Health First, Inc. and Subsidiaries

Consolidated Financial Report
September 30, 2019

Contents

Independent Auditor's Report

The Board of Trustees
Health First, Inc.

Report on the Financial Statements
We have audited the accompanying consolidated financial statements of Health First, Inc. and Subsidiaries (the Company), which comprise the consolidated balance sheets as of September 30, 2019 and 2018, and the related consolidated statements of operations and changes in net assets, and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively, the financial statements).

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

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Health First, Inc. and Subsidiaries as of September 30, 2019 and 2018, and the results of their operations and changes in net assets, and their cash flows for the years then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter
As discussed in Note 2 to the accompanying financial statements, the Company adopted Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)* and (ASU) 2016-01, *Financial Instruments- Overall, Recognition and Measurement of Financial Assets and Financial Liabilities*. Our opinion is not modified with respect to these matters.

Report on Supplementary Information
Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information is presented for purposes of additional analysis rather than to present the financial position, results of operations and cash flows of the individual companies and is not a required part of the consolidated 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 consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

RSM US LLP

Miami, Florida
December 18, 2019

Health First, Inc. and Subsidiaries

Consolidated Balance Sheets
September 30, 2019 and 2018
(Dollars in Thousands)

	2019	2018
Assets		
Current assets:		
Cash and cash equivalents	**$ 183,647**	$ 196,966
Investments	**718,009**	676,499
Current portion of assets limited as to use	**11,267**	11,413
Accounts receivable, less allowance for uncollectible accounts of $51,246 in 2018	**126,917**	111,806
Inventories	**31,806**	30,595
Prepaid expenses and other current assets	**63,837**	63,188
Total current assets	**1,135,483**	1,090,467
Assets limited as to use, less current portion	**37,725**	30,659
Property and equipment, net	**749,448**	723,405
Goodwill	**29,743**	29,743
Other assets	**36,721**	46,047
Total assets	**$ 1,989,120**	$ 1,920,321
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities	**$ 239,133**	$ 224,026
Current portion of long-term debt and capital lease obligation	**23,633**	28,033
Total current liabilities	**262,766**	252,059
Long-term debt and capital lease obligation, less current portion	**582,060**	600,788
Other noncurrent liabilities	**35,328**	49,818
Total liabilities	**880,154**	902,665
Commitments and contingencies		
Net assets:		
Without donor restrictions	**1,102,402**	1,012,588
With donor restrictions	**6,564**	5,068
Total net assets	**1,108,966**	1,017,656
Total liabilities and net assets	**$ 1,989,120**	$ 1,920,321

See notes to consolidated financial statements.

Health First, Inc. and Subsidiaries

Consolidated Statements of Operations and Changes in Net Assets
Years Ended September 30, 2019 and 2018
(Dollars in Thousands)

	2019	2018
Unrestricted revenues and other support:		
Patient service revenue		$ 982,268
Provision for bad debts		(15,037)
Net patient service revenue	**$ 1,005,391**	967,231
Premium revenue	**687,089**	644,762
Income from joint ventures	**2,351**	2,041
Other revenue	**42,741**	43,235
Net assets released from restrictions for operations	**709**	818
Total unrestricted revenues and other support	**1,738,281**	1,658,087
Expenses:		
Salaries and benefits	**681,498**	654,402
Supplies and other	**592,621**	534,305
Medical service	**316,517**	323,193
Depreciation and amortization	**68,585**	67,273
Interest	**24,205**	24,312
Total operating expenses	**1,683,426**	1,603,485
Income from operations	**54,855**	54,602
Nonoperating gains (losses):		
Investment return, net	**37,515**	18,883
Change in value of interest rate swaps	**(2,396)**	1,425
Other	**(743)**	(652)
Total nonoperating gains	**34,376**	19,656
Excess of revenues, other support and gains over expenses and losses	**89,231**	74,258
Net assets without donor restrictions:		
Net unrealized gains on other-than-trading securities	**-**	33,853
Net assets released from restrictions for purchase of property	**583**	93
Increase in net assets without donor restrictions	**89,814**	108,204
Net assets with donor restrictions:		
Contributions	**2,743**	1,113
Investment income	**45**	69
Net assets released from restrictions	**(1,292)**	(911)
Increase in net assets with donor restrictions	**1,496**	271
Increase in net assets	**91,310**	108,475
Net assets:		
Beginning of year	**1,017,656**	909,181
End of year	**$ 1,108,966**	$ 1,017,656

See notes to consolidated financial statements.

Health First, Inc. and Subsidiaries

Consolidated Statements of Cash Flows
Years Ended September 30, 2019 and 2018
(Dollars in Thousands)

	2019	2018
Cash flows from operating activities:		
Increase in net assets	$ 91,310	$ 108,475
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Net unrealized gains on securities	(1,565)	(29,630)
Realized gains on sales of securities	(11,957)	(1,286)
(Gain) loss on disposal of property and equipment	(1,396)	183
Change in value of interest rate swaps	2,396	(1,425)
Restricted contributions and investment income	(2,788)	(1,182)
Income from joint ventures	(2,351)	(2,041)
Distributions from joint ventures	2,021	1,621
Depreciation and amortization	68,585	67,273
Provision for bad debts	-	15,037
Other	(1,337)	(1,325)
Changes in operating assets and liabilities:		
Accounts receivable	(7,955)	(10,952)
Inventories	(1,211)	(773)
Other operating assets	9,007	(6,374)
Accounts payable and accrued liabilities	10,393	(19,556)
Other noncurrent liabilities	(16,886)	7,738
Net cash provided by operating activities	136,266	125,783
Cash flows from investing activities:		
Proceeds from the sale of equity securities	34,273	4,000
Purchases of equity securities	(32,317)	(17,645)
Proceeds from the sale of trading securities	175,457	103,375
Purchases of trading securities	(210,740)	(127,085)
Increase in board designated and other assets limited as to use	(1,708)	(1,282)
Proceeds from the sale of property and equipment	4,794	-
Purchases of property and equipment	(87,132)	(49,615)
Net cash used in investing activities	(117,373)	(88,252)
Cash flows from financing activities:		
Proceeds from CMS contract deposits	21,020	25,690
Withdrawals from CMS contract deposits	(28,176)	(28,537)
Repayments of long-term debt and capital lease obligation	(27,971)	(21,707)
Restricted contributions and investment income	2,788	1,182
Net cash used in financing activities	(32,339)	(23,372)
(Decrease) increase in cash and cash equivalents	(13,446)	14,159
Cash and cash equivalents, and restricted cash:		
Beginning of year	204,384	190,225
End of year	190,938	204,384
Supplemental schedules of noncash investing and financing activities:		
Purchases of property and equipment included in accounts payable	$ 4,714	$ 7,350
Equipment acquired through the incurrence of a capital lease obligation	$ 6,180	$ 1,026

See notes to consolidated financial statements.

Note 1. Reporting Entity

Health First, Inc. (the Parent) is a not-for-profit parent holding company located in Brevard County, Florida, whose primary purpose is to direct the affairs of a multi-entity health care system, which includes the following affiliates:

- Holmes Regional Medical Center, Inc. (HRMC) – a tax-exempt, 514-bed acute care hospital.
- Palm Bay Hospital (PBH) – a tax-exempt, 120-bed acute care hospital that is a division of HRMC.
- Pro Health Fitness Center (PH) – a tax-exempt division of HRMC with three state-of-the-art health and fitness centers.
- Cape Canaveral Hospital, Inc. (CCH) – a tax-exempt, 150-bed acute care hospital and home health agency.
- Viera Hospital (VH) – a tax-exempt, 84-bed acute care hospital.
- Health First Health Plans, Inc., Health First Administrative Plans, Inc., and Health First Commercial Plans, Inc., all tax-exempt entities, collectively doing business as Health First Health Plans (HFHP). HFHP provides various health insurance services to employees of the Parent, other employers and Medicare Advantage plans.
- Health First Medical Group, LLC (HFMG), Health First Physicians, Inc. (HFPI) and Health First Medical Management, Inc. (HFMM) – taxable entities providing a system of primary care centers, specialty and ancillary services, as well as physician practice management services.
- Hospice of Health First, Inc. (HHF) – a tax-exempt entity that provides care for terminally ill individuals.
- Health First Foundation, Inc. (HFF) – a tax-exempt entity that performs philanthropic activities.
- Other affiliated organizations include Cape Health Properties, Inc. (CHP), a subsidiary of CCH; Health First Holding Corp. (HFHC); Holmes Regional Enterprises, Inc. (HRE); Viera Medical Plaza at Viera Health Park (VMOB); Health First Insurance, Inc. (HFII); Health First Family Pharmacy (HFFP), a division of HRMC; Doctor's GI Partnership, LTD. (DGP); Doctor's Surgical Partnership, LTD. (DSP); and taxable entities that manage health care-related and/or other businesses and professional services.

The Parent is the sole member or owner of each of the above entities except for CHP and DGP and controls the multi-entity structure through appointment by the Board of Trustees (Board) and approval of all major transactions.

Consolidation: The accompanying consolidated financial statements (collectively the financial statements) include the accounts of the Parent and its controlled affiliates (referred to herein collectively as the Corporation). All significant intercompany accounts and transactions have been eliminated in consolidation.

Note 2. Significant Accounting Policies

Transactions: On March 4, 2019, the Corporation entered into a joint venture partnership agreement with Privia Health, LLC (Privia). The joint venture partnership formed Privia Management Services Organization, LLC. (MSO), a management services organization to support the HFMG and private practice providers. The MSO began operations on August 20, 2019. The MSO is accounted for in accordance with the Investments – Equity Method and Joint Ventures Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) and is included in the consolidated financial statements.

Use of estimates: The preparation of these consolidated financial statements in conformity with generally accepted accounting principles (GAAP) in the United States requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

Financial statement presentation: The Corporation conforms to the requirements of the Presentation of the Financial Statements—Not-for-Profit Entities Topic of the FASB ASC, which establishes standards for external financial reporting by not-for-profit organizations and requires that resources be classified for accounting and reporting purposes into two net asset categories, without donor-imposed restrictions and with donor-imposed restrictions.

- ***Net assets without donor restrictions:*** Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Corporation.

- ***Net assets with donor restrictions:*** Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Corporation or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Cash and cash equivalents: The Corporation classifies all highly liquid investments with an original maturity of 90 days or less when purchased as cash and cash equivalents, excluding amounts limited as to use by Board designation or other arrangements under trust agreements. Cash deposits are federally insured in limited amounts.

Investments and investment income: The Corporation conforms to the requirements of the Investments—Not-for-Profit Entities Topic of the FASB ASC. In accordance with those requirements, investments in equity securities with readily determinable fair values and all investments in debt securities are stated at fair value in the consolidated balance sheets. Debt securities are considered trading.

With the adoption of Accounting Standards Update (ASU) 2016-01, *Financial Instruments – Overall, Recognition and Measurement of Financial Assets and Financial Liabilities,* effective October 1, 2018, the change in fair value of equity securities with readily determinable fair values are included in investment income. For the year ended September 30, 2018, these amounts were reported as other changes in net assets on the consolidated statement of operations and changes in net assets.

Assets limited as to use: Assets limited as to use primarily include assets held by trustees under bond indenture agreements and designated assets set aside by the Board for malpractice and other obligations, over which the Board retains control and may, at its discretion, subsequently use for other purposes. Amounts required to meet current liabilities of the Corporation are reported as current assets (see Note 5).

Note 2. Significant Accounting Policies (Continued)

Inventories: Inventories, consisting primarily of medical supplies and pharmaceuticals, are stated at the lower of cost (first-in, first-out) or market value.

Property and equipment: Property and equipment are stated at cost or, if donated, at fair value at the date of the gift. Expenditures that materially increase values, change capacities or extend useful lives are capitalized, as are interest costs during the period of construction for such expenditures. Depreciation is computed utilizing the straight-line method at rates estimated by management to amortize the cost of the various assets within the periods of expected use. Amortization of assets recorded under capital leases is included in depreciation and amortization expense and accumulated depreciation and amortization.

Impairment of long-lived assets: The Corporation reviews long-lived assets to be held and used, including intangible assets, for impairment annually or whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. Such evaluation relies on a number of factors, including operating results, future anticipated cash flows, business plans and certain economic projections. In addition, the Corporation's evaluation considers nonfinancial data, such as changes in operating environment and business relationships. If the sum of the undiscounted expected future cash flows is less than the carrying amount of the asset, the Corporation recognizes an impairment loss. Impairment losses are measured as the amount by which the carrying amount of the asset exceeds the fair value of the asset. When fair values are not available, the Corporation estimates fair value using the expected future cash flows discounted at a rate commensurate with the risks associated with the recovery of the asset. For the years ended September 30, 2019 and 2018, there were no impairments of long-lived assets.

Goodwill: Goodwill represents the excess of the purchase price and related costs over the value assigned to the net tangible and identifiable intangible assets of the businesses acquired. These amounts are evaluated annually for impairment or when there is an indicator of impairment. In accordance with ASC Topic 350, in performing the annual assessment, the Corporation chose to complete a qualitative assessment to determine whether it is more likely than not that the fair value of its reporting unit is less than the carrying amount. Management has determined that it is not more likely than not that the fair value of the Corporation's reporting unit is less than the carrying amount. Therefore, the two-step impairment test under ASC Topic 350 was not required.

Deferred loan costs: Costs incurred in obtaining long-term debt are being amortized by a method approximating the effective interest method over the life of the loan and are included in the consolidated balance sheets within long-term debt and capital lease obligations.

Collaborative arrangements: The Corporation has a collaborative arrangement with Adventist Health System Sunbelt Healthcare Corporation, d/b/a AdventHealth. The agreement is intended to allow AdventHealth to share in any savings generated through improved efficiencies in the management and coordination of the delivery of health care services rendered to individuals located in counties with AdventHealth hospitals and covered under an HFHP product. The agreement allows for any deficiency under a contract awarded by the Department of Health and Human Services, Centers for Medicare and Medicaid Services (CMS) or health maintenance contract in the central region of Florida to be paid by AdventHealth to the Corporation. Any overage under a CMS awarded contract or health maintenance contract in the central region of Florida is to be paid by the Corporation to AdventHealth. For the years ended September 30, 2019 and 2018, the collaborative arrangement with AdventHealth resulted in deficiencies of $2,473 and $7,273, respectively. Due to the collaborative arrangement, $6,970 and $5,940 at September 30, 2019 and 2018, respectively, is included in other receivables and $3,147 and $1,158, respectively, is included in accounts payable and accrued liabilities in the consolidated balance sheets.

Note 2. Significant Accounting Policies (Continued)

Contributions: The Corporation records contributions in accordance with the Revenue Recognition—Not-for-Profit Entities Topic of the FASB ASC, which establishes accounting standards for contributions for donees (and donors) and generally requires unconditional promises to give cash and other assets (including multi-year promises) to be recognized at fair value as revenue and expenses in the period made.

Noncash contributions are valued at fair value on the date of the gift. Contributions are reported with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, the assets are reclassified as without donor restrictions and reported in the consolidated statements of operations and changes in net assets as net assets released from restrictions for operations or capital.

Net assets with donor restrictions are primarily available for property and equipment purchases and support of specific programs administered by HRMC, CCH, PBH, VH and HHF. The Corporation does not have net assets with donor restrictions that are perpetual in nature.

Excess of revenues, other support and gains over expenses and losses: The consolidated statements of operations and changes in net assets include excess of revenues, other support and gains over expenses and losses. For the year ended September 30, 2019, changes in net assets without donor restrictions that are excluded from excess of revenues, other support and gains over expenses and losses include contributions of long-lived assets, including assets acquired using contributions that, by donor restriction, were to be used for the purpose of acquiring such assets. For the year ended September 30, 2018, changes in net assets without donor restrictions that are excluded from excess of revenues, other support and gains over expenses and losses include changes in unrealized gains and losses on other-than-trading investments, and contributions of long-lived assets, including assets acquired using contributions that, by donor restriction, were to be used for the purpose of acquiring such assets.

Patient service revenue: The Corporation reports patient service revenue at the amount that reflects the consideration to which the Corporation expects to be entitled to in exchange for providing patient care. These amounts are due from patients, third-party payors (including health insurers and government programs) and others and includes variable consideration for retroactive adjustments due to settlement of audits, reviews and contractual agreements. Generally, the Corporation bills the patients and third-party payors several days after the services are performed or after the patient is discharged from the facility. Revenue is recognized as performance obligations are satisfied.

Performance obligations are determined based on the nature of the services provided by the Corporation. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected or actual charges. The Corporation believes this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Generally, performance obligations satisfied over time relate to patients receiving inpatient acute care services or patients receiving services in outpatient centers. The Corporation measures the performance obligation from admission into the hospital, or the commencement of an outpatient service, to the point when it is no longer required to provide services to that patient, which is generally at the time of discharge or completion of the outpatient services. These services are considered to be a single performance obligation. Revenue for performance obligations satisfied at a point in time is recognized when goods or services are provided, and the Corporation does not believe it is required to provide additional goods or services to the patient.

Note 2. Significant Accounting Policies (Continued)

Because all of its performance obligations relate to short-duration contracts, the Corporation has elected to apply the optional exemption provided in FASB ASC 606-10-50-14(a) and, therefore, is not required to disclose the aggregate amount of the transaction prices allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period. The unsatisfied or partially unsatisfied performance obligations referred to above are primarily related to inpatient acute care services at the end of the reporting period.

The performance obligations for these contracts are generally completed when the patients are discharged, which generally occurs within days or weeks of the end of the reporting period.

The Corporation is utilizing the portfolio approach practical expedient in ASC 606 for contracts related to patient service revenue. The Corporation accounts for the contracts within each portfolio as a collective group, rather than individual contracts, based on the payment pattern expected in each portfolio category and similar nature and characteristics of the patients within each portfolio. As a result, the Corporation has concluded that revenue for a given portfolio would not be materially different than if accounting for revenue on a contract by contract basis.

The Corporation recognizes patient service revenue associated with patients who have third-party payor coverage on the basis of contractual rates for the services rendered. For uninsured patients who do not qualify for charity care, revenue is recognized on the basis of discounted rates and implicit price concessions in accordance with the Corporation’s policy. Implicit price concessions represent differences between amounts billed and the estimated consideration the Corporation expects to receive from patients, which are determined based on historical collection experience, current market conditions and other factors. The Corporation determines its estimates of contractual adjustments and discounts based on contractual agreements, discount policies, and historical experience.

Agreements with third-party payors provide for payments at amounts less than established charges. A summary of the payment arrangements with major third-party payors follows:

- ***Medicare:*** Certain inpatient acute care services are paid at prospectively determined rates per discharge based on clinical, diagnostic or other factors. Certain services are paid based on a cost-reimbursement methodologies subject to certain limits. Physician services are paid based upon established fee schedules. Outpatient services are paid using prospectively determined rates.

- ***Medicaid:*** Reimbursements for Medicaid services are generally paid at prospectively determined rates per discharge, per occasion of services, or per covered member.

- ***Other:*** Payment agreements with certain commercial insurance carriers, health maintenance organizations and preferred provider organizations provide for payment using prospectively determined rates per discharge, discounts from established charges, and prospectively determined daily rates.

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation as well as significant regulatory action. The Corporation is subject to contractual reviews and audits in the normal course of business, as a result, there is at least a reasonable possibility that recorded estimates will change in the near term. The Corporation believes it is in compliance with applicable laws and regulations governing the Medicare and Medicaid programs and that adequate provisions have been made for any adjustments that may result from final settlements.

(Dollars in Thousands)

Note 2. Significant Accounting Policies (Continued)

Settlements with third-party payors for retroactive adjustments due to reviews and audits are considered variable consideration and are included in the determination of estimated transaction price for providing patient care in the period the related services are provided. These settlements are estimated based on the terms of the payment agreement with the payor, correspondence from the payor and the Corporation's historic settlement activity, including an assessment to ensure that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the retroactive adjustment is subsequently resolved. Estimated settlements are adjusted in future periods as adjustments become known, or as years are settled or are no longer subject to such reviews and audits. Adjustments to revenue related to prior periods as a result of settled cost reports and changes in estimates increased patient service revenue by $2,429 and $3,964, for the years ended September 30, 2019 and 2018, respectively.

Generally, patients who are covered by third-party payors are responsible for related deductibles and coinsurance, which vary in amount. The Corporation also provides services to uninsured patients, and offers those uninsured patients a discount, either by policy or law, from standard charges. The Corporation estimates the transaction price for patients with deductibles and coinsurance and from those who are uninsured based on historical experience and current market conditions. The initial estimate of the transaction price is determined by reducing the standard charge by any contractual adjustments, discounts, and implicit price concessions. Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to patient service revenue in the period of the change. Bad debt expense for the year ended September 30, 2019, was not significant.

Consistent with the Corporation's mission, care is provided to patients regardless of their ability to pay. Therefore, the Corporation has determined it has provided implicit price concessions to uninsured patients and patients with other uninsured balances (for example, copays and deductibles). The implicit price concessions included in estimating the transaction price represent the difference between amounts billed to patients and the amounts the Corporation expects to collect based on its collection history with those patients.

Patient service revenue by service line and major payor source for the years ended September 30, 2019 and 2018, are as follows:

	2019	2018
Hospital inpatient	$ 568,481	$ 546,225
Hospital outpatient	322,279	305,954
Physician services	291,764	277,279
Wellness	56,644	61,700
Eliminations*	(233,777)	(223,927)
Service line:	$ 1,005,391	$ 967,231

	2019	2018
Medicare	$ 541,587	$ 522,221
Medicaid	58,422	67,484
Managed care	426,560	405,828
Other	212,599	195,625
Eliminations*	(233,777)	(223,927)
Payor source:	$ 1,005,391	$ 967,231

*Eliminations relate to activity associated with HFHP.

(Dollars in Thousands)

Note 2. Significant Accounting Policies (Continued)

The Corporation has elected the practical expedient allowed under FASB ASC 606-10-32-18 and does not adjust the promised amount of consideration from patients and third-payors for the effects of a significant financing component due to the Corporation's expectation that the period between the time the service is provided to a patient and the time that the patient or a third-party payor pays for that service will be one year or less. However, the Corporation does, in certain instances, enter into payment agreements that allow payments in excess of one year. For those cases, the financing component is not deemed to be significant to the contract.

As a result of certain changes required by ASU 2014-09, *Revenue from Contracts with Customers*, the majority of the Corporation's provision for uncollectible accounts are recorded as an implicit price concession to patient service revenue instead of being presented as a separate line item on the consolidated statements of operations and changes in net assets, as it was previously. The adoption of ASU 2014-09 has no impact on the Corporation's accounts receivable as it was historically recorded net of allowance for uncollectible accounts and contractual adjustments on the consolidated balance sheets. The impact of adoption ASU 2014-09 on the consolidated statements of operations and changes in net assets for the year ended September 30, 2019, was as follows:

	As Reported	Prior to Adopting ASU 2014-09
Gross patient service revenue		$ 1,039,500
Provision for bad debts		(34,109)
Total patient service revenue	$ 1,005,391	$ 1,005,391

Charity care: The Corporation provides care without charge or at amounts less than its established rates to patients who meet certain criteria under its charity care policy. Because the Corporation does not pursue collection of amounts determined to qualify as charity care, these amounts are not included in patient service revenue. The Corporation estimates the direct and indirect costs of providing charity care by applying a cost to gross charges ratio to the gross uncompensated charges associated with providing charity care to patients. Funding received to offset or subsidize charity services provided was de minimis for the years ended September 30, 2019 and 2018. The cost of providing charity care was $53,308 and $61,447 for the years ended September 30, 2019 and 2018, respectively.

Premium revenue: Commercial membership contracts are written to groups on a yearly basis subject to cancellation by the employer group according to the termination provision of the contract. Medicare membership contracts are written to individuals and may be terminated by the member at any time. Premiums are due monthly and are recognized as revenue during the period in which the Corporation is obligated to provide services to members. Approximately 64% and 61% of total premium revenue was received under the Medicare program, and 36% and 39% was received from contracts with other employer groups during the years ended September 30, 2019 and 2018, respectively.

The Medicare program, administered by CMS, uses risk-adjusted rates per member to determine the monthly payments to HFHP. The CMS risk adjustment model pays more for members with increasing health severity. The monthly risk-adjusted premium per member is determined by CMS based on normalized risk scores of each member from the prior year.

Annually, CMS provides the updated risk scores to HFHP and revises premium rates prospectively. CMS also calculates the retroactive adjustments to premiums related to the revised risk scores. Risk adjustment payments due to or from CMS are estimated throughout the year and are recognized as adjustments to premium revenue. HFHP's stand-alone prescription drug plan and Medicare plan offer prescription drug benefits under Part D of the Medicare federal health insurance program to individuals eligible for benefits under Part A and Part B.

(Dollars in Thousands)

Note 2. Significant Accounting Policies (Continued)

Premiums for members are subject to risk corridor provisions. Risk corridor payments due to or from CMS are estimated throughout the year and are recognized as adjustments to premium revenue. After the close of the year, CMS reconciles actual experience to a target amount, and any differences are settled between CMS and HFHP. HFHP had a payable for estimated Part D risk corridor payments of $850 and $872 at September 30, 2019 and 2018, respectively.

Payments received from CMS also include low-income subsidy payments and reinsurance payments. Low-income subsidy payments and reinsurance payments are not included in premium revenue, and related claims incurred are excluded from the medical services expenses.

Because amounts received from CMS are subject to the reconciliation and retroactive adjustment processes described above, it is at least reasonably possible that the premiums and the amounts due from or to CMS in the near term could differ materially from the amounts included in the consolidated financial statements. Retroactive adjustments are de minimis for the years ended September 30, 2019 and 2018.

As of September 30, 2019 and 2018, HFCP and HFII had estimated receivables of $3,665 and $8,303, respectively, related to the Affordable Care Act risk adjustment program. The risk adjustment program transfers premiums from insurers that enroll members with relatively lower health risks to insurers that enroll members with relatively higher health risks and therefore are recorded as premium revenue in operations.

Functional expenses: Expenses are allocated based on key drivers that are consistently applied. Salaries and benefits are allocated based on salary expenses or hours worked. Supplies and other, which include professional services, office expenses, information technology and other similar expenses, are allocated based on a variety of factors including patient service revenue, premium revenue, medical claims volume and membership. The expenses reported in the consolidated statements of operations and changes in net assets were incurred for the following programs and functions:

	2019					
	Healthcare Services	Insurance Services	General and Administrative	Fundraising	Eliminations	Total
Salaries and benefits	$ 643,137	$ 54,132	$ 119,242	$ 1,377	$ (136,390)	$ 681,498
Supplies and other	542,282	60,196	128,707	606	(139,170)	592,621
Medical service	-	335,083	(18,566)	-	-	316,517
Depreciation and amortization	57,008	979	31,550	14	(20,966)	68,585
Interest	24,208	3	3,981	-	(3,987)	24,205
Total	$ 1,266,635	$ 450,393	$ 264,914	$ 1,997	$ (300,513)	$ 1,683,426

	2018					
	Healthcare Services	Insurance Services	General and Administrative	Fundraising	Eliminations	Total
Salaries and benefits	$ 627,666	$ 48,596	$ 124,288	$ 1,241	$ (147,389)	$ 654,402
Supplies and other	497,494	52,940	101,629	704	(118,462)	534,305
Medical service	-	321,203	1,990	-	-	323,193
Depreciation and amortization	55,339	1,158	30,937	19	(20,180)	67,273
Interest	24,360	14	3,504	3	(3,569)	24,312
Total	$ 1,204,859	$ 423,911	$ 262,348	$ 1,967	$ (289,600)	$ 1,603,485

Advertising: The Corporation incurs advertising and marketing expense in the normal course of business. These expenses are expensed when incurred. For the years ended September 30, 2019 and 2018, advertising expense was $9,891 and $10,465, respectively and is included in other operating expenses in the accompanying consolidated statements of operations and changes in net assets.

(Dollars in Thousands)

Note 2. Significant Accounting Policies (Continued)

Claims payable: Claims payable are recorded in accounts payable and accrued liabilities in the consolidated balance sheets and represent the amount of payments to be made on individual claims that have been reported to HFHP or HFII, as well as estimates of claims incurred that have not yet been reported as of the consolidated balance sheet dates. Claims payable are estimated using various statistical methods that use both historical financial and operating data. Although considerable variability is inherent in such estimates, management believes that the liabilities for unpaid claims are reasonable. Adjustments to claims payable to reflect actual experience, if any, are reflected in the consolidated statements of operations and changes in net assets in the period in which such adjustments become known to management. Due to uncertainties inherent in the claims estimation process, it is at least reasonably possible that the claims paid in the near term could differ materially from the accrued amounts. Management believes that the recorded liability is adequate.

The following table provides a reconciliation of the beginning and ending balances of unpaid claims liabilities included in accounts payable and accrued liabilities, net of reinsurance recoverables:

	2019	2018
Unpaid claim liabilities, at beginning of year	$ 55,586	$ 53,383
Incurred losses:		
Current period	446,704	459,212
Prior periods	(6,821)	(9,745)
Payments for claims, net of reinsurance:		
Current period	(394,975)	(404,282)
Prior periods	(48,503)	(42,982)
Unpaid claim liabilities, at end of year	$ 51,991	$ 55,586

For the years ended September 30, 2019 and 2018, incurred losses for the period decreased by $6,821 and $9,745, respectively, due to lower than expected claims experience related to the previous year's claim liability for the individual and commercial lines of business.

Unpaid claims liabilities above include incurred but not recorded (IBNR) of $39,119 and $38,520 at September 30, 2019 and 2018, respectively. Substantially all of the IBNR balance as of September 30 relates to each respective year.

Medical service expense: HFHP and HFII contract with various health care providers for the provision of certain medical care services to its members. Medical services consist partially of inpatient and outpatient hospital services and pharmacy. Hospital services are paid on a fee-for-service, capitation and fixed-rate basis. The provision for medical services includes estimates of payments to be made on health care services reported as of the consolidated balance sheet dates and estimates of health care services rendered but not reported to HFHP and HFII as of the consolidated balance sheet dates. Medical service liabilities are reviewed and adjusted periodically. As adjustments are made, differences are included in current operations.

Note 2. Significant Accounting Policies (Continued)

Medical loss ratio: Under health care reform, the medical loss ratio (MLR) reporting requirements require the Corporation to submit a report concerning the ratio of the incurred loss to earned premiums as adjusted for various items. This regulation is intended to provide consumers with information needed to better understand how much of the premium paid is used to reimburse providers for covered services, to improve health care quality and to pay for administrative expenses. The Corporation is required to provide an annual rebate to enrollees, if the medical loss ratio falls below the minimum requirements of 85% in the large group market and 80% in the small group or individual markets. The Corporation does not anticipate being required to pay a rebate for the year ended September 30, 2019 or 2018.

Estimated malpractice costs: The provision for estimated medical malpractice claims includes estimates of the ultimate costs for both reported claims and claims incurred but not reported, as determined through actuarial analysis.

Income taxes: The Parent and its tax-exempt affiliates are generally exempt from federal and state income taxes applicable under Section 501(a), as organizations described in Section 501(c)(3) and 501(c)(4) of the Internal Revenue Code, and Section 220.13 of the Florida Statutes.

The taxable affiliates, except CHP, file a consolidated income tax return under HFHC for both federal and state income tax purposes. The provision for income taxes and income taxes paid included in these consolidated financial statements is not significant. The consolidated income tax returns for the tax years ended September 30, 2016 through 2019 are still subject to federal and state income tax examination.

At September 30, 2019 and 2018, HFHC had net deferred tax assets of $79,123 and $62,903, respectively, tax effected at a rate of 24.52% and 23.63%, respectively. At September 30, 2019 and 2018, HFHC had $319,562 and $254,312, respectively, of net operating loss carryforwards including Separate Return Limitation Year (SRLY) losses of $9,519 and $17,594, respectively. These net operating losses will expire between 2019 and 2037. A valuation allowance has been provided to offset the full amount of the deferred tax assets as of September 30, 2019 and 2018, since management determined that it is more likely than not that the benefit of the deferred tax assets will not be realized in future years.

ASC Topic 740, Income Taxes, prescribes the accounting for uncertainty in income tax positions recognized in financial statements. ASC Topic 740 provides guidance for recognition threshold and measurement attributes for the financial statement recognition and measurement of a tax position taken or expected to be taken on a tax return.

On December 22, 2017, the U.S. government enacted comprehensive tax legislation commonly referred to as the Tax Cuts and Jobs Act (the TCJA). The TCJA makes broad and complex changes to the U.S. tax code, including a reduction to the U.S. federal corporate tax rate from 35% to 21%. The TCJA also altered the way in which net operating losses (NOLs) can be utilized in future years. NOLs generated in 2018 and beyond can only be utilized to offset 80% of that year's taxable income in the year of utilization. Additionally, new NOLs have indefinite lives instead of a 20-year limitation. GAAP requires companies to recognize the effect of tax law changes in the period of enactment. As of September 30, 2019, the Corporation has completed its accounting for all tax effects related to the enactment of the TCJA. The TCJA did not have a material impact on the Corporation's consolidated financial statements.

Other: Other revenue primarily consists of Administrative Service Organization (ASO) fee revenue associated with HFHP, PH membership fees, and Low Income Pool (LIP) payments to the hospital division.

Note 2. Significant Accounting Policies (Continued)

Adoption of new accounting principles: In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The amendments in ASU 2018-08 provide clarification and improve upon the scope and accounting guidance around contributions of cash and other assets received and made by not-for-profit organizations and business enterprises. Management adopted ASU 2018-08 in 2019, which did not have a material impact on the Corporation's consolidated financial statements.

In November 2016, the FASB issued ASU 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*. The amendments in ASU 2016-18 require an entity to report, in general, restricted cash and restricted cash equivalents as cash and cash equivalents when reconciling the beginning and ending amounts on the statement of cash flows. Management has retrospectively adopted ASU 2016-18, which did not have a material impact on the Corporation's consolidated financial statements.

In August 2016, the FASB issued ASU 2016-14, *Not-For-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities.* The amendments in ASU 2016-14 provide for improved reporting on the classes of net assets, amounts and purposes of board designations, composition of net assets with donor restrictions, liquidity measures, classification of expenses (functional and natural classification), methods to allocate costs, underwater endowment funds and investment returns. Management has retroactively adopted ASU 2016-14, which had certain presentation impacts on the Corporation's consolidated financial statements. The Corporation elected to apply the practical expedient and not disclose the previous year liquidity measures.

In January 2016, the FASB issued ASU 2016-01, *Financial Instruments — Overall, Recognition and Measurement of Financial Assets and Financial Liabilities.* The amendments in ASU 2016-01 provide guidance on certain aspects of recognition, measurement, presentation and disclosure of financial instruments. The amendments require equity investments (except those accounted for under the equity method of accounting or those that result in consolidation of the investee) to be measured at fair value with changes in fair value recognized in revenues, other support and gains over expenses. The amendments simplify the impairment assessment of equity investments without readily determinable fair values by requiring a qualitative assessment to identify impairment. In February 2018, the FASB issued ASU 2018-03, *Technical Corrections and Improvements to Financial Instruments — Overall: Recognition and Measurement of Financial Assets and Financial Liabilities,* that clarifies the guidance in ASU 2016-01, *Financial Instruments — Overall.* Management adopted ASU 2016-01 in 2019 resulting in a classification impact on the Corporation's 2019 consolidated financial statements as the changes in fair value of the Corporation's equity investments are presented in the Corporation's excess of revenues, other support and gains over expenses and losses, while in 2018 these were presented as other changes in net assets.

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers*. The amendments in ASU 2014-09 require an entity to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. To achieve this core principle, an entity should apply the following steps: (1) identify the contract with a customer, (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price to the performance obligations in the contract, and (5) recognize revenue when (or as) the entity satisfies a performance obligation.

Note 2. Significant Accounting Policies (Continued)

An entity should disclose sufficient information to enable the financial statement users to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The adoption of ASU 2014-09 in 2019 using the modified approach, resulted in the majority of what was previously classified as provision for bad debts and presented as a reduction to patient service revenue on the consolidated statements of operations and changes in net assets to be treated as a price concession that reduces the transaction price, reported as patient service revenue. The new standard also requires enhanced disclosures related to the disaggregation of revenue and significant judgments made in measurement and recognition. The impact of adopting ASU 2014-09 was not material to total revenues, excess of revenues over expenses or net assets in 2019.

Recent accounting pronouncements: In May 2019, the FASB issued ASU 2019-06, *Intangibles – Goodwill and Other (Topic 350), Business Combinations (Topic 805), and Not-for-Profit Entities (Topic 958): Extending the Private Company Accounting Alternatives on Goodwill and Certain Identifiable Intangible Assets to Not-for-Profit Entities.* The amendment in ASU 2019-06 extends the scope of the two private company alternatives to not-for-profits, enabling organizations to recognize fewer items as separate intangible assets in acquisitions and to account for goodwill in a more cost-effective manner. ASU 2019-06 is effective immediately. Management does not plan to adopt the accounting alternatives provided by the amendment in ASU 2019-06, which are optional.

In August 2018, the FASB issued ASU 2018-15, *Intangibles – Goodwill and Other – Internal-Use Software (Subtopic 350-40): Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That is a Service Contract.* These amendments align the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software. The accounting for the service element of a hosting arrangement that is a service contract is not affected by these amendments. ASU 2018-15 is effective for annual periods, including interim periods within those annual periods, beginning after December 15, 2019. Management is currently evaluating the effects of this ASU on the Corporation's consolidated financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases.* ASU 2016-02 introduces a lease accounting model that requires an entity to recognize assets and liabilities arising from most leases, including both financing and operating leases. The recognition, measurement and presentation of expenses and cash flows arising from a lease by a lessee primarily will depend on its classification as a financing or operating lease and will be in a manner similar to the current accounting guidance. ASU 2016-02 will also require qualitative and quantitative lease disclosures. In July 2018, the FASB issued ASU 2018-10, *Codification Improvements to Topic 842, Leases*, and ASU 2018-11, *Leases (Topic 842): Targeted Improvements.* ASU 2018-10 affects specific aspects of the amendments issued in ASU 2016-02. ASU 2018-11 intends to reduce costs and ease implementation of the leases standard for financial statement preparers. In December 2018, the FASB issued ASU-2018-20, *Leases (Topic 842): Narrow-Scope Improvements for Lessors* which address issues related to sales and other similar taxes, lessor costs paid directly by lessees, and variable payments for contracts with lease and non-lease components. In March 2019, the FASB issued ASU 2019-01, *Leases (Topic 842): Codification Improvements,* to align the guidance for fair value of the underlying asset by lessors in Topic 842 with that of existing guidance. The amendments of ASU 2016-02, ASU 2018-10, ASU 2018-11, ASU 2018-20 and ASU 2019-01 are effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. Management is currently evaluating the effects of these ASU's on the Corporation's consolidated financial statements, but anticipates that it will report a right of use asset and liability based on the present value of its operating lease commitments.

(Dollars in Thousands)

Note 2. Significant Accounting Policies (Continued)

Reclassifications: Certain reclassifications were made to the 2018 consolidated financial statements to conform to the classifications used in 2019. These reclassifications had no impact on the consolidated excess of revenue, other support and gains over expenses and losses, changes in net assets or cash flows previously reported.

Note 3. Cash, Cash Equivalents and Restricted Cash

The following table provides a reconciliation of cash, cash equivalents and restricted cash reported within the consolidated balance sheet that sum to the total of the same such amounts shown in the consolidated statements of cash flows. See Note 5 for additional information on assets limited as to use.

	2019	2018
Cash and cash equivalents	$ 183,647	$ 196,966
Restricted cash held by trustee under bond indenture agreements – debt service and project funds	7,291	7,418
	$ 190,938	$ 204,384

Note 4. Investments

The composition of investments and assets limited as to use is presented below.

	2019	2018
Cash and cash equivalents	$ 14,316	$ 12,778
Equity securities	302,960	311,130
U.S. treasury and agency obligations	152,889	119,799
U.S. corporate bonds	125,422	113,684
International equity securities	85,910	83,420
Real estate investment trust	40,061	37,572
International bonds	12,994	12,870
Asset-backed securities	8,747	9,687
Municipal bonds	10,577	6,263
Government asset-backed securities	8,710	7,682
Other	4,415	3,686
	$ 767,001	$ 718,571

(Dollars in Thousands)

Note 4. Investments (Continued)

Unrestricted investment income comprises the following:

	Years Ended September 30			
	2019		2018	
Interest income	$	23,993	$	21,820
Realized gain on sales of securities		11,957		1,286
Unrealized loss on equity securities		(7,597)		-
Unrealized gain (loss) on trading securities		9,162		(4,223)
	$	37,515	$	18,883

Note 5. Assets Limited as to Use

Assets limited as to use are composed of the following:

	2019		2018	
Board designated for malpractice and other obligations	$	31,082	$	25,701
Restricted cash held by trustee under bond indenture agreements – debt service and project funds		7,291		7,418
Board designated for the HFF		6,564		5,068
Other		4,055		3,885
		48,992		42,072
Less amounts required to meet current obligations		11,267		11,413
	$	37,725	$	30,659

Note 6. Liquidity

The Corporation regularly monitors liquidity required to meet its annual operating needs and other contractual commitments while also striving to maximize the return on investment of its funds not required for annual operations. The Corporation has various sources of liquidity at its disposal, including cash and cash equivalents, accounts receivable and investments. Board designated funds for the HFF are available with approval. As of September 30, 2019, the following financial assets are available to meet annual operating needs of the 2020 fiscal year:

Cash and cash equivalents	$	183,647
Investments		718,009
Accounts receivable		126,917
Board designated for the HFF		6,564
Total	$	1,035,137

(Dollars in Thousands)

Note 7. Other Assets

The composition of other assets is as follows:

	2019	2018
Collateral assignment split-dollar agreement	$ 18,538	$ 18,190
Investment in joint ventures	13,047	13,282
Other	5,136	14,575
	$ 36,721	$ 46,047

The Corporation has entered into a collateral assignment split-dollar arrangement. The Corporation fully funded the premium on the life insurance policies. The split-dollar insurance agreements are stated at fair value. For the years ended September 30, 2019 and 2018, the Corporation reported $547 and $532 in earnings, respectively, which is included in investment income on the consolidated statements of operations and changes in net assets.

The Corporation accounts for its investments in joint ventures in accordance with the Investments – Equity Method and Joint Ventures Topic of the FASB ASC. Accordingly, the Corporation records an investment in the net assets of the joint venture at cost and adjusts the carrying amount of the investment to recognize the Corporation's share of the income or losses of the joint venture after the date of acquisition. The Corporation's share of income from joint ventures for the years ended September 30, 2019 and 2018 was $2,351 and $2,041, respectively.

HealthSouth of Sea Pines Limited Partnership (HSSP), doing business as Encompass Health Corporation (EHC) in which the Corporation has a 25% interest, is the Corporation's significant unconsolidated subsidiary that is accounted for using the equity method of accounting. Summarized financial information for the Corporation's investment in HSSP as of and for the years ended September 30, 2019 and 2018, assuming 100% ownership interest, is as follows:

	2019	2018
Balance sheets:		
Current assets	$ 8,194	$ 8,138
Noncurrent assets	14,243	14,908
Total assets	$ 22,437	$ 23,046
Current liabilities	$ 3,877	$ 3,951
Partners' capital	18,560	19,095
Total liabilities and partners' capital	$ 22,437	$ 23,046

	2019	2018
Statements of operations:		
Net operating revenues	$ 30,078	$ 28,767
Operating expenses	25,494	24,378
Net income	$ 4,584	$ 4,389

(Dollars in Thousands)

Note 8. Property and Equipment

A summary of property and equipment is as follows:

	2019	2018	Useful Lives (Years)
Land and improvements	$ 99,783	$ 93,014	5-25
Buildings and improvements	901,970	882,985	2-40
Fixed equipment and major movable equipment	769,732	733,955	2-25
	1,771,485	1,709,954	
Less allowances for depreciation and amortization	1,058,705	1,001,144	
	712,780	708,810	
Construction in progress	36,668	14,595	
	$ 749,448	$ 723,405	

Construction in progress at September 30, 2019, represents costs incurred to date related to construction and renovation projects expected to be completed over the next five years. At September 30, 2019, the estimated cost to complete construction and renovation projects in progress is approximately $62,449, which will be funded principally from operations.

The Cape Canaveral Hospital District (District) was created under the laws of the state of Florida on August 18, 1959, and includes a special tax district in Brevard County, Florida. The District was re-created by Chapter 2003-337, Laws of Florida, which codified all special acts related to the District. The District leases the hospital facility and operating assets to CCH. CCH makes payments to the District sufficient to pay the principal and interest on the District's outstanding obligations. The assets and liabilities of CCH revert to the District upon completion of the lease term in 2039. The District may levy taxes upon all real and personal taxable property in the District, not to exceed 2.25 mills annually. The District did not levy taxes for either of the year ended September 30, 2019 or 2018.

The future minimum lease payments at September 30, 2019, under the capital lease obligation with the District are de minimis.

A summary of assets under the capital lease with the District included in property and equipment is as follows:

	2019	2018
Land and improvements	$ 3,200	$ 2,655
Buildings and improvements	111,416	107,802
Fixed equipment and major movable equipment	88,260	85,823
	202,876	196,280
Less allowance for amortization	150,185	144,635
	52,691	51,645
Construction in progress	7,529	1,272
	$ 60,220	$ 52,917

(Dollars in Thousands)

Note 9. Long-Term Debt and Capital Lease Obligations

Long-term debt and capital lease obligations are as follows:

	2019	2018
Term loan with two lenders, secured by certain assets of the Corporation, interest payable monthly at a fixed rate of 4.49%, due March 2038.	$ 120,915	$ 125,047
Term loan with a financial institution, secured by revenues of the borrowers, interest payable monthly at a variable rate (3.31% at September 30, 2019), due February 2023.	30,117	31,243
Term loan with a financial institution, secured by revenues of the borrowers, interest payable monthly at a variable rate (3.19% at September 30, 2019), due November 2020.	1,504	2,793
Term loan with a financial institution, secured by revenues of the borrowers, interest payable monthly at a variable rate (3.14% at September 30, 2019), due November 2020.	2,135	3,965
Term loan with a financial institution, secured by certain assets of the Corporation, interest payable monthly at a variable rate (3.13% at September 30, 2019), due September 2030.	16,620	18,920
Term loan with a financial institution, secured by certain assets of the Corporation, interest payable monthly at a variable rate (3.19% at September 30, 2019), due November 2026.	53,000	53,000
Health Facilities Revenue Refunding Bonds, Series 2014, interest payable semi-annually at fixed rates between 3.00% and 5.00%, including a net premium of $17,227 and $18,336, due April 2039.	264,707	269,711
Health Facilities Revenue Bonds, Series 2013A, interest payable semi-annually at fixed rates between 3.00% and 5.00%, including a net premium of $4,462 and $5,076, due April 2031.	62,962	64,781
Health Facilities Revenue Bonds, Series 2012A, interest payable monthly at a fixed rate of 2.29%, due December 2021.	7,511	10,598
Health First Facilities Revenue Bonds, Series 2009A, interest payable monthly at a fixed rate of 3.79%, due July 2029.	39,375	42,875
Capital lease obligations and other	10,178	9,605
Issue costs, net	(3,331)	(3,717)
Total long-term debt and capital lease obligations	605,693	628,821
Less current maturities	(23,633)	(28,033)
	$ 582,060	$ 600,788

(Dollars in Thousands)

Note 9. Long-Term Debt and Capital Lease Obligations (Continued)

Maturities of long-term debt, excluding capital leases, consist of the following:

Years ending September 30:		
2020	$	21,947
2021		20,087
2022		23,094
2023		48,663
2024		23,085
Thereafter		440,281

Future minimum lease payments under the capital leases, together with the present value of net minimum lease payments, consist of the following:

Years ending September 30:		
2020	$	2,054
2021		1,830
2022		2,083
2023		1,976
2024 and thereafter		4,326
		12,269
Less amount representing interest		2,091
Present value of net minimum lease payments		10,178
Current portion		1,686
Long-term capital lease obligation	$	8,492

A Master Trust Indenture, dated May 15, 2001, and modified in December 2015, covers all bonds issued and outstanding by the Parent, HRMC, CCH, and VH (collectively, the Obligated Group) at September 30, 2019 and 2018. Under the Master Trust Indenture, all members of the Obligated Group are jointly and severally liable for the obligation covered by the Master Trust Indenture. HRMC has executed a mortgage on a portion of HRMC's property in favor of the Master Trustee to secure the Obligated Group's repayment obligation under the Master Trust Indenture. The mortgaged property has a carrying value of $257,223 at September 30, 2019. In addition, all revenues of HRMC, PBH, CCH and VH are pledged as security for the payment of the obligations outstanding under the Master Trust Indenture. At September 30, 2019, total debt outstanding related to the Master Trust Indenture is approximately $456,242.

The Master Trust Indenture provides for specific restrictive covenants, including a debt service coverage requirement. The Corporation was in compliance with all such restrictive covenants at September 30, 2019 and 2018.

Interest expense approximates interest paid.

(Dollars in Thousands)

Note 10. Employee Benefit Plans

Retirement plan: The Corporation, excluding HFMG, has a defined contribution plan covering substantially all employees. The Corporation matches up to 8% of the employees' contribution at a 40% rate resulting in a maximum contribution by the Corporation of 3.2%. Eligible employees are allowed to contribute up to 75% of the eligible employees' gross wages not to exceed the maximum permissible standard deferral amount. This is in addition to any catch-up deferral amount for qualifying individuals. Retirement plan expense was $6,610 and $6,392 for the years ended September 30, 2019 and 2018, respectively, and is included in salaries and benefits within the consolidated statements of operations and changes in net assets.

Employee health plan: The Corporation is self-funded for health benefits for substantially all employees. The self-funded benefits are administered by HFHP. Employee health benefits expense was $22,570 and $20,629, for the years ended September 30, 2019 and 2018, respectively, and is included in salaries and benefits within the consolidated statements of operations and changes in net assets.

Note 11. Malpractice Insurance Plan

The Corporation maintained a self-insured revocable trust (Trust) that covers the Corporation's affiliates and their respective employees for claims within a specified level (Self-Insured Retention). Claims above the Self-Insured Retention are insured by claims-made coverage that was placed with a domestic insurance company, in which for the 10 months ended July 31, 2018 the Self-Insured Retention was $5,000 and $15,000 per incidence and in aggregate, respectively. The Self-Insured Retention decreased, as of August 1, 2018 to $3,000 and $15,000 per incidence and in aggregate, respectively.

Management has recorded a liability for estimated losses from reported and unreported claims of the following:

	2019	2018
Accounts payable and accrued liabilities	$ 3,777	$ 3,795
Other noncurrent liabilities	24,036	19,840
Total liability	$ 27,813	$ 23,635

Management, with the assistance of consulting actuaries, estimates claims liabilities at the present value of future claims payments using a discount rate of 3.39% at both September 30, 2019 and 2018. Medical malpractice expense of $15,142 and $5,372 for the years ended September 30, 2019 and 2018, respectively, is included in supplies and other in the accompanying consolidated statements of operations and changes in net assets.

Note 12. Commitments and Contingencies

Litigation: The Corporation is involved in litigation arising in the ordinary course of business. After consultation with legal counsel, management believes that these matters will be resolved without any additional material adverse effect on the Corporation's future consolidated financial position, results of operations or cash flows.

Note 12. Commitments and Contingencies (Continued)

On June 3, 2019, two physicians filed a lawsuit in the Circuit Court for the Eighteenth Judicial Circuit in and for Brevard County, Florida against the Corporation and related entities alleging violations of the Florida Antitrust Act and other violations. The complaint has five counts: (1) Violation of the Florida Antitrust Act Sections 542.18, 542.22, and 542.23; (2) Violation of the Florida Antitrust Act Sections 542.19, 542.22, and 542.23; (3) Tortious Interference with Patients and Referral Sources; (4) Fraud in the Inducement regarding Separation Agreements; (5) Independent Tort of Conspiracy. The Corporation believes the claims to be unfounded and will undertake an aggressive defense. Although it is premature to assess the likely course or outcome of this action, if the outcome of the litigation is adverse to the Corporation, the Corporation could incur material liabilities for damages or other adverse financial consequences. On November 18, 2019, the Court granted the Corporation's motion to dismiss. The defendants have 60 days to file an Amended Complaint.

On August 27, 2015, the North Brevard County Hospital District (Parrish) filed a complaint against the Corporation and related entities alleging certain underpayments by Health First Health Plans to Parrish for services rendered to Health First Health Plan members, alleging violation of certain antitrust laws by attempting to monopolize the markets for medical oncology and radiology oncology services through the acquisition of Space Coast Cancer Center, and alleging tortious interference with the contractual relationships between Parrish and Parrish's employed physicians.

The Complaint has nine counts: (1) Breach of Contract; (2) Violation of Section 641.513(5), Florida Statutes, (payment for emergency services); (3) Unjust Enrichment (4) Quantum Meruit; (5) Violation of the Florida Antitrust Act Section 542.23, Florida Statutes (Impermissible Merger in Restraint of Trade); (6) Violation of the Florida Antitrust Act Section 542.19, Florida Statutes (Attempted Monopolization of the Medical Oncology Physician Services and Radiation Oncology Physician Services Market); (7) Violation of the Florida Antitrust Act Section 542.18, Florida Statutes (Contract, Combinations, or Conspiracy in Restraint of Trade); (8) Tortious Interference with a Contract; and (9) Tortious Interference with an Advantageous Business Relationship.

The Complaint seeks damages for the breach of contract claims, an injunction prohibiting the acquisition of Space Coast Cancer Center by HFMG, or alternatively order the divestiture of Space Coast Cancer Center from HFMG, treble damages under Count VII, an injunction prohibiting the Corporation from interfering with Parrish's contractual relationship and from disparaging or making false statements regarding Parrish, and attorneys' fees and costs. Discovery is underway. The Corporation believes the claims to be unfounded and will undertake an aggressive defense. Although it is premature to assess the likely course or outcome of this action, if the outcome of the litigation is adverse to the Health First Group, the Health First Group could incur material liabilities for damages or other adverse financial consequences.

The Florida Agency for Health Care Administration (AHCA) is engaged in state-wide audits of Hospital Medicaid Cost Reports for SFY11-15. While these audits are on going and subject to challenge including potential litigation, the Corporation has estimated a potential exposure of up to $7,200 and $8,000 at September 30, 2019 and 2018, respectively. The estimate is included in accounts payable and accrued liabilities in the consolidated balance sheets.

Guarantees: The Corporation has guaranteed the promissory note payments of a certain limited partnership in which the Corporation is a partner. The guaranteed promissory note had a balance as of September 30, 2019 and 2018, of $1,730 and $1,831, respectively, and is due December 2020.

Operating leases: The Corporation leases certain property and equipment under operating leases. Lease and rental expense was approximately $11,120 and $9,939 for the years ended September 30, 2019 and 2018, respectively.

(Dollars in Thousands)

Note 12. Commitments and Contingencies (Continued)

Net future minimum lease payments under non-cancelable operating leases as of September 30, 2019, are as follows:

Years ending September 30:		
2020	$	5,680
2021		3,203
2022		2,409
2023		2,092
2024		1,793
Thereafter		5,206

Note 13. Fair Value of Financial Instruments

As defined in ASC Topic 820, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. ASC Topic 820 establishes a fair value hierarchy that prioritizes the inputs used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurement).

The three levels of the fair value hierarchy defined by ASC Topic 820 and a description of the valuation methodologies used for instruments measured at fair value are as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities as of the reporting date.

Level 2: Pricing inputs other than quoted prices included in Level 1 that are either directly observable or that can be derived or supported from observable data as of the reporting date.

Level 3: Pricing inputs include those that are significant to the fair value of the financial asset or financial liability and are generally less observable from objective sources. These inputs may be used with internally developed methodologies that result in management's best estimate of fair value. The Corporation has no financial assets or financial liabilities with significant Level 3 inputs.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

(Dollars in Thousands)

Note 13. Fair Value of Financial Instruments (Continued)

The following tables present the fair value of financial assets and financial liabilities that are measured at fair value on a recurring basis at September 30, 2019 and 2018:

	2019			
	Total	Level 1	Level 2	Level 3
Financial assets:				
Cash and cash equivalents	$ 183,647	$ 183,647	$ -	$ -
Investments:				
Domestic equity securities	301,013	301,013	-	-
U.S. treasury and agency obligations	140,244	85,401	54,843	-
U.S. corporate bonds	109,192	42,996	66,196	-
International equity securities	85,910	85,910	-	-
International bonds	12,994	12,083	911	-
Asset-backed securities	8,747	-	8,747	-
Municipal bonds	10,577	-	10,577	-
Government asset-backed securities	8,710	-	8,710	-
Other	561	561	-	-
Total investments	677,948	527,964	149,984	-
Assets limited as to use:				
Cash and cash equivalents	14,316	14,316	-	-
Domestic equity securities	1,947	1,947	-	-
U.S. treasury and agency obligations	12,645	8,315	4,330	-
U.S. corporate bonds	16,230	-	16,230	-
Other	3,854	3,854	-	-
Total assets limited as to use	48,992	28,432	20,560	-
	910,587	$ 740,043	$ 170,544	$ -
Investments measured at net asset value [1]:				
Real estate investment trust	40,061			
Total financial assets	$ 950,648			
Financial liabilities:				
Interest rate swap agreements	$ 3,303	$ -	$ 3,303	$ -

[1] In accordance with Subtopic 820-10, as amended by ASU 2015-07, certain investments that are measured at net asset value per share (or its equivalent) have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented in the consolidated balance sheets.

(Dollars in Thousands)

Note 13. Fair Value of Financial Instruments (Continued)

	2018			
	Total	Level 1	Level 2	Level 3
Financial assets:				
Cash and cash equivalents	$ 196,966	$ 196,966	$ -	$ -
Investments:				
Domestic equity securities	309,226	309,226	-	-
U.S. treasury and agency obligations	108,071	69,094	38,977	-
U.S. corporate bonds	101,708	39,603	62,105	-
International equity securities	83,420	83,420	-	-
International bonds	12,870	11,959	911	-
Asset-backed securities	9,687	-	9,687	-
Municipal bonds	6,263	-	6,263	-
Government asset-backed securities	7,682	-	7,682	-
Total investments	638,927	513,302	125,625	-
Assets limited as to use:				
Cash and cash equivalents	12,778	12,778	-	-
Domestic equity securities	1,904	1,904	-	-
U.S. treasury and agency obligations	11,728	7,566	4,162	-
U.S. corporate bonds	11,976	-	11,976	-
Other	3,686	3,055	631	-
Total assets limited as to use	42,072	25,303	16,769	-
	877,965	$ 735,571	$ 142,394	$ -
Investments measured at net asset value [1]:				
Real estate investment trust	37,572			
Total financial assets	$ 915,537			
Financial liabilities:				
Interest rate swap agreements	$ 1,247	$ -	$ 1,247	$ -

Interest rate swap liabilities are included in other noncurrent liabilities in the accompanying consolidated balance sheets.

The fair values of the securities included in Level 1 were determined through quoted market prices. The fair values of Level 2 financial assets and financial liabilities were determined as follows:

Interest rate swaps: The fair value of the interest rate swap agreements was determined through the use of widely accepted valuation techniques, including discounted cash flow analysis on the expected cash flows of each derivative. The analysis reflects the contractual terms of the interest rate swaps, including the period to maturity, and uses observable market-based inputs, such as interest rate curves.

Note 13. Fair Value of Financial Instruments (Continued)

In addition, credit valuation adjustments are included to reflect both the Corporation's nonperformance risk and the respective counterparty's nonperformance risk. The Corporation pays a fixed rate ranging from 2.29% to 4.49% and receives cash flows based on 65% to 100% of the one-month London Interbank Offered Rate (LIBOR), plus a fixed spread.

U.S. corporate bonds, U.S. Treasury and agency obligations, municipal bonds, asset-backed securities and government asset-backed securities: These securities were valued through the use of third-party pricing services and use of evaluated bid prices adjusted for specific bond characteristics and market sentiment.

The value of the real estate investment trust is primarily determined using net asset values, which approximate fair value, as determined by an external fund manager based on quoted market prices, operating results, balance sheet stability, growth and other business and market sector fundamentals. The real estate investment trust does not have any unfunded commitments and has a redemption notice period of 90 days. The Corporation does not have any commitments to purchase additional shares of the real estate investment trust. The real estate investment trust adds additional diversification to the Corporation's portfolio while allowing for short-term redemption, as needed.

Note 14. Statutory Compliance

Health First Health Plans, Inc. and Health First Commercial Plans, Inc. (Health Plans): In compliance with the Application for a Certificate of Authority and Section 624.4085 of the Florida Statutes, the Health Plans must maintain a surplus over the amount produced by the risk-based capital requirements and formula. In addition, the Health Plans must maintain at all times a ratio of premium and risk revenue to capital and surplus not greater than 10 to 1. The Health Plans were in compliance with these requirements as of September 30, 2019 and 2018.

The Health Plans are required by Section 641.225(1) of the Florida Statutes to maintain at all times a minimum surplus in an amount that is the greater of $1,500, 10% of total liabilities, or 2% of total annualized premium revenue. The Health Plans were in compliance with this requirement as of September 30, 2019 and 2018.

The Health Plans are required by Section 641.35(9) of the Florida Statutes to maintain an amount equal to its required minimum surplus in coin or currency of the United States on hand or in the deposit in any solvent national or state bank, savings and loan association, or trust company, or in eligible securities or obligations. The Health Plans were in compliance with this requirement as of September 30, 2019 and 2018.

The Health Plans are required by Title 690-191.076 of the Florida Administrative Code to ensure that income from operations before federal income taxes is no less than 2% of total revenues. For the years ended September 30, 2019 and 2018, the Health Plans were in compliance with this requirement.

Note 14. Statutory Compliance (Continued)

The Office of Insurance Regulation (OIR) limits distributions of earnings or equity transfers to no more than 10% of statutory surplus from accumulated earnings in any one year unless prior approval is received from the OIR. In addition to this payment, and to the extent accumulated statutory surplus exceeds the required amount, the Health Plans may make distributions out of their entire preceding fiscal year's net operating profits.

The State of Florida requires the Health Plans to maintain a deposit with the Department of Financial Services for uncovered claims relating to nonparticipating providers. The Health Plans comply with this requirement by maintaining the required deposit of $714 and $4,492 as of September 30, 2019 and 2018, respectively, with the Department, which is included in other assets in the accompanying consolidated balance sheets. The State of Florida provided a refund to the Health Plans in May 2019 for $3,828, the amount of the deposit over the requirement.

Note 15. Subsequent Events

The Corporation and AdventHealth signed an agreement on June 17, 2019, in which AdventHealth will receive a minority membership interest in the Corporation. The transaction is currently pending required regulatory approvals.

The Corporation evaluated events and transactions occurring subsequent to September 30, 2019 through December 18, 2019, the date the accompanying consolidated financial statements were issued.

Health First, Inc. and Subsidiaries

Consolidating Balance Sheet
September 30, 2019
(Dollars in Thousands)

	Obligated Group							
		Holmes Regional Medical Center, Inc.						
	Health First, Inc.	Holmes Regional Medical Center	Palm Bay Hospital	Cape Canaveral Hospital, Inc.	Viera Hospital, Inc.	Restricted Affiliates	Eliminations	Consolidated Total
Assets								
Current assets:								
Cash and cash equivalents	$ (89,937)	$ 309,128	$ 31,274	$ 83,691	$ 105,681	$ (256,190)	$ -	$ 183,647
Investments	579,033	103,898	-	22,024	-	151,238	(138,184)	718,009
Current portion of assets limited as to use	11,067	-	-	-	-	200	-	11,267
Accounts receivable	808	75,434	12,887	17,668	13,393	31,046	(24,319)	126,917
Inventories	2,183	15,828	2,735	3,365	3,498	4,197	-	31,806
Prepaid expenses and other current assets	28,107	6,102	941	1,020	1,107	35,558	(8,998)	63,837
Total current assets	531,261	510,390	47,837	127,768	123,679	(33,951)	(171,501)	1,135,483
Assets limited as to use, less current portion	31,161	1,338	53	676	-	4,497	-	37,725
Property and equipment, net	145,919	207,872	65,794	60,220	94,925	174,718	-	749,448
Goodwill	4,792	4,343	-	-	-	20,608	-	29,743
Other assets	233,132	8,218	-	3,170	2	8,386	(216,187)	36,721
Total assets	$ 946,265	$ 732,161	$ 113,684	$ 191,834	$ 218,606	$ 174,258	$ (387,688)	$ 1,989,120

(Continued)

Health First, Inc. and Subsidiaries

Consolidating Balance Sheet (Continued)
September 30, 2019
(Dollars in Thousands)

	Obligated Group							
		Holmes Regional Medical Center, Inc.						
	Health First, Inc.	Holmes Regional Medical Center	Palm Bay Hospital	Cape Canaveral Hospital, Inc.	Viera Hospital, Inc.	Restricted Affiliates	Eliminations	Consolidated Total
Liabilities and Net Assets								
Current liabilities:								
Accounts payable and accrued liabilities	$ (102,715)	$ 117,323	$ 21,145	$ 32,052	$ 23,511	$ 177,883	$ (30,066)	$ 239,133
Current portion of long-term debt and capital lease obligation	142,134	6,543	2,717	2,518	1,385	6,520	(138,184)	23,633
Total current liabilities	39,419	123,866	23,862	34,570	24,896	184,403	(168,250)	262,766
Long-term debt and capital lease obligation, less current portion	102,928	131,840	50,198	45,025	87,359	164,710	-	582,060
Other noncurrent liabilities	29,403	2,952	789	2,201	657	2,822	(3,496)	35,328
Total liabilities	171,750	258,658	74,849	81,796	112,912	351,935	(171,746)	880,154
Net assets:								
Without donor restrictions	774,515	472,165	38,782	109,362	105,694	(182,174)	(215,942)	1,102,402
With donor restrictions	-	1,338	53	676	-	4,497	-	6,564
Total net assets	774,515	473,503	38,835	110,038	105,694	(177,677)	(215,942)	1,108,966
Total liabilities and net assets	$ 946,265	$ 732,161	$ 113,684	$ 191,834	$ 218,606	$ 174,258	$ (387,688)	$ 1,989,120

Health First, Inc. and Subsidiaries

Consolidating Statement of Operations
Year Ended September 30, 2019
(Dollars in Thousands)

	Obligated Group							
		Holmes Regional Medical Center, Inc.						
	Health First, Inc.	Holmes Regional Medical Center	Palm Bay Hospital	Cape Canaveral Hospital, Inc.	Viera Hospital, Inc.	Restricted Affiliates	Eliminations	Consolidated Total
Unrestricted revenues and other support:								
Patient service revenue	$ 10,174	$ 544,486	$ 104,734	$ 144,414	$ 120,460	$ 314,900	$ (233,777)	$ 1,005,391
Premium revenue	-	7,115	1,917	6,142	3,317	687,045	(18,447)	687,089
Income from joint ventures	417	1,585	-	349	-	-	-	2,351
Other revenue	229,894	24,437	1,428	2,797	1,272	57,803	(274,890)	42,741
Net assets released from restrictions for operations	271	9	-	72	-	357	-	709
Total unrestricted revenues and other support	240,756	577,632	108,079	153,774	125,049	1,060,105	(527,114)	1,738,281
Expenses:								
Salaries and benefits	110,348	224,234	53,526	77,270	44,868	307,642	(136,390)	681,498
Supplies and other	110,945	259,585	44,439	54,193	47,895	214,733	(139,169)	592,621
Medical service	(18,592)	-	-	-	-	561,711	(226,602)	316,517
Depreciation and amortization	21,429	28,113	8,306	9,547	8,809	13,348	(20,967)	68,585
Interest	4,046	6,849	2,395	2,299	4,319	8,283	(3,986)	24,205
Total operating expenses	228,176	518,781	108,666	143,309	105,891	1,105,717	(527,114)	1,683,426
Income (loss) from operations	12,580	58,851	(587)	10,465	19,158	(45,612)	-	54,855

(Continued)

Health First, Inc. and Subsidiaries

Consolidating Statement of Operations (Continued)
Year Ended September 30, 2019
(Dollars in Thousands)

	Obligated Group							
		Holmes Regional Medical Center, Inc.						
	Health First, Inc.	Holmes Regional Medical Center	Palm Bay Hospital	Cape Canaveral Hospital, Inc.	Viera Hospital, Inc.	Restricted Affiliates	Eliminations	Consolidated Total
Nonoperating gains (losses):								
Investment income	26,400	1,832	-	381	-	8,902	-	37,515
Change in value of interest rate swaps	(2,113)	(49)	(214)	(20)	-	-	-	(2,396)
Other	(19)	(562)	-	(33)	-	(129)	-	(743)
Total nonoperating gains (losses)	24,268	1,221	(214)	328	-	8,773	-	34,376
Excess (deficiency) of revenues, other support and gains over expenses and losses	$ 36,848	$ 60,072	$ (801)	$ 10,793	$ 19,158	$ (36,839)	$ -	$ 89,231