Case Mix Index	1.7263	1.6253	0.1010	6.2%	1.7628	1.6670	0.0958	5.7%
Overall Case Mix Index	1.6103	1.5317	0.0786	5.1%	1.6279	1.5527	0.0752	4.8%
Paid Full Time Equivalents (FTEs)	2,474	2,437	(37)	-1.5%	2,450	2,404	(45)	-1.9%
Productive FTEs	2,223	2,266	43	1.9%	2,195	2,202	7	0.3%
FTEs per Adjusted Occupied Bed	4.08	3.98	(0.09)	-2.4%	4.17	4.11	(0.06)	-1.5%
Productive FTEs per Adj Occupied Bed	3.66	3.70	0.04	1.1%	3.73	3.76	0.03	0.7%
Labor Exp per Adj Admission	\$ 3,832	\$ 3,950	\$ 118	3.0%	\$ 4,005	\$ 4,193	\$ 189	4.5%
Labor Exp per Adj Patient Days	\$ 900	\$ 861	\$ (38)	-4.5%	\$ 918	\$ 894	\$ (24)	-2.6%
Labor Exp as a % of NPSR	38.6%	40.6%	2.0%	4.8%	40.1%	42.7%	2.6%	6.0%
Average Hourly Rate								
Including Incentive	\$ 32.68	\$ 32.49	\$ (0.18)	-0.6%	\$ 32.55	\$ 32.26	\$ (0.28)	-0.9%
Excluding Incentive	\$ 32.10	\$ 31.91	\$ (0.19)	-0.6%	\$ 31.97	\$ 31.67	\$ (0.30)	-0.9%
Supplies Exp per Adj Admission	\$ 3,396	\$ 3,044	\$ (352)	-11.6%	\$ 3,335	\$ 3,090	\$ (245)	-7.9%
Supplies Exp per Adj Patient Days	\$ 797	\$ 664	\$ (134)	-20.1%	\$ 765	\$ 659	\$ (106)	-16.0%
Supplies Exp as a % of NPSR	34.2%	31.3%	-2.9%	-9.4%	33.4%	31.4%	-2.0%	-6.2%
Total Expenses per Adj Admission	\$ 9,450	\$ 9,441	\$ (9)	-0.1%	\$ 9,667	\$ 9,807	\$ 140	1.4%
BocaCare FTEs								
Providers	60	52	(7)	-14.2%	58	53	(5)	-9.8%
Midlevels	14	9	(5)	-52.2%	13	9	(4)	-41.0%
Subtotal - Providers	73	61	(12)	-19.8%	71	62	(9)	-14.5%
Non-Provider Staff	195	168	(27)	-15.8%	189	166	(23)	-14.1%
Total BocaCare FTEs	268	230	(39)	-16.9%	260	228	(32)	-14.2%

BRRH Corporation and Affiliates**Financial Indicators**

	December 31, 2018	December 31, 2017	S&P Benchmark (2016)	
			BBB+	A-
LIQUIDITY:				
Days Cash on Hand	104.9	113.4	183.7	214.0
Days in Accounts Receivable (Consolidated)				
90-day rolling	38.8	44.3	N/A	N/A
365-day rolling	39.6	45.0	44.7	47.4
Hospital Billed Accounts Receivable Aging (at gross)				
% greater than 90 days	36.7%	33.4%	N/A	N/A
% greater than 180 days	20.6%	18.0%	N/A	N/A
Cash to Debt	2.0	1.9	1.6	1.4
DB Pension Funded Status	71.3%	72.2%	78.1%	71.2%
CAPITAL STRUCTURE:				
Debt to Capitalization	21.0%	23.3%	29.6%	34.8%
Average Age of Plant	13.6	13.0	12.0	11.5
Capital Expenditures as a % of Depreciation	90.7%	106.1%	101.0%	118.6%
PROFITABILITY:				
Operating Margin YTD	0.0%	-0.9%	1.4%	2.7%
Operating EBIDA YTD	5.4%	4.9%	8.4%	9.6%
EBIDA YTD	2.0%	7.3%	10.2%	11.4%
Salaries & Benefits as a % of Net Patient Revenue YTD	46.5%	48.5%	54.4%	56.3%
BOND COVENANTS:				
Debt Service Coverage Ratio (12 mo Rolling) - Actual per MTI	4.22 to 1.0	4.95 to 1.0	N/A	N/A
Debt Service Coverage Ratio (12 mo Rolling) - Industry Standard	3.33 to 1.0	4.14 to 1.0	3.00 to 1.0	3.90 to 1.0

BRRH Corporation and Affiliates
Consolidated Statement of Operations
(Unaudited)

	For the 3 Months Ended December 31,				For the 6 Months Ended December 31,			
	2018	2017	Fav/(Unfav) Variance (\$)	Fav/(Unfav) Variance (%)	2018	2017	Fav/(Unfav) Variance (\$)	Fav/(Unfav) Variance (%)
<u>Patient Revenue</u>								
Inpatient	\$ 207,753,665	\$ 218,650,411	\$ (10,896,746)	-5.0%	\$ 406,118,751	\$ 412,090,390	\$ (5,971,639)	-1.4%
Outpatient	386,302,042	346,783,615	39,518,427	11.4%	737,241,250	660,937,942	76,303,309	11.5%
Gross Patient Revenue	594,055,707	565,434,026	28,621,682	5.1%	1,143,360,002	1,073,028,332	70,331,670	6.6%
<u>Deductions from Revenue</u>								
Medicare Contractuals	239,633,436	229,123,532	(10,509,904)	-4.6%	452,723,559	438,878,894	(13,844,665)	-3.2%
Managed Care Deductions	194,444,202	182,874,807	(11,569,395)	-6.3%	383,007,931	340,504,424	(42,503,507)	-12.5%
Other Allowances	16,805,755	23,954,177	7,148,422	29.8%	36,984,458	47,720,352	10,735,894	22.5%
Provision for Bad Debt	4,724,158	2,678,836	(2,045,322)	-76.4%	7,119,326	6,506,807	(612,519)	-9.4%
Total Deductions	455,607,550	438,631,352	(16,976,198)	-3.9%	879,835,274	833,610,477	(46,224,797)	-5.5%
Net Patient Service Revenue	138,448,157	126,802,674	11,645,484	9.2%	263,524,727	239,417,855	24,106,873	10.1%
Other Operating Revenue	1,660,949	1,534,588	126,361	8.2%	3,253,280	3,120,302	132,978	4.3%
Net Assets Released from Restrictions	1,449,658	3,976,158	(2,526,500)	-63.5%	2,333,687	5,846,854	(3,513,167)	-60.1%
Total Operating Revenue	141,558,764	132,313,420	9,245,344	7.0%	269,111,694	248,385,010	20,726,684	8.3%
<u>Operating Expenses</u>								
Salaries and Wages	53,589,956	50,945,978	(2,643,977)	-5.2%	105,165,805	99,713,648	(5,452,158)	-5.5%
Employee Benefits	8,673,417	7,622,049	(1,051,368)	-13.8%	17,343,461	16,425,581	(917,880)	-5.6%
Physician Fees	1,361,293	1,339,331	(21,962)	-1.6%	2,510,110	2,697,629	187,519	7.0%
Supplies	45,065,273	37,752,392	(7,312,881)	-19.4%	83,699,454	71,656,759	(12,042,695)	-16.8%
Purchased Services	13,015,094	12,925,951	(89,143)	-0.7%	26,050,009	25,189,506	(860,503)	-3.4%
Professional Fees	519,311	2,309,443	1,790,132	77.5%	1,192,755	3,173,916	1,981,161	62.4%
Insurance	1,656,299	1,057,008	(599,291)	-56.7%	3,163,695	2,473,165	(690,530)	-27.9%
Other Expenses	7,966,379	7,685,191	(281,187)	-3.7%	15,542,416	14,973,638	(568,777)	-3.8%
Total Operating Expenses excl Depr & Int	131,847,021	121,637,343	(10,209,678)	-8.4%	254,667,706	236,303,842	(18,363,864)	-7.8%
Operating EBIDA	9,711,743	10,676,077	(964,334)	-9.0%	14,443,989	12,081,169	2,362,820	19.6%
Depreciation	6,369,706	6,352,019	(17,687)	-0.3%	12,788,273	12,791,299	3,026	0.0%
Interest	828,172	787,867	(40,305)	-5.1%	1,685,414	1,514,672	(170,742)	-11.3%
Total Operating Expenses incl Depr & Int	139,044,899	128,777,228	(10,267,670)	-8.0%	269,141,393	250,609,812	(18,531,580)	-7.4%
Operating Income (Loss)	2,513,865	3,536,191	(1,022,326)	-28.9%	(29,698)	(2,224,802)	2,195,104	-98.7%
<u>Nonoperating Gains & Losses</u>								
Strategic Partnerships	(352,854)	(24,619)	(328,235)	1333.3%	(876,981)	(127,351)	(749,630)	588.6%
Investment Income, Net	3,389,120	2,226,316	1,162,805	52.2%	3,594,812	2,485,216	1,109,596	44.6%
Realized Gain (Loss) on Investments	105,830	81,304	24,526	30.2%	116,445	142,663	(26,218)	-18.4%
Change in Unrealized Gain (Loss) on Investments	(12,342,489)	1,308,189	(13,650,678)	-1043.5%	(10,676,560)	4,936,279	(15,612,839)	-316.3%
Contributions, Net of Expenses	(389,277)	(525,079)	135,801	-25.9%	(846,751)	(1,261,432)	414,680	-32.9%
Community Support	(142,642)	(118,487)	(24,154)	20.4%	(470,736)	(437,091)	(33,645)	7.7%
Other Nonoperating Revenues	17,276	6,545	10,731	164.0%	57,965	221,122	(163,158)	-73.8%
Other Nonoperating Expenses	(51,370)	(21,751)	(29,619)	136.2%	51,178	(30,496)	81,674	-267.8%
Nonoperating Income (Loss)	(9,766,405)	2,932,418	(12,698,823)	-433.0%	(9,050,628)	5,928,911	(14,979,539)	-252.7%
Net Income (Loss)	\$ (7,252,540)	\$ 6,468,609	\$ (13,721,150)	-212.1%	\$ (9,080,326)	\$ 3,704,109	\$ (12,784,436)	-345.1%
EBIDA	(54,662)	13,608,495	(13,663,157)	-100.4%	5,393,361	18,010,080	(12,616,719)	-70.1%
Operating Margin %	1.8%	2.7%			0.0%	-0.9%		
Net Margin %	-5.1%	4.9%			-3.4%	1.5%		
Operating EBIDA %	6.9%	8.1%			5.4%	4.9%		
EBIDA %	0.0%	10.3%			2.0%	7.3%		

BRRH Corporation and Affiliates
Consolidating Statement of Operations
For the 3 Months Ended December 31, 2018

	Hospital	BRRH Foundation	BRRH Corporation	Home Health - Private Duty	Oaks Plaza LLC	BocaCare	Eliminations	Consolidated
<u>Patient Revenue</u>								
Inpatient	\$ 207,753,665	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 207,753,665
Outpatient	348,808,493	-	-	384,749	-	37,156,899	(48,100)	386,302,042
Gross Patient Revenue	556,562,159	-	-	384,749	-	37,156,899	(48,100)	594,055,707
<u>Deductions from Revenue</u>								
Medicare Contractuals	239,633,436	-	-	-	-	-	-	239,633,436
Managed Care Deductions	165,866,816	-	-	-	-	28,577,386	-	194,444,202
Other Allowances	16,800,645	-	-	5,110	-	-	-	16,805,755
Provision for Bad Debt	4,153,844	-	-	20,655	-	549,659	-	4,724,158
Total Deductions	426,454,741	-	-	25,765	-	29,127,044	-	455,607,550
Net Patient Service Revenue	130,107,418	-	-	358,984	-	8,029,855	(48,100)	138,448,157
Other Operating Revenue	2,433,165	-	209,814	194	-	406,690	(1,388,914)	1,660,949
Net Assets Released from Restrictions	-	1,449,658	-	-	-	-	-	1,449,658
Total Operating Revenue	132,540,583	1,449,658	209,814	359,178	-	8,436,545	(1,437,014)	141,558,764
<u>Operating Expenses</u>								
Salaries and Wages	42,501,236	-	-	323,072	-	10,813,748	(48,100)	53,589,956
Employee Benefits	7,739,248	-	-	37,027	-	897,142	-	8,673,417
Physician Fees	1,645,668	-	-	-	-	-	(284,375)	1,361,293
Supplies	44,521,825	-	-	1,037	-	542,410	-	45,065,273
Purchased Services	12,569,473	-	117,158	547	-	327,917	-	13,015,094
Professional Fees	491,038	-	-	-	-	28,273	-	519,311
Insurance	1,320,174	-	13,775	-	383	321,967	-	1,656,299
Other Expenses	6,991,760	-	361,246	9,012	5,635	626,863	(28,137)	7,966,379
Total Operating Expenses excl Depr & Int	117,780,421	-	492,178	370,696	6,018	13,558,320	(360,612)	131,847,021
Operating EBIDA	14,760,162	1,449,658	(282,364)	(11,517)	(6,018)	(5,121,775)	(1,076,402)	9,711,743
Depreciation	5,972,214	-	280,702	-	28,710	88,080	-	6,369,706
Interest	128,062	-	700,110	-	-	-	-	828,172
Total Operating Expenses incl Depr & Int	123,880,697	-	1,472,990	370,696	34,728	13,646,400	(360,612)	139,044,899
Operating Income (Loss)	8,659,886	1,449,658	(1,263,176)	(11,517)	(34,728)	(5,209,855)	(1,076,402)	2,513,865
<u>Nonoperating Gains & Losses</u>								
Strategic Partnership	(352,854)	-	-	-	-	-	-	(352,854)
Investment Income, Net	11,815	3,377,127	178	-	-	-	-	3,389,120
Realized Gain (Loss) on Investments	(23)	105,853	-	-	-	-	-	105,830
Change in Unrealized Gain (Loss) on Investments	(22,854)	(12,319,635)	-	-	-	-	-	(12,342,489)
Contributions, Net of Expenses	-	(1,465,679)	-	-	-	-	1,076,402	(389,277)
Community Support	(142,642)	-	-	-	-	-	-	(142,642)
Other Nonoperating Revenues	17,186	-	90	-	-	-	-	17,276
Other Nonoperating Expenses	(36,585)	(14,785)	-	-	-	-	-	(51,370)
Nonoperating Income (Loss)	(525,956)	(10,317,119)	268	-	-	-	1,076,402	(9,766,405)
Net Income (Loss)	\$ 8,133,929	\$ (8,867,461)	\$ (1,262,908)	\$ (11,517)	\$ (34,728)	\$ (5,209,855)	\$ -	\$ (7,252,540)
Operating Margin %	6.5%	100.0%	-602.0%	-3.2%	0.0%	-61.8%	74.9%	1.8%
Net Margin %	6.1%	-611.7%	-601.9%	-3.2%	0.0%	-61.8%	0.0%	-5.1%
Operating EBIDA %	11.1%	100.0%	-134.6%	-3.2%	0.0%	-60.7%	74.9%	6.9%
EBIDA %	10.7%	-611.7%	-134.5%	-3.2%	0.0%	-60.7%	0.0%	0.0%

BRRH Corporation and Affiliates
Consolidating Statement of Operations
For the 6 Months Ended December 31, 2018

	Hospital	BRRH Foundation	BRRH Corporation	Home Health - Private Duty	Oaks Plaza LLC	BocaCare	Eliminations	Consolidated
<u>Patient Revenue</u>								
Inpatient	\$ 406,118,751	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 406,118,751
Outpatient	662,338,367	-	-	808,985	-	74,232,627	(138,729)	737,241,250
Gross Patient Revenue	1,068,457,119	-	-	808,985	-	74,232,627	(138,729)	1,143,360,002
<u>Deductions from Revenue</u>								
Medicare Contractuals	452,723,559	-	-	-	-	-	-	452,723,559
Managed Care Deductions	324,787,039	-	-	-	-	58,220,892	-	383,007,931
Other Allowances	36,949,320	-	-	35,138	-	-	-	36,984,458
Provision for Bad Debt	6,295,588	-	-	30,440	-	793,298	-	7,119,326
Total Deductions	820,755,506	-	-	65,578	-	59,014,190	-	879,835,274
Net Patient Service Revenue	247,701,612	-	-	743,407	-	15,218,437	(138,729)	263,524,727
Other Operating Revenue	4,746,250	-	401,469	355	-	748,710	(2,643,504)	3,253,280
Net Assets Released from Restrictions	-	2,333,687	-	-	-	-	-	2,333,687
Total Operating Revenue	252,447,862	2,333,687	401,469	743,762	-	15,967,147	(2,782,233)	269,111,694
<u>Operating Expenses</u>								
Salaries and Wages	83,834,293	-	-	653,492	-	20,816,750	(138,729)	105,165,805
Employee Benefits	15,495,556	-	-	75,264	-	1,772,641	-	17,343,461
Physician Fees	3,023,847	-	-	-	-	-	(513,737)	2,510,110
Supplies	82,731,020	-	-	1,230	-	967,204	-	83,699,454
Purchased Services	25,211,074	-	232,896	547	-	605,492	-	26,050,009
Professional Fees	1,124,642	-	-	-	-	68,112	-	1,192,755
Insurance	2,500,670	-	27,550	-	766	634,708	-	3,163,695
Other Expenses	13,594,538	-	736,641	15,275	11,910	1,240,377	(56,325)	15,542,416
Total Operating Expenses excl Depr & Int	227,515,640	-	997,087	745,808	12,676	26,105,285	(708,791)	254,667,706
Operating EBIDA	24,932,222	2,333,687	(595,617)	(2,046)	(12,676)	(10,138,138)	(2,073,443)	14,443,989
Depreciation	11,999,661	-	557,476	-	57,420	173,716	-	12,788,273
Interest	257,686	-	1,427,728	-	-	-	-	1,685,414
Total Operating Expenses incl Depr & Int	239,772,987	-	2,982,291	745,808	70,096	26,279,002	(708,791)	269,141,393
Operating Income (Loss)	12,674,875	2,333,687	(2,580,821)	(2,046)	(70,096)	(10,311,855)	(2,073,443)	(29,698)
<u>Nonoperating Gains & Losses</u>								
Strategic Partnership	(876,981)	-	-	-	-	-	-	(876,981)
Investment Income, Net	(180,788)	3,775,245	355	-	-	-	-	3,594,812
Realized Gain (Loss) on Investments	(37)	116,482	-	-	-	-	-	116,445
Change in Unrealized Gain (Loss) on Investments	(22,852)	(10,653,708)	-	-	-	-	-	(10,676,560)
Contributions, Net of Expenses	-	(2,920,194)	-	-	-	-	2,073,443	(846,751)
Community Support	(470,736)	-	-	-	-	-	-	(470,736)
Other Nonoperating Revenues	57,785	-	180	-	-	-	-	57,965
Other Nonoperating Expenses	86,021	(34,843)	-	-	-	-	-	51,178
Nonoperating Income (Loss)	(1,407,589)	(9,717,017)	535	-	-	-	2,073,443	(9,050,628)
Net Income (Loss)	\$ 11,267,286	\$ (7,383,330)	\$ (2,580,286)	\$ (2,046)	\$ (70,096)	\$ (10,311,855)	\$ -	\$ (9,080,326)
Operating Margin %	5.0%	100.0%	-642.8%	-0.3%	0.0%	-64.6%	74.5%	0.0%
Net Margin %	4.5%	-316.4%	-642.7%	-0.3%	0.0%	-64.6%	0.0%	-3.4%
Operating EBIDA %	9.9%	100.0%	-148.4%	-0.3%	0.0%	-63.5%	74.5%	5.4%
EBIDA %	9.3%	-316.4%	-148.2%	-0.3%	0.0%	-63.5%	0.0%	2.0%

BRRH Corporation and Affiliates
Consolidated Balance Sheet
(Unaudited)

	December 31, 2018	September 30, 2017	December 31, 2017
Assets			
Current Assets:			
Cash and Cash Equivalents	\$ 38,273,400	\$ 34,295,134	\$ 30,072,531
Restricted Cash	882,094	881,916	1,265,732
Assets Whose Use Is Limited, Current	6,846,625	7,597,564	7,432,236
Investments, Current	73,164,703	80,451,342	79,229,296
Accounts Receivable, Net	58,360,197	58,568,678	61,099,518
Pledges Receivable, Current	6,207,862	5,833,990	6,791,270
Other Receivables	5,878,261	5,746,650	4,525,036
Inventories	10,103,760	9,356,619	9,180,966
Prepaid Expenses and Other Current Assets	6,212,729	5,352,462	4,670,607
Total Current Assets	205,929,632	208,084,356	204,267,192
Assets Whose Use Is Limited, Net of Current Portion:			
Under Trust Indenture for Professional Liability Claims, Held by Trustee	2,882,018	2,857,279	2,902,258
Donor Restricted Assets	113,380,639	112,670,032	100,175,446
Investments, Net of Current Portion	38,350,009	40,927,450	40,249,643
Pledges Receivable, Net of Current Portion	35,026,595	32,891,546	31,754,762
Property and Equipment, Net	235,371,562	235,384,500	225,182,861
Other Assets	2,516,367	2,520,090	2,493,832
Total Assets	\$ 633,456,821	\$ 635,335,253	\$ 607,025,994
Liabilities and Net Assets			
Current Liabilities:			
Accounts Payable	\$ 31,844,483	\$ 19,029,185	\$ 19,137,399
Accrued Expenses	28,478,502	34,354,352	34,845,115
Reserve for Professional Liability Claims, Current Portion	4,724,000	4,724,000	4,582,400
Current Portion of Long-Term Debt and Capital Leases	6,251,806	6,049,012	6,342,640
Estimated Third Party Settlements	8,613	224,881	(1,113,171)
Other Current Liabilities	2,228,178	2,348,801	256,332
Total Current Liabilities	73,535,583	66,730,231	64,050,714
Long-Term Liabilities:			
Reserve for Professional Liability Claims, Net of Current Portion	8,203,092	8,262,338	8,319,021
Long-Term Debt and Capital Leases, Net of Current Portion	67,408,422	72,722,897	73,828,750
Pension Liability	31,814,578	32,626,719	47,418,086
Other Long-Term Liabilities	16,305,292	16,719,393	6,210,877
Total Liabilities	197,266,966	197,061,579	199,827,448
Net Assets (Deficit):			
Unrestricted	277,803,762	282,453,901	264,189,379
Temporarily Restricted	158,386,093	155,819,773	143,009,166
Total Net Assets (Deficit)	436,189,854	438,273,674	407,198,545
Total Liabilities and Net Assets	\$ 633,456,821	\$ 635,335,253	\$ 607,025,994

BRRH Corporation and Affiliates
Consolidating Balance Sheet
December 31, 2018
(Unaudited)

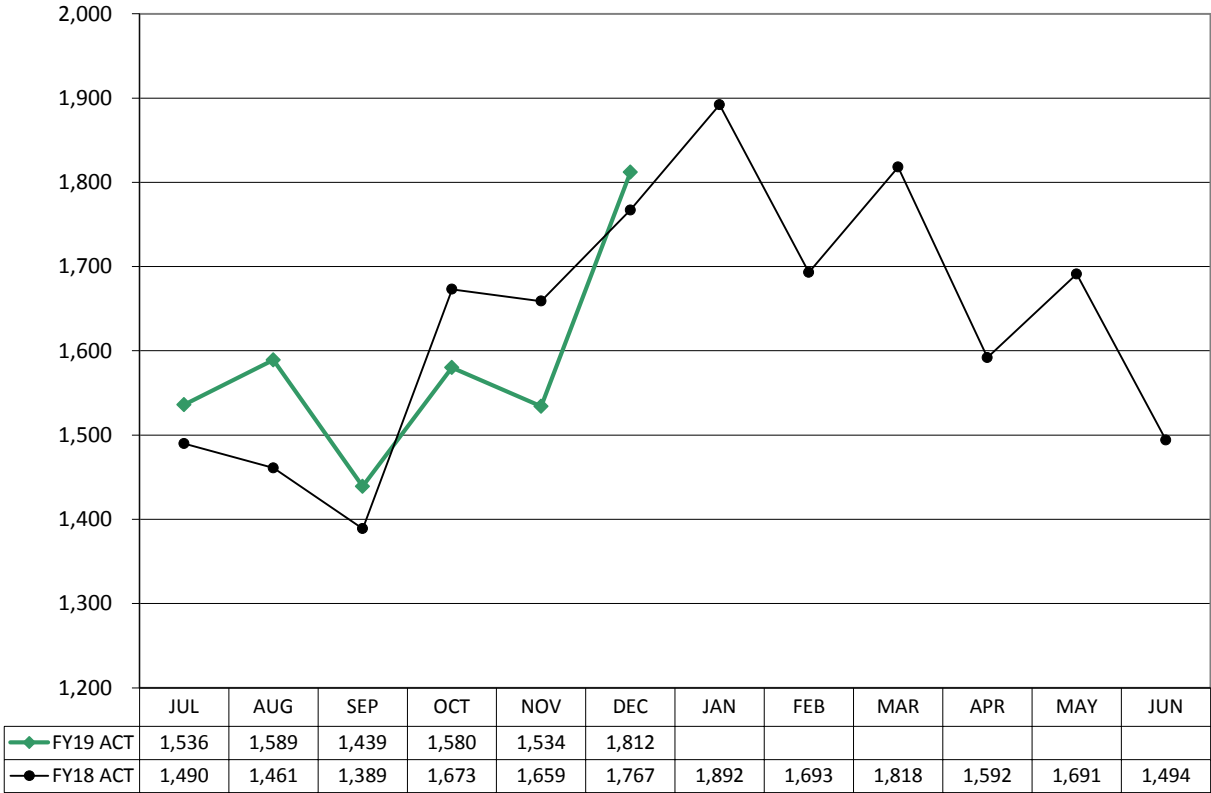
	Hospital	BRRH Foundation	BRRH Corporation	Home Health - Private Duty	Oaks Plaza LLC	BocaCare	Eliminations	Consolidated
Assets								
Current Assets:								
Cash and Cash Equivalents	\$ 1,048,595	\$ 1,404,035	\$ 31,607,309	\$ 21,369	\$ -	\$ 4,192,092	\$ -	\$ 38,273,400
Restricted Cash	781,211	-	100,883	-	-	-	-	882,094
Assets Whose Use Is Limited, Current	4,724,000	2,122,625	-	-	-	-	-	6,846,625
Investments, Current	-	73,164,703	-	-	-	-	-	73,164,703
Accounts Receivable, Net	54,403,928	-	-	169,651	-	3,786,619	-	58,360,197
Pledges Receivable, Current	-	6,207,862	-	-	-	-	-	6,207,862
Other Receivables	5,654,594	106,908	59,324	-	-	57,435	0	5,878,261
Inventories	10,064,245	-	-	-	-	39,515	-	10,103,760
Prepaid Expenses and Other Current Assets	5,222,552	567,500	96,370	-	639	325,669	-	6,212,729
Due from Affiliates	121,663,023	(136,169)	(116,211,771)	3,337,586	(8,652,668)	-	-	0
Total Current Assets	203,562,147	83,437,464	(84,347,886)	3,528,606	(8,652,029)	8,401,330	0	205,929,632
Assets Whose Use Is Limited, Net of Current Portion:								
Under Trust Indenture for Professional Liability Claims, Held by Trustee	2,882,018	-	-	-	-	-	-	2,882,018
Donor Restricted Assets	-	113,380,639	-	-	-	-	-	113,380,639
Investments, Net of Current Portion	-	38,350,009	-	-	-	-	-	38,350,009
Pledges Receivable, Net of Current Portion	-	35,026,595	-	-	-	-	-	35,026,595
Property and Equipment, Net	207,945,322	-	23,663,318	-	1,879,516	1,883,405	-	235,371,562
Beneficial Interest in BRRH Foundation	269,671,885	-	-	-	-	-	(269,671,885)	-
Other Assets	2,516,367	-	89,999,282	-	-	-	(89,999,282)	2,516,367
Total Assets	\$ 686,577,740	\$ 270,194,707	\$ 29,314,714	\$ 3,528,606	\$ (6,772,513)	\$ 10,284,735	\$ (359,671,166)	\$ 633,456,821
Liabilities and Net Assets								
Current Liabilities:								
Accounts Payable	\$ 30,950,274	\$ 240,573	\$ 100,017	\$ -	\$ -	\$ 553,619	\$ 0	\$ 31,844,483
Accrued Expenses	24,897,691	162,064	339,271	22,280	0	3,057,195	-	28,478,502
Reserve for Professional Liability Claims, Current Portion	4,724,000	-	-	-	-	-	-	4,724,000
Current Portion of Long-Term Debt and Capital Leases	1,286,806	-	4,965,000	-	-	-	-	6,251,806
Estimated Third Party Settlements	8,613	-	-	-	-	-	-	8,613
Other Current Liabilities	1,770,772	-	457,407	-	-	-	-	2,228,178
Total Current Liabilities	63,638,156	402,637	5,861,695	22,280	0	3,610,813	0	73,535,583
Long-Term Liabilities:								
Reserve for Professional Liability Claims, Net of Current Portion	8,203,092	-	-	-	-	-	-	8,203,092
Long-Term Debt and Capital Leases, Net of Current Portion	1,071,400	-	66,337,021	-	-	-	-	67,408,422
Pension Liability	31,814,578	-	-	-	-	-	-	31,814,578
Other Long-Term Liabilities	11,854,595	120,185	3,877,779	-	-	452,734	-	16,305,292
Total Liabilities	116,581,822	522,822	76,076,495	22,280	0	4,063,547	0	197,266,966
Net Assets (Deficit):								
Unrestricted	411,609,825	111,285,847	(46,761,781)	3,506,325	(6,772,513)	6,221,188	(201,285,129)	277,803,762
Temporarily Restricted	158,386,093	158,386,038	-	-	-	-	(158,386,038)	158,386,093
Total Net Assets (Deficit)	569,995,918	269,671,885	(46,761,781)	3,506,325	(6,772,513)	6,221,188	(359,671,167)	436,189,854
Total Liabilities and Net Assets	\$ 686,577,740	\$ 270,194,707	\$ 29,314,714	\$ 3,528,606	\$ (6,772,513)	\$ 10,284,735	\$ (359,671,166)	\$ 633,456,821

BRRH Corporation and Affiliates
Consolidating Cash Flow Statement
For the 6 Months Ended December 31, 2018
(Unaudited)

	Consolidated
Operating Activities	
Change in Net Assets	\$ 4,732,720
Adjustments to Reconcile Change in Net Assets	
to Net Cash Provided by Operating Activities:	
Depreciation & Amortization	12,596,944
Gain on Sale of Equipment	(9,142)
Gain on Sale of Investments	(116,445)
Provision for Bad Debts	7,119,326
Change in Net Unrealized Gains on Investments	13,975,368
Change in pension liability	-
Restricted Contributions	(19,445,539)
Changes in unrestricted contributions	(10,638)
Changes in Operating Assets and Liabilities:	
Accounts Receivable	(481,357)
Other Receivables	106,305
Inventories	(1,106,500)
Prepaid Expenses and Other Current Assets	41,078
Other Assets	(1,137)
Accounts Payable	(778,569)
Accrued Expenses	(1,683,624)
Estimated Third Party Settlements	(448,393)
Other Current Liabilities	(189,182)
Reserve for Professional Liability Claims	(2,233,685)
Other Long-Term Liabilities	(407,900)
Pension Liability	(1,705,283)
Net Cash Provided by (Used in) Operating Activities	\$ 9,954,347
Investing Activities	
Proceeds from Sales and Maturities of Investments	\$ 2,306,908
Purchases of Investments	(8,952,285)
Purchases of Property and Equipment	(11,804,324)
Proceeds from the Sale of Property and Equipment	9,142
Net Increase in Assets Whose Use is Limited and	
Donor-Designated Assets	(5,843,564)
Payments on Gift Annuities	(6,292)
Change in Restricted Cash	(355)
Net Cash Provided by (Used in) Investing Activities	\$ (24,290,770)
Financing Activities	
Repayments of Long-Term Debt	\$ (4,780,000)
Payments on Capital Leases	(647,557)
Proceeds from Restricted Contributions	17,077,925
Net Cash Provided by (Used in) Financing Activities	\$ 11,650,368
Increase (Decrease) in Cash	(2,686,055)
Cash and Equivalents at Beginning of Year	40,959,455
Cash and Equivalents at End of Period	\$ 38,273,400
Supplemental Disclosure of Noncash Financing and Investing Activities:	
Acquisition of Equipment under Capital Lease Obligation	\$ 173,707
Acquisition of equipment through Other Current and Long Term Liabilities	531,994
Acquisition of equipment through AP	136,832
Change in Pledges Receivable	(2,303,252)
Change in DDA related to bond receipt	(75,000)
Supplemental Disclosure of Cash Flow Information	
Cash paid for interest	1,949,266

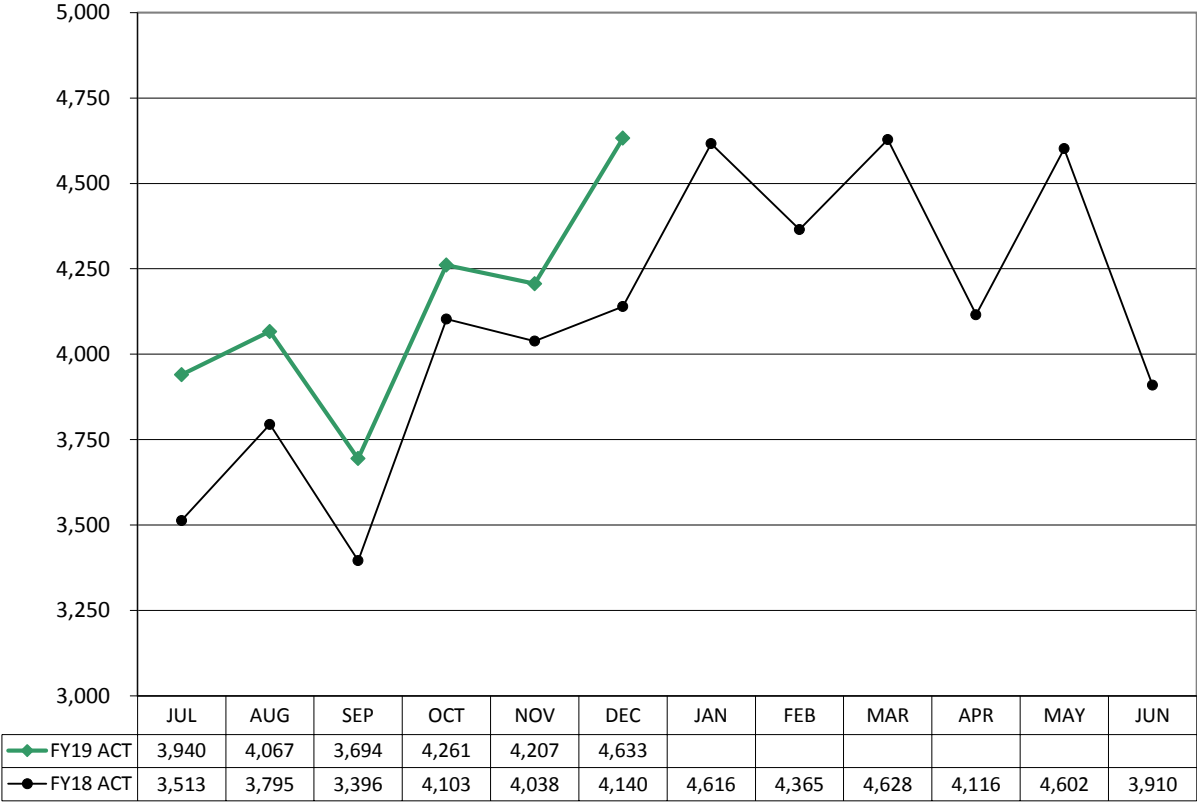
**BOCA RATON REGIONAL HOSPITAL
VOLUME/OPERATING GRAPHS**

ADMISSIONS



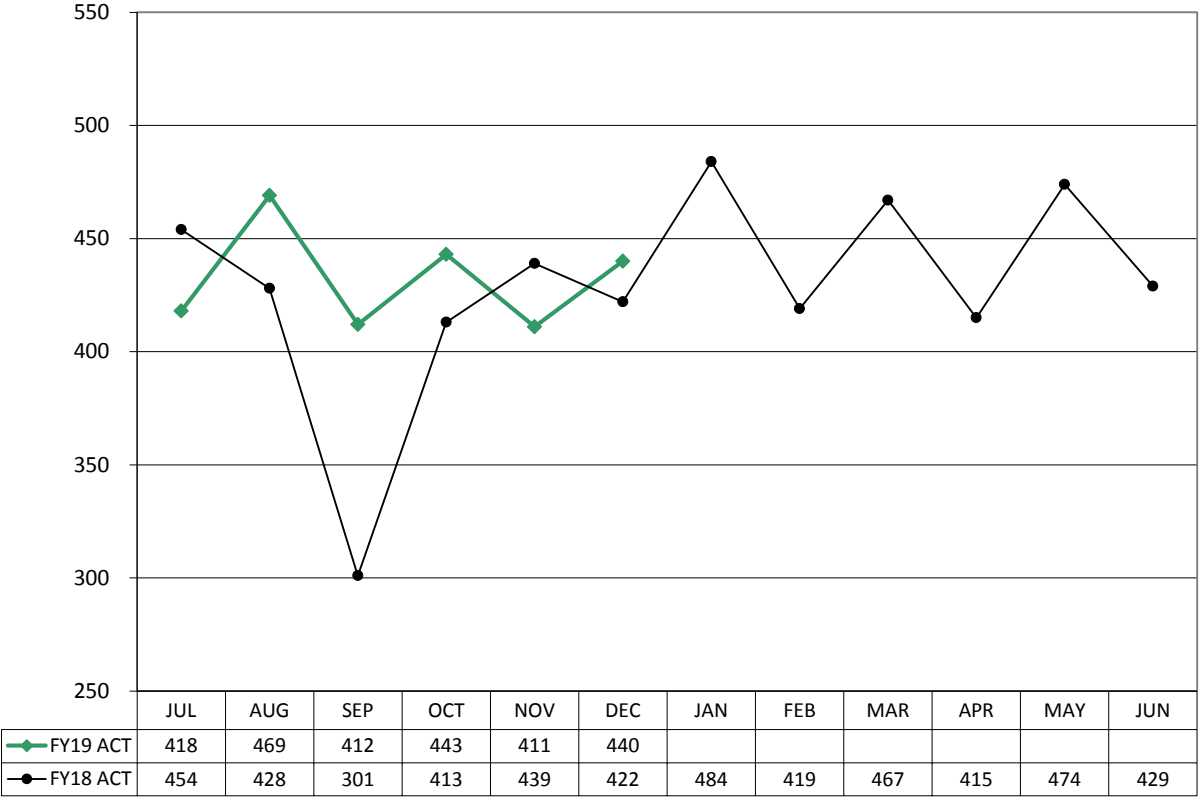
**BOCA RATON REGIONAL HOSPITAL
VOLUME/OPERATING GRAPHS**

ADJUSTED ADMISSIONS



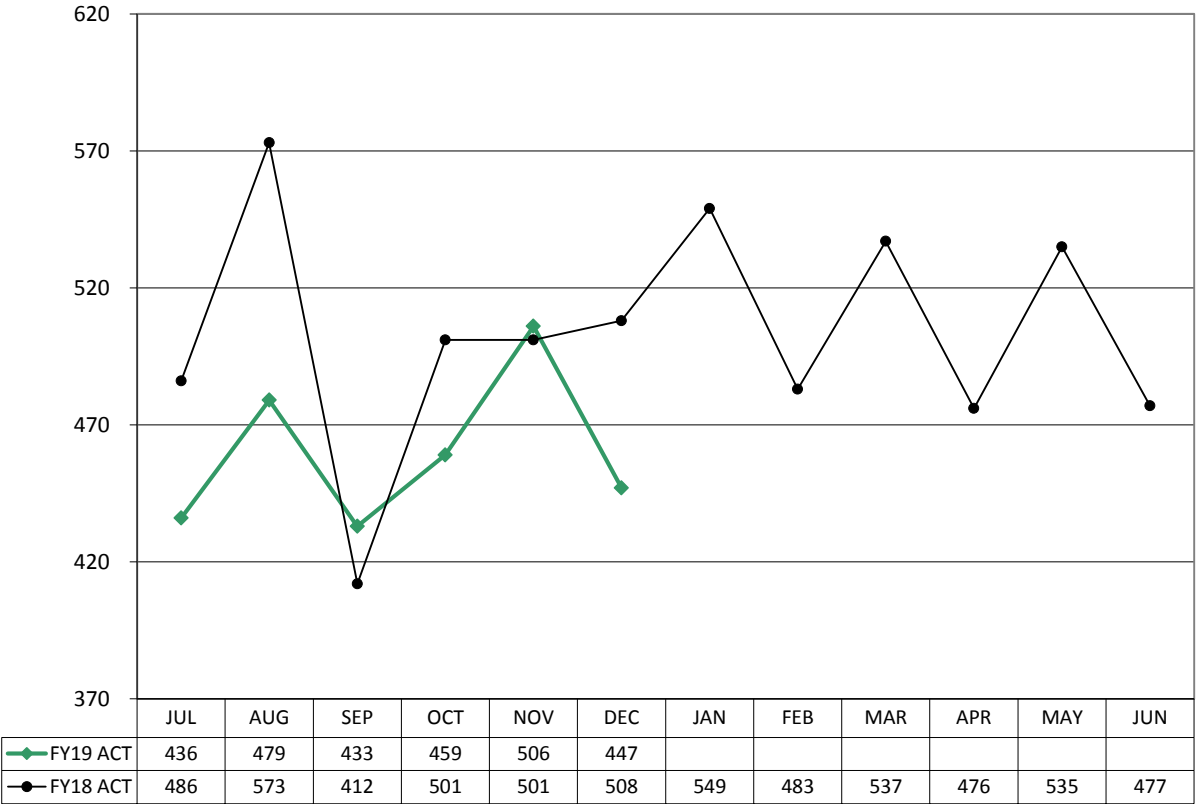
**BOCA RATON REGIONAL HOSPITAL
VOLUME/OPERATING GRAPHS**

INPATIENT SURGERIES



**BOCA RATON REGIONAL HOSPITAL
VOLUME/OPERATING GRAPHS**

OUTPATIENT SURGERIES



**BOCA RATON REGIONAL HOSPITAL
VOLUME/OPERATING GRAPHS**

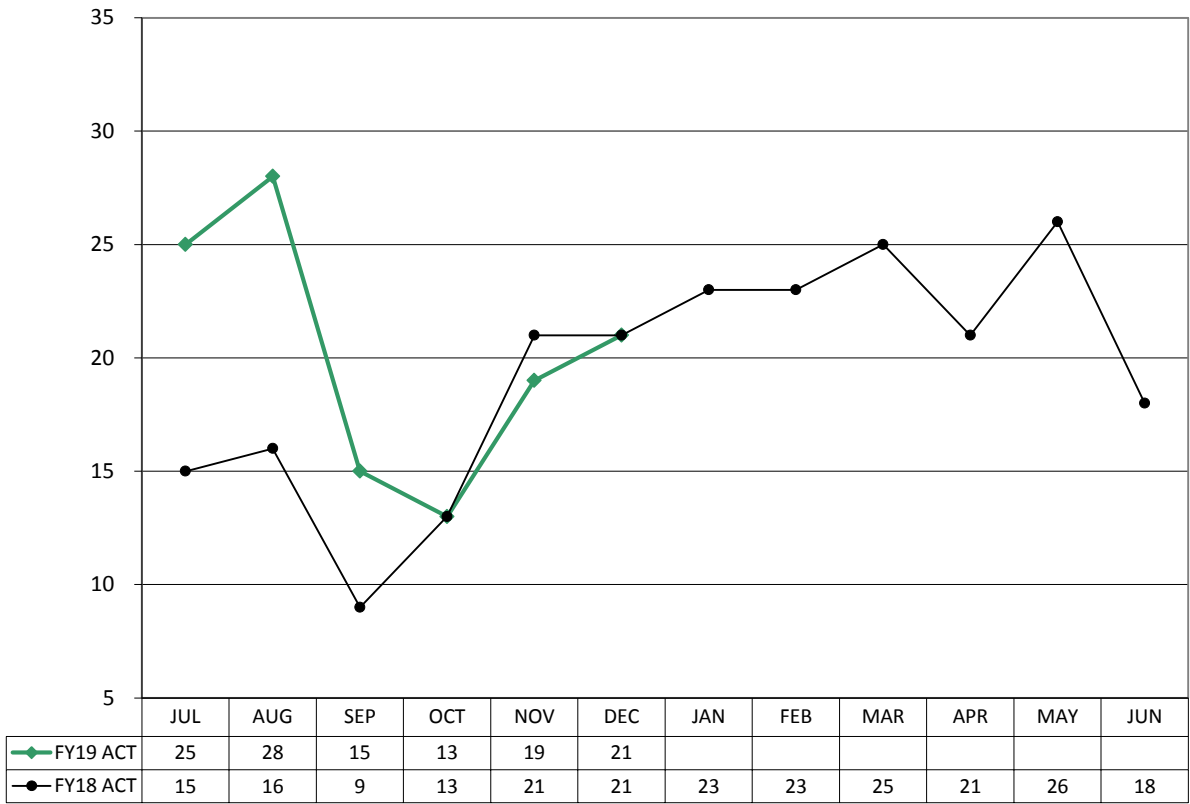
CARDIAC CATH



	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
—◆— FY19 ACT	157	160	114	178	178	186						
—●— FY18 ACT	140	170	111	135	151	160	157	153	153	170	139	152

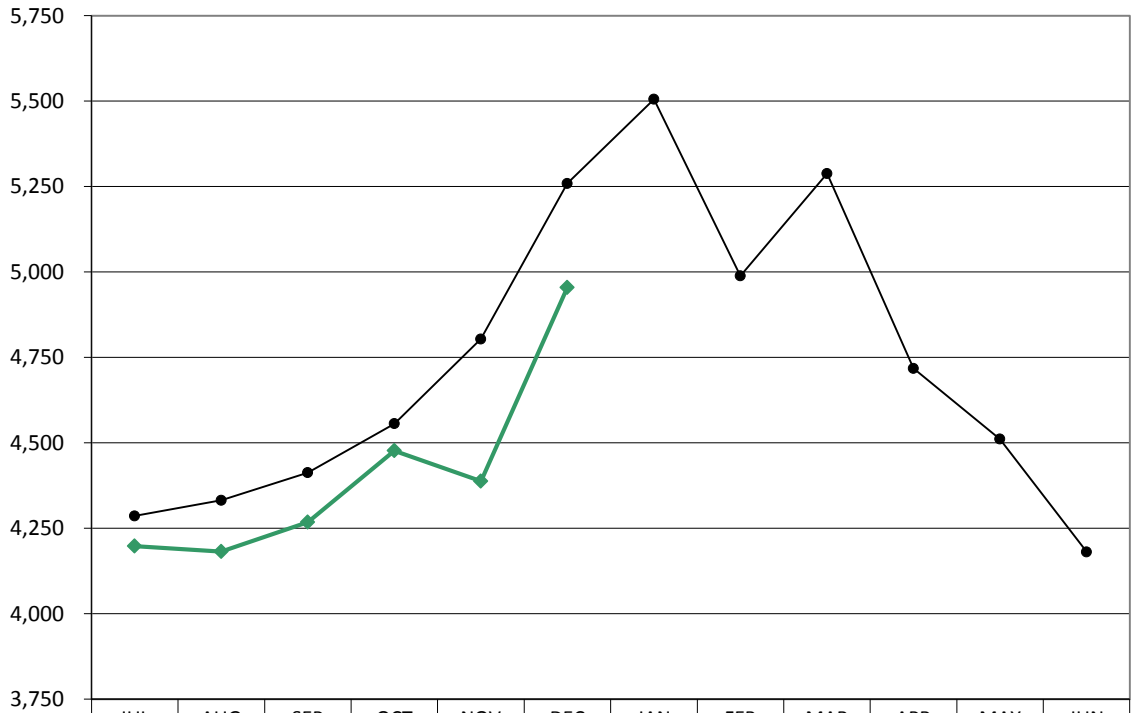
**BOCA RATON REGIONAL HOSPITAL
VOLUME/OPERATING GRAPHS**

OPEN HEART



**BOCA RATON REGIONAL HOSPITAL
VOLUME/OPERATING GRAPHS**

ER VISITS



	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
◆ FY19 ACT	4,198	4,182	4,268	4,477	4,388	4,955						
● FY18 ACT	4,286	4,332	4,413	4,556	4,804	5,259	5,506	4,989	5,288	4,718	4,511	4,181