



# **North Brevard County Hospital District**

**Independent Auditor's Report, Financial Statements,  
and Supplementary Information**

September 30, 2025



# NORTH BREVARD COUNTY HOSPITAL DISTRICT

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## Independent Auditor's Report

Board of Directors and Audit Committee  
North Brevard County Hospital District  
Titusville, Florida

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the financial statements of North Brevard County Hospital District (the "District") as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying the financial statements referred to above present fairly, in all material respects, the financial position of the District as of September 30, 2025, and the changes in financial position, and its cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinion*

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

#### *Responsibilities of Management for the Financial Statements*

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

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

### ***Required Supplementary Information***

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

### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the District's basic financial statements. The supplementary information listed in the table of contents is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other

additional procedures in accordance with GAAS. In our opinion, the supplementary information listed in the table of contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

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

**Forvis Mazars, LLP**

**Tampa, Florida  
February 13, 2026**

## MANAGEMENT’S DISCUSSION AND ANALYSIS

### INTRODUCTION

This section of the North Brevard County Hospital District’s (the “District”) annual financial report presents background information and our analysis of the District’s financial performance as of September 30, 2025 and for the year then ended. It is intended to be read in conjunction with the District’s financial statements, which follow this section.

The North Brevard County Hospital District d/b/a Parrish Medical Center (“PMC”) was founded in 1958. The medical center is named after the late Senator Jesse J. Parrish Sr. whose family made two major land donations upon which the original 28-bed hospital was built. In 2002, the District replaced the former hospital with its current 371,000-square-foot acute hospital located just miles from the launch towers of Kennedy Space Center. The District<sup>1</sup> includes PMC and its affiliates and component units, as described in Note 1 to the financial statements. The District has the power to levy taxes in support of its mission, but has a legacy of providing affordable health care without taxing for more than 30 years. During the year ended September 30, 2025, PMC and its affiliates provided more than \$31.2 million in community charity care and other uncompensated care with no tax levy.

The District’s service area extends from the Beach Line (SR 528) in the south to the Volusia County line in the north, and from the Atlantic coast in the east to the Orange and Seminole County lines in the west. The District owns and operates one inpatient hospital facility in Titusville, Florida and is licensed by the Agency for Health Care Administration (“AHCA”) to operate 208 beds, as well as outpatient service locations including Parrish Healthcare Centers, Port St. John, Port Canaveral, and Titusville; Parrish Occupational Medical Services, Titusville; Parrish Home Care, Titusville and Port St. John; Parrish Senior Consultation Center, Titusville; Parrish Cancer Center, Titusville; Parrish Infusion Center, Titusville; and Parrish Wound Healing Centers, and Titusville.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This annual financial report includes the independent auditor’s report, management’s discussion and analysis, and the basic financial statements of the District. It also includes other supplementary information presented for the purpose of additional analysis of the financial statements. The basic financial statements are intended to describe the net position, results of operations, sources and uses of cash, and the capital structure of the District. The basic financial statements include notes providing detailed information for select accounts and transactions.

Schedules of combining net position and revenues, expenses, and changes in net position are included as additional (supplementary) information.

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<sup>1</sup> As further described in Note 1 to the financial statements, the District is an independent special tax district, created and incorporated as a political subdivision of the state, for the purpose of establishing, constructing, equipping, operating and maintaining, repairing, or leasing a hospital or hospitals. The District has the power to establish, construct, operate, and maintain such hospitals, medical facilities, and health care facilities and services for the preservation of the public health and welfare of the District and the inhabitants thereof; the power to enter into contracts; borrow money; establish for-profit and not-for-profit corporations; the power to acquire, purchase, hold, lease, and convey real and personal property.

## NET POSITION AND CHANGES IN NET POSITION

Net position is an indicator of the financial health of an organization. Increases in net position over time indicate that the financial condition is improving, while decreases in net position over time signify a declining financial condition. A comparative summary of the financial condition of the District as of September 30, 2025 and 2024 is presented below.

### Condensed Statements of Net Position (In Thousands)

	<u>September 30,</u>	
	<u>2025</u>	<u>2024</u>
Current assets	\$ 97,514	\$ 91,001
Other assets	105,952	88,512
Deferred outflows	<u>8,174</u>	<u>8,628</u>
Total assets and deferred outflows	<u>\$ 211,640</u>	<u>\$ 188,141</u>
Current liabilities	\$ 48,721	\$ 49,106
Non-current liabilities	<u>106,963</u>	<u>90,307</u>
Total liabilities and deferred inflows	155,684	139,413
Investment in capital assets, net of related debt	(22,834)	(20,450)
Restricted net position	189	186
Restricted for debt service	1,141	1,127
Unrestricted net position	<u>77,460</u>	<u>67,865</u>
Total net position	<u>55,956</u>	<u>48,728</u>
Total liabilities, deferred inflows and net position	<u>\$ 211,640</u>	<u>\$ 188,141</u>

The statement of revenues, expenses, and changes in net position measures the annual operating success of the organization and can be used to determine whether costs have been recovered through operating revenue sources. The following is a comparative summary of the operations of the District.

**Condensed Statements of Revenues, Expenses and  
Changes in Net Position  
(In Thousands)**

	<b>Years Ended September 30,</b>	
	<b>2025</b>	<b>2024</b>
Operating revenue	\$ 194,274	\$ 166,799
Operating expenses	(168,796)	(152,267)
Income (loss) from operations	25,478	14,532
Non-operating revenue (expenses), net	(18,250)	(9,049)
Special item - gain (loss)	-	(8,856)
Change in net position	\$ 7,228	\$ (3,373)

**MANAGEMENT'S DISCUSSION OF RECENT FINANCIAL PERFORMANCE**

Current assets at September 30, 2025 increased by \$6.5 million from fiscal year 2024 primarily due to a net increase in cash and investments of \$12.8 million, net patient accounts receivable of \$5.6 million, and a decrease of prepaid expenses and other assets of \$12.3 million. Other assets increased from September 30, 2024 by \$17.4 million, primarily due to an increase of funded depreciation of \$2.4 million, right-to-use and subscription-based assets of \$19.6 million, and decrease of capital assets of \$4.6 million, respectively.

Total liabilities at September 30, 2025 increased by \$16.3 million from September 30, 2024. Current liabilities decreased by \$0.4 million from fiscal year 2024, due to a decrease of accounts payable of \$4.5 million, increase of accrued salaries and personal leave time of \$2.2 million, and all other current liabilities by \$1.9 million. Non-current liabilities increased by \$16.7 million primarily due to an increase of long-term lease and subscription-based obligations, net of current portion of long-term debt of \$19.2 million and decrease in long-term debt, net of current portion of \$3.0 million.

The net position at September 30, 2025 was \$55.9 million, an increase of \$7.2 million from 2024 consisting of an operating income of \$25.5 million and non-operating loss of \$18.3 million.

## Revenues

Operating revenues were \$27.5 million more than the prior year, primarily due to improvements in payor mix, the types of admissions, and outpatient services growth due to the closing of the Rockledge hospital.

### Parrish Medical Center Utilization Statistics

	Years Ended September 30,	
	2025	2024
Inpatient admissions	4,888	4,427
Patient days	25,734	25,327
Total outpatient visits	92,551	84,732
Observation discharges	3,226	2,790

## Operating Expenses

Total operating expenses increased by approximately \$16.5 million in fiscal year 2025 compared to fiscal year 2024, primarily due to an increase in salaries and wages and employee benefits of \$8.5 million, med-surg supplies of \$15.3 million, and a decrease of \$7.3 million in professional fees and contract services, and other expenses.

## Non-operating Revenues, Expenses, Gains and Losses and Special (Losses)

Investment Income decreased by \$3.0 million from 2024.

Other non-operating revenues (expenses), increased by (\$6.2) million mainly due to a non-recurring \$5.0 million Health First settlement received in FY 2024, \$0.8 million increase in NBMS expenses and \$0.3 million in Amortization expenses.

## KEY FINANCIAL INDICATORS

The following represents a summary of key financial indicators of the District.

### Key Financial Indicators

	Years Ended September 30,	
	2025	2024
Total margin	3.3%	-1.7%
EBITDA margin	10.1%	5.9%
Days cash on hand <sup>2</sup>	137.6	127.3
Unrestricted cash to long-term debt	105.5%	81.5%
Long-term debt to capitalization	56.8%	61.1%
Total net patient service revenue, before provision for bad debts (in millions)	\$214	\$186

The total margin improved to 3.3% from -1.7% and EBITDA margin improved to 10.1% from 5.9% in 2024, primarily due to increases in patient volume and investment income offset by increase in operating expenses due to inflationary pressure. Total net patient service revenue, before provision for bad debts, increased \$28 million from 2024.

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<sup>2</sup> Indicator computed using operating and non-operating expense per day.

## RISK FACTORS –

The health care industry is influenced by a wide range of factors that can materially affect the District's operations and financial position. These factors include, but are not limited to, competitive pressures, state and federal regulatory requirements, Medicare and Medicaid legislation and reimbursement rules, ongoing health care reform efforts, environmental and behavioral health laws, technological advancements, shifts in demand for health care services, demographic changes, and the terms and conditions of managed care contracts.

### **Workforce and Contract Labor Exposure:**

The District, like many healthcare systems nationwide, continues to face challenges related to recruiting and retaining qualified clinical personnel. Reliance on contract labor, driven by market scarcity and competitive wage pressures, represents an ongoing operational and financial risk should market rates fluctuate or labor shortages persist. Management has implemented measures to reduce internal clinical staffing costs and contract labor and services; but future labor market tightness, inflation, and wage expectations could reverse some of these gains and negatively affect operating margins.

### **Demand, Competition, and Service Area Dynamics:**

The closure and bankruptcy of several area hospitals did not result in increased competition or reduced patient volumes for the District. Instead, these closures contributed to higher utilization of District services and increased demand across multiple service lines. Sustaining operational capacity to meet increased volume levels remains an important risk consideration. The hospital's financial performance is sensitive to changes in patient utilization, including elective procedure volumes and emergency department visits, which may fluctuate with economic conditions, insurance coverage levels, and demographic trends in North Brevard County.

### **Weather-Related and Environmental Risks:**

The District's coastal Central Florida location exposes it to hurricanes, tropical storms, and other severe weather events, which can disrupt operations, damage facilities, increase insurance and repair costs, and temporarily reduce or shift patient volumes despite disaster preparedness and insurance coverage.

### **Federal and State Regulatory and Legislative Initiatives:**

Ongoing changes in Federal and State healthcare policy, including modifications to reimbursement methodologies, Medicaid payment models, quality and reporting requirements, licensure standards, and compliance regulations, pose a continuing risk to financial stability and operational flexibility. The District must continuously monitor rulemaking from AHCA, CMS, and other regulatory bodies. Federal legislation such as the Affordable Care Act and subsequent budget control laws has imposed and may continue to impose reductions or caps on Medicare and Medicaid payments to hospitals, including sequestration and possible additional disproportionate share or Medicaid funding reductions, and future Congressional action could further affect reimbursement levels.

### **Government Reimbursement and Supplemental Funding:**

The District derives a significant portion of net patient service revenue from Medicare and Medicaid, and payment rates under these programs are largely administratively set and may not keep pace with increases in salaries, supplies, pharmaceuticals, and purchased services, potentially compressing margins. Florida's Low-Income Pool (LIP) and related Medicaid supplemental payment programs, including the Hospital Directed Payment Program and Physician Directed Payment Program, have been approved under the state's Managed Medical Assistance Section 1115 waiver through June 30, 2030; however, program funding amounts, methodologies, and federal approval conditions may change, which could reduce future supplemental payments or require repayments if cost limits are exceeded.

### **OBBB (“One Big Beautiful Bill”) Impacts:**

The One Big Beautiful Bill (OBBB), which becomes effective in 2026, is expected to channel substantial new federal support to rural and vulnerable hospitals, but allocation formulas based on state and rural characteristics may limit how much funding reaches North Brevard County Hospital District. If state policymakers redirect or redesign existing supplemental payment programs to align with OBBB funding streams, the District could experience short term volatility in Medicaid and other governmental revenues. The full financial implications of the OBBB legislation remain uncertain until AHCA releases implementation guidance. Potential unfunded mandates or shifts in reimbursement models may impact operating costs, administrative workload, and resource deployment. Implementation of the OBBB may affect regulatory expectations associated with the District’s 208-bed designation, including requirements related to licensure, service capacity, or community health obligations. Such changes could influence long-term strategic planning and operational resource allocation.

### **Expiring Affordable Care Acts (ACA) Subsidies**

The expiration of enhanced ACA subsidies poses significant financial and operational risks for hospitals. Premiums for ACA plans in Florida could rise by 26–30%, causing up to 1.4 million residents to lose coverage and increasing the state’s uninsured rate. Hospitals will face higher uncompensated care costs as more patients forego insurance coverage, leading to surges in emergency department volumes and longer wait times. These pressures threaten hospital financial stability and could reduce access to care, particularly for vulnerable populations such as older adults and low-income families.

### **Technology and Capital Needs:**

Ongoing capital needs for information technology, cybersecurity, facility modernization, and medical equipment are significant for the District’s acute care facility; failure to invest appropriately could impair service quality, patient safety, and competitiveness, while large capital projects could increase financial leverage and execution risk.

The uncertainties described above may impact future operating results and the District’s financial position. These potential effects were considered during the development of the fiscal year 2026 operating budget.

### **CONTACTING THE DISTRICT’S FINANCIAL MANAGER**

This financial report is provided to give our citizens, customers, and creditors an overview of the District’s finances and to illustrate the District’s stewardship of its funding. For questions regarding this report or for additional financial information, please contact the District’s Finance Department at 951 North Washington Avenue, Titusville, Florida 32796.

# NORTH BREVARD COUNTY HOSPITAL DISTRICT

## STATEMENT OF NET POSITION

SEPTEMBER 30, 2025

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### ASSETS

#### CURRENT ASSETS:

Cash and cash equivalents	\$ 31,865,935
Investments	25,681,530
Restricted assets - held by trustee and required for current liabilities	1,141,222
Patient accounts receivable - net of estimated uncollectibles of \$13,167,677	24,739,216
Supplies	3,034,069
Prepaid expenses and other assets	<u>11,052,275</u>
Total current assets	<u>97,514,247</u>

#### OTHER ASSETS:

Funded depreciation	20,014,904
Deposits and other assets	2,730,755
Temporarily donor-restricted funds	188,536
Capital assets, net	43,933,437
Right-to-use and subscription-based assets	<u>39,084,135</u>
Total other assets	<u>105,951,767</u>
Total assets	<u>203,466,014</u>

#### DEFERRED OUTFLOWS:

Series 2008 Bond refunding	<u>8,173,710</u>
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TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>\$ 211,639,724</u>
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*(Continued)*

# NORTH BREVARD COUNTY HOSPITAL DISTRICT

## STATEMENT OF NET POSITION SEPTEMBER 30, 2025

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### LIABILITIES, DEFERRED INFLOWS, AND NET POSITION

#### CURRENT LIABILITIES:

Accounts payable	\$ 24,035,105
Accrued health insurance and workers' compensation	2,921,313
Accrued salaries and personal leave time	9,890,836
Other current liabilities	2,600,608
Estimated third-party settlements	1,091,605
Current portion of long-term debt	3,037,000
Current portion of long-term lease and subscription-based obligations	<u>5,144,006</u>
Total current liabilities	<u>48,720,473</u>

#### NON-CURRENT LIABILITIES:

Accrued medical malpractice	301,800
Other non-current liabilities	817,117
Long-term debt, net of current portion	70,487,000
Long-term lease and subscription-based obligations, net of current portion	<u>35,356,988</u>
Total non-current liabilities	<u>106,962,905</u>
Total liabilities	<u>155,683,378</u>

#### NET POSITION:

Investment in capital assets, net of related debt	(22,833,712)
Restricted by donors	188,536
Restricted for debt service	1,141,222
Unrestricted	<u>77,460,300</u>
Total net position	<u>55,956,346</u>

TOTAL LIABILITIES, DEFERRED INFLOWS, AND NET POSITION \$ 211,639,724

*(Concluded)*

# NORTH BREVARD COUNTY HOSPITAL DISTRICT

## STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION YEAR ENDED SEPTEMBER 30, 2025

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### OPERATING REVENUE:

Net patient service revenue - net of provision for bad debt of \$20,175,329	\$ 192,983,555
Other operating revenue	<u>1,290,104</u>
Total operating revenue	<u>194,273,659</u>

### OPERATING EXPENSES:

Salaries and wages	58,855,839
Employee benefits	13,766,672
Medications and supplies	39,753,582
Professional fees and contractual services	32,305,386
Other operating expenses	13,150,618
Depreciation and amortization	8,026,759
Interest expense	<u>2,936,996</u>
Total operating expenses	<u>168,795,852</u>

INCOME FROM OPERATIONS	<u>25,477,807</u>
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### NON-OPERATING REVENUES (EXPENSES):

Investment income, net	4,147,630
Other non-operating revenue (expenses), net	<u>(22,397,464)</u>
Total non-operating revenue (expenses), net	<u>(18,249,834)</u>

CHANGE IN NET POSITION	7,227,973
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### NET POSITION:

Beginning of year	<u>48,728,373</u>
End of year	<u><u>\$ 55,956,346</u></u>

# NORTH BREVARD COUNTY HOSPITAL DISTRICT

## STATEMENT OF CASH FLOWS YEAR ENDED SEPTEMBER 30, 2025

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### CASH FLOWS FROM OPERATING ACTIVITIES:

Receipts from third-party payors and patients	\$ 211,944,477
Other receipts and payments, net	1,290,104
Payments to employees	(87,601,357)
Payments to suppliers and contractors	<u>(110,462,828)</u>
Net cash provided by operating activities	<u>15,170,396</u>

### CASH FLOWS FROM INVESTING ACTIVITIES:

Change in investments and funded depreciation, net	(3,549,998)
Investment income, net	<u>2,335,817</u>
Net cash used in investing activities	<u>(1,214,181)</u>

### CASH FLOWS FROM CAPITAL AND RELATED

#### FINANCING ACTIVITIES:

Purchases of property and equipment	(1,165,282)
Proceeds on sale of property and equipment	39,563
Proceeds on sale of assets held for sale	8,715,603
Interest paid on long-term debt, lease, and subscription-based obligations	(3,024,644)
Principal payments on lease and subscription-based obligations	(5,682,585)
Principal payments on long-term debt	<u>(2,930,000)</u>
Net cash used in capital and related financing activities	<u>(4,047,345)</u>

CHANGE IN CASH AND CASH EQUIVALENTS 9,908,870

CASH AND CASH EQUIVALENTS - Beginning of year 21,957,065

CASH AND CASH EQUIVALENTS - End of year \$ 31,865,935

*(Continued)*

# NORTH BREVARD COUNTY HOSPITAL DISTRICT

## STATEMENT OF CASH FLOWS YEAR ENDED SEPTEMBER 30, 2025

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### RECONCILIATION OF OPERATING INCOME TO NET

#### CASH PROVIDED BY OPERATING ACTIVITIES:

Operating income	\$ 25,477,807
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization	8,026,759
Depreciation and amortization - nonoperating	3,675,827
Provision for bad debts	20,175,329
Interest expense considered capital financing activity	3,024,644
Other nonoperating loss, net	(22,397,464)
Deferred outflows, loss on refundings of debt	454,660
Gain on disposal of property and equipment	(35,116)
Increase in patient accounts receivable before provisions for uncollectible accounts receivable	(25,733,562)
Increase in supplies	(428,676)
Decrease in prepaid expenses and other assets	3,575,618
Increase in temporarily donor-restricted funds	(2,803)
Decrease in deposits and other assets	8,919
Decrease in accounts payable	(4,456,784)
Increase in accrued health insurance, workers' compensation	879,978
Increase in accrued salaries and personal leave time	2,201,383
Increase in estimated third-party settlements	89,744
Decrease in other liabilities and accruals	634,133
	<hr/>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 15,170,396</u>

### SUPPLEMENTAL DISCLOSURE OF NON-CASH FINANCING AND INVESTING ACTIVITIES:

Right-of-use lease obligations incurred in connection with right to use assets	<u>\$ 25,534,339</u>
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*(Concluded)*

# NORTH BREVARD COUNTY HOSPITAL DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED SEPTEMBER 30, 2025

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### 1. REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Reporting Entity** - The North Brevard County Hospital District (the “District”) was created under the laws of the state of Florida in 1953 and operates as Parrish Medical Center (“PMC”), a community hospital providing inpatient and outpatient health care services in northern Brevard County, Florida. The basic financial statements of the District include the balances of North Brevard Medical Support, Inc. (“NBMS”), see condensed statement in Note 11. NBMS is a not-for-profit, non-stock corporation and blended component unit of the District, organized under the laws of the state of Florida solely to benefit and further the interests of the District through physician recruitment and the provision of medical goods and services.

The District’s primary activity is the operation of a general acute care hospital licensed for 208 beds.

The District has entered into employment agreements with certain local physicians to ensure that adequate professional and medical services are available in its service area. The District managed a total of 25 physicians’ practices with 70 physicians as of September 30, 2025.

During 2003, NBMS entered into a letter of agreement with Physicians Professional Liability Risk Retention Group (“PPLRRG”) to purchase 500,000 shares of PPLRRG’s Class E common stock. The purpose of this investment is to provide local physicians practicing at PMC with an alternative and affordable primary layer of malpractice insurance coverage (see Note 3).

The District may levy taxes upon all real and personal taxable property in the District for operating purposes and debt service, not to exceed five mills for all purposes. Effective September 19, 1994, the Board of Directors adopted a tax rate of zero mills; subsequently, no taxes have been assessed, including fiscal year 2025.

During fiscal year 1995, the Florida Legislature approved an amendment to the District’s enabling legislation, which allowed the District to participate with other hospitals and health care providers to provide services within and beyond the boundaries of the District. The District is expressly prohibited from using any funds derived from the assessment of ad valorem taxes on property within the District to support any such joint participation beyond the boundaries of the District.

All intercompany balances and transactions between PMC and NBMS have been eliminated.

**Basis of Presentation** - The District applies the provisions of Governmental Accounting Standards Board (“GASB”) pronouncements. The GASB has established standards for external financial reporting for all state and local governmental entities, which include a statement of net position, a statement of changes in net position, and a direct method statement of cash flows. Net position is classified into three components defined as follows:

- *Investment in Capital Assets, Net of Related Debt*: This component of net position consists of capital assets, net of accumulated depreciation, right-to-use and subscription-based assets net of accumulated amortization, and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings, and outstanding lease and subscription-based obligations that are attributable to the acquisition, construction, or improvement of those assets.
- *Restricted*: This component of net position consists of contributed assets whose use is restricted through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation.
- *Unrestricted*: This component of net position consists of net position that does not meet the definition of “restricted” or “investment in capital assets, net of related debt.”

**Enterprise Fund Accounting** - The District uses enterprise fund accounting. Revenues and expenses are recognized on the accrual basis using the economic resources measurement focus.

**Use of Estimates** - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the basic financial statements, and the reported amounts of revenues and expenses during the reporting period. The more significant areas subject to management estimates include estimated reserves for professional liability, workers' compensation and health insurance claims, allowances for uncollectible patient accounts receivable, deferred revenue and grant revenue, and third-party payor settlements. Actual results could differ from those estimates.

**Cash and Cash Equivalents** - Cash and cash equivalents include investments in highly liquid debt instruments with a maturity of three months or less from date purchased and excludes otherwise qualifying amounts which are internally designated by the Board of Directors for a specific purpose and reported in investments and assets whose use is limited.

**Investments** - Marketable securities included in the District's investment portfolios are carried at fair value based on quoted market prices (see Note 3). Investments in marketable securities representing the investment of cash available for current operations are reported as current assets. Changes in fair value are included in investment income in the statement of revenues, expenses, and changes in net position.

**Assets Whose Use is Limited** - Cash, investments, and pledges receivable limited in use under terms of debt indentures, trust agreements, or other similar arrangements are considered to be restricted assets. Cash and investments that are internally designated by the Board of Directors (the "Board") for future capital improvements ("funded depreciation"), over which the Board retains control and may, at its discretion, subsequently use for other purposes, are classified as funded depreciation in the statement of net position. Investments, consisting of marketable securities, are carried at fair value. Amounts required to meet current liabilities of the District are presented as current assets in the statement of net position.

**Supplies** - Supplies are stated at the lower of cost or market, determined by the first-in, first-out method.

**Capital Assets** - Capital assets are recorded at cost, except for donated assets, which are recorded at fair value at the time of donation. Expenditures, which materially increase values, change capacities, or extend useful lives, are capitalized, as is interest cost during the period of construction. Depreciation computed using the straight-line method over the estimated useful lives of the various assets. Gains and losses on dispositions are recorded in the year of disposal and are included in other non-operating revenues (expenses) in the statement of revenues, expenses, and changes in net position. Estimated useful lives used in computing depreciation range as follows:

Improvements to land	10 to 20 years
Buildings and improvements	10 to 40 years
Equipment	3 to 15 years

PMC has a policy of funding depreciation on certain assets. The funds are held in cash and investment accounts (see Note 3).

The District considers impairment whenever indicators of impairment are present, such as when the decline in service utility of the capital asset is large in magnitude and unexpected. Pursuant to these guidelines, management has determined that no impairments of capital assets existed at September 30, 2025.

**Leases** - The District is the lessee for a variety of leases related to its healthcare operations, including leases for medical office space, clinical and administrative facilities, medical equipment, information technology equipment, and vehicles. Lease contracts may include options to extend or terminate the lease and generally require fixed payments.

The District recognizes a lease obligation and an intangible right-to-use lease asset at the commencement of the lease term in accordance with GASB Statement No. 87, *Leases* ("GASB 87"). A lease asset and obligation is determined at inception when the control of the right-to-use underlying asset belongs to the entity for the

term of the lease if it exceeds a period of one year or greater. The term of the lease may include exercisable options when reasonably certain the option will be exercised. The lease obligation is measured at the present value of payments expected to be made during the lease term, discounted using the interest rate charged by the lessor, if readily determinable. In the absence of the implicit interest rate in lease contracts for which the District is a lessee, the District's incremental borrowing rate of 3.0% is used to discount lease obligations. The current and long-term lease obligations are recorded in the statement of net position.

The right-to-use lease asset is initially measured as the amount of lease obligation, adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred by the District, and reduced by any lease incentives received. Right-to-use assets are amortized in a systematic and rational manner over the shorter of the lease terms or useful life of the underlying asset. Right-to-use assets are presented net of accumulated amortization in the statement of net position.

Short-term leases, defined as leases with a maximum possible term of 12 months or less, are not recognized as lease liabilities or right-to-use lease assets and are recognized as expense over the lease term.

The District recognizes amortization expense related to lease assets, interest expense related to lease liabilities, and expense related to short-term leases. These amounts are included as a component of expenses within the statement of revenues, expenses, and changes in net position.

Certain leases include variable payments based on usage or changes in an index or rate. Variable lease payments not included in the measurement of the lease obligation are recognized as expense in the period in which the obligation for those payments is incurred.

***Subscription-Based Information Technology Arrangements*** – A subscription-based information technology arrangement (“SBITA” or “subscription-based”) is defined as a contract that conveys control of the right to use another party's information technology software, alone or in combination with tangible capital assets, as specified in the contract for a period of time in an exchange or exchange-like transaction. A SBITA is reported as a right-to-use and subscription-based asset and corresponding subscription-based obligation in accordance with GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (“GASB 96”). The District utilizes a variety of SBITA arrangements in its health care delivery including certain electronic health records and certain billing and administrative processing.

The District recognizes a SBITA obligation and an intangible SBITA asset at the commencement of the subscription arrangement, if it exceeds a period of one year or greater. The term of the subscription may include exercisable options when reasonably certain the option will be exercised. The SBITA obligation is measured at the present value of payments expected to be made during the subscription term, discounted using the interest rate charged by the vendor, if readily determinable. In the absence of the implicit interest rate in the subscription contracts, the District's incremental borrowing rate of 3.0% is used to discount the SBITA obligations. The current and long-term SBITA obligations are recorded in the statement of net position.

The SBITA asset is initially measured as the amount of SBITA obligation, adjusted for any prepayments, capitalizable initial implementation costs, and vendor incentives. SBITA assets are amortized in a systematic and rational manner over the shorter of the subscription terms or useful life of the underlying asset. SBITA assets are presented net of accumulated amortization in the statement of net position.

Short-term arrangements, defined as arrangements with a maximum possible term of 12 months or less, are not recognized as SBITA assets and SBITA obligations and are recognized as expense over the subscription term.

The District recognizes amortization expense related to SBITA assets, interest expense related to SBITA obligations, and expense related to short-term subscription arrangements. These amounts are included as a component of expenses within the statement of revenues, expenses, and changes in net position.

***Deferred Outflows/Deferred Inflows*** - In addition to assets, the District reports a separate section for deferred outflows of resources on its statement of net position. Deferred outflows of resources represent a consumption of net position that applies to future periods and will not be recognized as an outflow of resources until then.

Deferred Outflow on Partial Refunding of the Series 2008 Bonds - The defeasance costs related to the refunding of the Series 2008 Bonds are included in deferred outflows and are being amortized over the period the bonds

are outstanding. Amortization expense related to these costs is included in other non-operating expenses as interest expense.

**Risk Management** - The District is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; and natural disasters. Commercial insurance coverage is purchased for claims arising from such matters. Settled claims did not exceed this commercial coverage for the period presented. PMC is self-insured for employee health and workers' compensation benefits. PMC was self-insured for medical malpractice prior to October 1, 2016; subsequently, PMC purchases insurance from a captive insurance company formed by the District (see Notes 11 and 13). The estimated liabilities for such self-insured programs include estimates of the ultimate costs for both reported claims and claims incurred but not reported.

**Medical Malpractice Liability** - The liability for losses (including loss adjustment expenses) represents the estimated ultimate cost of all reported and unreported losses that are unpaid as of September 30, 2025. The liability for unpaid losses is estimated using individual case-basis valuations and statistical analyses, and is not discounted. Although considerable variability is inherent in such estimates, management believes that the liability for losses and loss adjustments expenses represents its best estimate of the ultimate cost of unpaid claims. The methods for making such estimates and for establishing the resulting liabilities are periodically reviewed and any adjustments are recorded in the period determined.

**Reinsurance** - The District relies on ceded reinsurance to limit its retained insurance risk (see Note 13). In entering into reinsurance agreements, management considers a variety of factors, including the creditworthiness of reinsurers. In the event that the reinsurers are unable to meet their obligations under the reinsurance agreements, the District would be contingently liable for such amounts. Management has determined that no provision for uncollectible reinsurance recoveries was necessary at September 30, 2025.

**Statement of Revenues, Expenses, and Changes in Net Position** - For purposes of display, transactions deemed by management to be ongoing, major, or central to the provision of hospital-based health care services are reported as operating revenue or operating expenses. Non-operating revenues (expenses) represent the net operations of activities or transactions incidental or peripheral to the direct care of patients within the hospital setting and primarily include grant revenue, investment income, and other non-operating revenues and expenses.

The following is a summary of the other non-operating revenue and expenses amounts for fiscal year 2025:

Physician practice operations and management	\$ (15,335,679)
Health & Fitness, Happenings, Children's Center, Rental & Other	(218,994)
Physician Health Network	(682,817)
FMIC – Captive	(862,033)
Foundation	(365,550)
NBMS – Children's Center, Clinical Support, and other joint ventures (see Note 11)	(714,856)
Depreciation	(1,180,533)
Amortization	(2,494,694)
Interest	(542,308)
Total	<u>\$ (22,397,464)</u>

When an expense is incurred for purposes in which there are both restricted and unrestricted net position available, it is the District's policy to apply those expenses to restricted net position, to the extent such are available.

**Net Patient Service Revenue** - Net patient service revenue is reported at estimated net realizable amounts from patients, third-party payors, and others when services are rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined. The provision for bed debts is reported as a component of net patient service revenue.

**Charity Care** - The District provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because the District does not pursue collection of amounts determined to qualify as charity care, they are not reported as net patient service revenue.

**Income Taxes** - NBMS has been recognized by the Internal Revenue Service as a tax-exempt organization, as described in Section 501(c)(3) of the Internal Revenue Code (“IRC”). Income earned in furtherance of the District’s tax-exempt or governmental purpose is exempt from federal and state income taxes. The IRC provides for taxation of unrelated business income under certain circumstances. Management has determined that the District has no significant unrelated business income. Accordingly, these financial statements include no provision or liability for income taxes.

**Fair Value of Financial Instruments** - The carrying value of net accounts receivable, accrued liabilities, and accounts payable approximates fair value, due to the short-term nature of these accounts.

**Accrued Public Assessment Assistance** - The District is required to make quarterly payments to The Public Medical Assistance Trust Fund (“PMATF”), based on a prescribed percentage (1.5% for inpatient and 1.0% for outpatient) of prior period revenue, as prescribed by the AHCA. The District recognizes a liability for the PMATF, based on the calculated amount currently due, representing the District’s estimate of the termination liability.

**New Pronouncements** - In April 2024, GASB issued Statement No. 103, *Financial Reporting Model Improvements*. This Statement provides guidance on improving key components (e.g. defined elements of non-operating expenses) of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing accountability and application issues. This standard becomes effective for fiscal years that begin after June 15, 2025. The District is currently evaluating the impact of this Statement on its financial statements.

In September 2024, GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. This Statement provides guidance on providing information about certain types of capital assets and capital assets held for sale. This standard becomes effective for the fiscal years that begin after June 15, 2025. The District is currently evaluating the impact of this Statement on its financial statements.

**Subsequent Events** - The District evaluated subsequent events for recognition and disclosure through February 13, 2026 which is the date the basic financial statements were available to be issued.

## 2. NET PATIENT SERVICE REVENUE

PMC has agreements with third-party payors that provides for payments to PMC at amounts different from its established rates. Major third-party payors are summarized below:

**Medicare** - Inpatient acute care services and certain outpatient services rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. PMC is reimbursed for cost-reimbursable items at a tentative rate, with final settlement determined after submission of annual cost reports by PMC and audits thereof by the Medicare Fiscal Intermediary (reports audited through 2020). PMC’s classification of patients under the Medicare program and the appropriateness of their admission are subject to an independent review by a peer review organization.

Reimbursement for Medicare Outpatient services is made in accordance with the Ambulatory Payment Classification (“APC”) system called for under the Outpatient Prospective Payment System. Unlike the Inpatient Prospective Payment System (“DRG”), with one DRG payment per inpatient discharge, each outpatient encounter under the APC system could result in the assignment of multiple APC payments.

**Medicaid** - Inpatient acute care services rendered to Medicaid program beneficiaries are reimbursed using an APR-DRG methodology. Florida Medicaid Program DRG payments cover all services and items furnished during the inpatient stay and are made up of two parts: a base DRG and a level of severity.

Reimbursement for Medicaid Outpatient services is made using an Enhanced Ambulatory Patient Grouping (“EAPG”). Florida Medicaid program EAPG payments are made on a per-visit basis, where the payment is directed to the main, significant procedure or treatment provided during an outpatient visit. In addition to the EAPG base rate, an Add On (Per Service Automatic Enhancement Payment) is paid on each payable line, based on the provider’s attributes.

Final determination of amounts earned pursuant to the Medicare and Medicaid programs is subject to review by appropriate governmental authorities or their agents. The net estimated third-party payable to Medicare and Medicaid as of September 30, 2025 of approximately \$1,092,000 is recorded in estimated third-party settlements in the current liabilities section of the statement of net position.

**Other Third-Party Payors** - PMC also has various payment arrangements for inpatient and outpatient services rendered to members of commercial insurance carriers, health maintenance organizations, and preferred provider organizations. These agreements include prospectively determined discharge rates, per diems, and discounts from established rates.

The following is a summary of net patient service revenue for fiscal year 2025:

Gross patient service revenue	\$ 843,810,159
Provision for contractual adjustments	(619,667,755)
Provision for charity adjustments	(10,983,520)
Provision for bad debts	<u>(20,175,329)</u>
Net patient service revenue	<u><u>\$ 192,983,555</u></u>

### 3. CASH, CASH EQUIVALENTS, INVESTMENTS, AND OTHER ASSETS

Investments are stated at fair value, which is estimated based upon quoted market prices for those or similar instruments.

The composition of PMC’s marketable securities, included within investments and funded depreciation and related accrued interest, as of September 30, 2025 is as follows:

	Fair Value	Investment Maturities			
		One Year or Less	1-5 Years	6-10 Years	More Than 10 Years
U.S. Government Obligations	\$ 6,909,562	\$ -	\$ 6,222,972	\$ 686,590	\$ -
Corporate Bonds	6,370,755	-	4,242,678	2,128,077	-
U.S. Agency Mortgage-Backed Securities	2,700,615	1,943	65,304	138,158	2,495,210
	15,980,932	<u>\$ 1,943</u>	<u>\$ 10,530,954</u>	<u>\$ 2,952,825</u>	<u>\$ 2,495,210</u>
Domestic Equities	14,369,508				
International Equities	4,219,430				
Mutual Funds:					
Short-Term Bond Fund	22,137				
Equity	2,614,430				
Fixed Income	3,052,196				
Alternative Investments – Real Estate	<u>5,437,801</u>				
Total Marketable Securities and Restricted Cash	<u>\$ 45,696,434</u>				

	Ratings				
	AAA	AA	A	BBB	Not Rated
U.S. Government Obligations	\$ 303,507	\$ 248,968	\$ -	\$ -	\$ 6,357,087
Corporate Bonds	-	-	1,976,246	4,394,509	-
U.S. Agency Mortgage-Backed Securities	-	-	-	-	2,700,615
Domestic Equities	-	-	-	-	14,369,508
International Equities	-	-	-	-	4,219,430
Mutual Funds	-	-	-	-	5,688,763
Alternative Investments – Real Estate	-	-	-	-	5,437,801

Total Marketable Securities	\$ 303,507	\$ 248,968	\$ 1,976,246	\$ 4,394,509	\$ 38,773,204
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The District adopted generally accepted accounting standards for fair value measurements which provides a single definition of fair value and established a three-tier hierarchy, which prioritizes the inputs used in measuring fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are described below:

- Level 1 Unadjusted quoted prices in active markets for identical assets or liabilities
- Level 2 Inputs other than quoted prices in active markets within Level 1 that are either directly or indirectly observable
- Level 3 Significant unobservable inputs for the asset or liability in which little or no market data exists

A financial instrument’s level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The following is a description of the valuation methodologies used for instruments measured at fair value.

If available, quoted market prices are used to value investments. U.S. Government Obligations, Corporate Bonds, U.S. Agency Mortgage-Backed Securities, Collateralized Mortgage Obligations, Domestic Equities, International Equities, and Real Estate ETFs are valued at the closing price reported on the major market on which the individual securities are traded. Mutual funds and alternative investments – real estate are valued using a market approach at the recorded closing net asset value (“NAV”) of the funds. The NAV is based on the fair value of the underlying investments.

	<b>Fair Value Measurements</b>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Assets:</b>				
U.S. Government Obligations	\$ 6,909,562	\$ -	\$ -	\$ 6,909,562
Corporate Bonds	6,370,755	-	-	6,370,755
U.S. Agency Mortgage-Backed Securities	2,700,615	-	-	2,700,615
Domestic Equities	14,369,508	-	-	14,369,508
International Equities	4,219,430	-	-	4,219,430
Mutual Funds	5,688,763	-	-	5,688,763
Alternative Investments - Real Estate	-	-	5,437,801	5,437,801
Marketable Securities	<u>\$ 40,258,633</u>	<u>\$ -</u>	<u>\$ 5,437,801</u>	<u>\$ 45,696,434</u>

**Credit Risk** - Florida Statutes, Section 218.415, provides for each unit of local government or political subdivision to adopt investment policies that are commensurate with the nature and size of public funds within their custody. These policies must include consideration for safety of capital, liquidity of funds, diversification of investments, investment income, maturity requirements, and performance measurement. Section 218.415, Florida Statutes, authorizes the District to invest in (1) the Local Government Surplus Funds Trust Fund, which is administered by the State Board of Administration; (2) obligations of, or obligations for which the principal and interest are unconditionally guaranteed by the U.S. Government; (3) interest-bearing time deposits or savings accounts in banks and savings and loans organized under laws of the United States of America; (4) obligations of the Federal Farm Credit Banks, the Federal Home Loan Mortgage Corporation, the Federal Home Loan Bank, the Federal National Mortgage Association, and obligations guaranteed by the Government National Mortgage Association; and (5) other investments authorized by resolution by the governing board of a special district.

The District has a Board-approved policy for the investment of funds. The District has investment management agreements which provide for selected investment managers to invest and manage the District’s Board-designated and excess operating funds in accordance with the District’s investment policy. The funds are pooled and invested according to established investment criteria and the nature of intended use. Long-term designation of investments is based on the maturity dates underlying investments and/or the intent of management to hold

the investments for long-term purposes. Investment securities are classified as available for sale, as the investment managers have the ability to liquidate investments in order to avoid losses from changes in market conditions. Funds held under the Bond Indenture are required to be invested in qualified investments, as defined in the Bond Indenture. All other funds are required to be invested according to the District’s investment policy. The objectives of the District’s investment policy are prioritized in the following order: (1) safety of principal, (2) liquidity, (3) generation of income, (4) inflation protection, (5) return on investment/yield, and (6) understanding of risk.

**Concentration of Credit Risk** - Investments in any one issuer that represent 5% or more of an entity’s investment portfolio are required to be disclosed. Investments issued or explicitly guaranteed by the U.S. Government, and investments in mutual funds, external investment pools, and other pooled investments, are excluded from this requirement. Based on the nature of the District’s investments, no concentration of credit risk exists for the District.

**Custodial Credit Risk** - As of September 30, 2025, all of the District’s cash and cash equivalents are held in the name of the District and NBMS (or wholly owned subsidiaries of NBMS (see Note 14)).

**Deposit Risk** - In addition to insurance provided by the Federal Deposit Insurance Corporation, all of the District’s demand deposits are held in banking institutions approved by the State of Florida State Treasurer to hold public funds. Under the Florida Statutes, Chapter 280, *Florida Security for Public Deposits Act* (“Chapter 280”), the state treasurer requires all qualified public depositories to deposit with the treasurer or another banking institution eligible collateral equal to amounts ranging from 50% to 125% of the average daily balance for each month of all public deposits in excess of any applicable deposit insurance held. The percentage of eligible collateral (generally, U.S. Government and Agency Securities, state or local government debt, or corporate bonds) to public deposits is dependent upon the depository’s financial history and its compliance with Chapter 280. In the event of a qualified public depository failure, the remaining public depositories would be responsible for covering any resulting losses in excess of amounts insured and collateralized. Amounts held by the bank are insured or fully collateralized by Government Securities.

**Interest Rate Risk** - The District’s investment policy includes certain limitations on investment maturities; however, the District’s primary means of managing exposure to fair value losses arising from increasing interest rates is based upon the composition of its investment portfolio, which includes marketable securities, which are unconditionally guaranteed by the U.S. Government and have limited interest rate variability.

The effective yield earned on the District’s investments and funded depreciation for the year ended September 30, 2025 was approximately 9.64%.

Investment income, net, consists of the following for the year ended September 30, 2025:

Investment income/(loss):	
Interest and dividends earned on investments	\$ 2,335,817
Realized gains and (losses) on securities, net	902,761
Net change in unrealized gains and (losses) on securities	<u>909,052</u>
Investment income/(loss), net	<u>\$ 4,147,630</u>

During the year ended September 30, 2003, NBMS purchased \$500,000 of Class E common stock of PPLRRG to create an alternative malpractice insurance vehicle in which the medical staff could obtain malpractice insurance at more affordable rates than commercially available in the local market. One local physician is currently taking advantage of the program as of September 30, 2025. This investment is recorded at cost in deposits and other assets in the statement of net position. The Class E common stock of PPLRRG is nonvoting, and NBMS owns approximately 6% of the total outstanding common stock of PPLRRG. As a Class E shareholder of PPLRRG, NBMS has certain rights and obligations, as defined under the PPLRRG’s Articles of Incorporation.

**4. CAPITAL ASSETS**

A summary of changes in capital assets and right-to-use lease assets, net of accumulated depreciation and amortization, respectively, during fiscal year 2025 is as follows:

	<b>Beginning Balance</b>	<b>Additions/ Transfers</b>	<b>Retirements/ Transfers</b>	<b>Ending Balance</b>
Land	\$ 9,151,009	\$ -	\$ -	\$ 9,151,009
Improvements to land	5,741,112	-	-	5,741,112
Buildings and improvements	143,323,248	235,492	-	143,558,740
Equipment	79,586,459	929,790	1,265,309	81,781,558
Construction in progress	1,830,337	-	(1,735,886)	94,451
Total capital assets	239,632,165	1,165,282	(470,577)	240,326,870
Accumulated depreciation	(191,067,270)	(5,792,293)	466,130	(196,393,433)
Totals	\$ 48,564,895	\$ (4,627,011)	\$ (4,447)	\$ 43,933,437

Depreciation expense on capital assets for fiscal year 2025 has been included in operating and non-operating expenses in the statement of revenues, expenses, and changes in net position, based on the District's policy for reporting related activities, as defined in Note 1, in the amounts of \$4,611,760 and \$1,180,533, respectively. At September 30, 2025, the District had fully depreciated capital assets of approximately \$140,361,000 that were still in use.

During the year ended September 30, 2025, the District received proceeds of \$8,716,000 from the completion of the sale of a building that was classified at September 30, 2024 as an asset held for sale as a component of other assets.

## 5. LEASES AND SBITAS

A summary of changes in right-to-use lease assets, net of accumulated amortization during fiscal year 2025 is as follows:

	<b>Beginning Balance</b>	<b>Additions/ Transfers</b>	<b>Retirements/ Transfers</b>	<b>Ending Balance</b>
Building and improvements	\$ 20,577,418	\$ 20,187,791	\$ -	\$ 40,765,209
Equipment	7,755,655	2,314,113	(3,201,813)	6,867,955
Total right to use assets	28,333,073	22,501,904	(3,201,813)	47,633,164
Accumulated amortization	(10,356,165)	(4,267,496)	3,201,813	(11,421,848)
Totals	\$ 17,976,908	\$ 18,234,408	\$ -	\$ 36,211,316

A summary of changes in right-to-use subscription-based assets, net of accumulated amortization during fiscal year 2025 is as follows:

	<b>Beginning Balance</b>	<b>Additions/ Transfers</b>	<b>Retirements/ Transfers</b>	<b>Ending Balance</b>
SBITAs	\$ 3,777,717	\$ 3,032,435	\$ (1,705,334)	\$ 5,104,818
Accumulated amortization	(2,294,536)	(1,642,797)	1,705,334	(2,231,999)
Totals	\$ 1,483,181	\$ 1,389,638	\$ -	\$ 2,872,819

Total amortization expense on right-to-use lease and subscription-based assets for fiscal year 2025 has been included in operating and non-operating expenses in the statement of revenues, expenses, and changes in net position, based on the District's reporting related activities, as defined in Note 1, in the amounts of \$3,414,999 and \$2,495,294, respectively.

A summary of changes in lease obligations for noncancellable right of use leases during fiscal year 2025 is as follows:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Repayments</b>	<b>Ending Balance</b>	<b>Due Within One Year</b>
Lease obligations	\$ 19,147,509	\$ 22,501,904	\$ (4,043,194)	\$ 37,606,219	\$ 3,685,169

SBITA obligations	1,501,731	3,032,435	(1,639,391)	2,894,775	1,458,837
Totals	<u>\$ 20,649,240</u>	<u>\$ 25,534,339</u>	<u>\$ (5,682,585)</u>	<u>\$ 40,500,994</u>	<u>\$ 5,144,006</u>

Future minimum right-to-use lease payments as of September 30, 2025 are as follows:

<u>Fiscal Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 3,685,169	\$ 1,077,165	\$ 4,762,334
2027	3,402,454	971,375	4,373,829
2028	3,233,096	871,079	4,104,175
2029	3,163,932	774,673	3,938,605
2030	2,998,024	683,311	3,681,335
2031 – 2035	7,656,885	2,436,649	10,093,534
2036 - 2040	5,719,750	1,622,111	7,341,861
2040 - 2045	7,746,909	609,446	8,356,355
	<u>\$ 37,606,219</u>	<u>\$ 9,045,809</u>	<u>\$ 46,652,028</u>

Interest expense recognized associated with right-to-use lease obligations was approximately \$633,000 for the year ended September 30, 2025.

Future minimum subscription-based asset lease payments as of September 30, 2025, are as follows:

<u>Fiscal Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 1,458,837	\$ 67,607	\$ 1,526,444
2027	1,148,274	29,242	1,177,516
2028	148,962	8,349	157,311
2029	138,702	4,219	142,921
	<u>\$ 2,894,775</u>	<u>\$ 109,417</u>	<u>\$ 3,004,192</u>

Interest expense recognized associated with subscription-based asset lease obligations was approximately \$88,000 for the year ended September 30, 2025.

## 6. LONG-TERM DEBT

On September 24, 2014, PMC completed its refunding of a portion of the Series 2008 Bonds and issued \$70,000,000 in Refunding Bonds, Series 2014 (the “Series 2014 Bonds”), maturing October 1, 2043. The proceeds from the Series 2014 Bonds were used for the purpose of refunding a portion (\$62,575,000) of the Series 2008 term bonds through defeasance by establishing an escrow account with TD Bank, National Association, as escrow agent, sufficient to pay, when they were due, the interest and principal on the Series 2008 Bonds. The Series 2014 Bonds bear a fixed interest rate of 3.0% through October 1, 2029. The interest rate on the Series 2014 Bonds will be remarketed after October 1, 2029, based on then prevailing rates.

On November 14, 2017, PMC satisfied its remaining obligations for debt service related to the Series 2008 Bonds and issued \$25,000,000 in Refunding Bonds, Series 2017 (the “Series 2017 Bonds”), maturing October 1, 2027. The proceeds from the Series 2017 Bonds were used for the purpose of refunding the remaining portion \$26,800,000 of the then Series 2008 term bonds through defeasance, and establishment of an escrow account with TD Bank, National Association, as escrow agent, sufficient to pay when they were due the interest and principal on the Series 2008 Bonds. The Series 2017 Bonds bear a fixed interest rate of 3.22% through October 31, 2027. Siemens (the “Lender”) under the Series 2017 Bonds, has an initial Interest Rate Period which ends on November 1, 2027 (the Tender Date), at which time the Lender has the right to either (i) cause the bonds to be tendered back to the District for purchase, or (ii) extend the Loan for an additional term with a New Interest Rate Period, at an interest rate that is mutually agreeable to the Lender and the District. As part of the refinancing, the difference between the amounts funded into the irrevocable trust and the carrying value of

the Series 2008 Bonds is reflected as a deferred outflow and amortized into interest expense over the term of the Series 2017 Bonds.

Deferred outflows on defeasance of approximately \$8,174,000 at September 30, 2025, are presented net of accumulated amortization of approximately \$4,835,000. The Series 2017 Bonds, Series 2014 Bonds, and Series 2008 Bonds are collateralized by and are payable solely from an obligation issued under the Master Trust Indenture (the “Master Indenture”) between TD Bank, as Master Trustee (the “Master Trustee”), and PMC, as well as certain monies held under the trust indenture governing the Series 2008 Bonds (the “Bond Indenture”). The obligation issued under the Master Indenture is collateralized by a pledge of, and a security interest in, the net revenues of the District and any future member of the Obligated Group that is a Governmental Unit and the net revenue and accounts of any future member of the Obligated Group that is a corporation or other business entity. Currently, PMC is the sole member of the Obligated Group.

The Master Indenture requires the Obligated Group to maintain certain financial ratios and places restrictions on various activities, such as the transfer of assets and incurrence of additional indebtedness.

Long-term debt as of September 30, 2025 consists of the following:

Refunding Bonds, Series 2014, principal payable monthly beginning in 2014 through 2043, interest payable monthly at the fixed rate of 3.0%.	\$ 53,394,000
Revenue Refunding Bonds, Series 2017, principal payable in variable annual installments beginning in 2018 through 2027, interest payable October 1 and April 1 at the fixed rate of 3.22%.	<u>20,130,000</u>
Total long-term debt	73,524,000
Current portion	<u>(3,037,000)</u>
Long-term portion	<u>\$ 70,487,000</u>

A summary of changes in long-term debt during 2025 is as follows:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Repayments</b>	<b>Ending Balance</b>	<b>Due Within One Year</b>
Series 2014 Fixed rate refunding bonds	\$ 55,554,000	\$ -	\$ 2,160,000	\$ 53,394,000	\$ 2,237,000
Series 2017 Fixed rate refunding bonds	20,900,000	-	770,000	20,130,000	800,000
	<u>\$ 76,454,000</u>	<u>\$ -</u>	<u>\$ 2,930,000</u>	<u>\$ 73,524,000</u>	<u>\$ 3,037,000</u>

Annual scheduled principal maturities and interest on long-term debt obligations as of September 30, 2025 are as follows:

<b>Fiscal Year Ending September 30,</b>	<b>Principal</b>	<b>Interest</b>
2026	\$ 3,037,000	\$ 2,240,912
2027	3,117,000	2,146,551
2028	3,227,000	2,053,022
2029	3,322,000	1,948,393
2030-2034	18,231,000	8,124,732
2035-2039	21,255,000	5,096,211
2040-2044	<u>21,335,000</u>	<u>1,566,318</u>
	<u>\$ 73,524,000</u>	<u>\$ 23,176,139</u>

During the year ended September 30, 2025, interest on the long-term debt totaling \$2,302,359 was charged to operating expense and \$454,660 was charged to non-operating expense based on the District’s policy for reporting related activities, as defined in Note 1.

## 7. EMPLOYEE BENEFIT PLANS

### Employees' Retirement System

**Plan Description** - Effective October 1, 2016, PMC contributes to a 403(b) defined contribution plan (the "DC Plan"), with an employer discretionary match and discretionary noncontributory employer contribution. PMC contributed \$885,800 to the DC Plan for the year ended September 30, 2025.

### Employee Health Plan

PMC has established a self-insured program for health benefits covering substantially all employees. During 2025, the plan covered health care services up to \$225,000 per claim and provided unlimited commercial insurance coverage for cases exceeding these amounts for each covered employee or dependent. Health insurance expense, which includes medical expense provided by outside providers, dental and life benefits, and administrative costs (net of employee contributions), was \$8,125,096 in 2025. Medical services provided to covered employees at PMC are recorded as a contractual adjustment when service is provided. At September 30, 2025, the liability for reported and estimated unreported employee health plan claims incurred was \$1,865,198 and is included as a component of accrued health insurance and workers' compensation in the accompanying statement of net position.

### Workers' Compensation Plan

PMC has established a self-insured program for workers' compensation benefits covering all employees. The plan covers employees up to \$650,000 per claim for 2025 and is limited to approximately \$500,000 per year in the aggregate for 2025 and provides for commercial insurance relating to cases exceeding these amounts. Workers' compensation insurance expense, which includes payments for administrative fees, wages, and outside medical services, amounted to \$429,826 in 2025. At September 30, 2025, the liability for reported and estimated unreported workers' compensation claims incurred was \$1,056,114 and is included as a component of accrued health insurance and workers' compensation liabilities in the statement of net position. The total accrual includes estimates of the ultimate costs of both reported claims and claims incurred but not reported, as determined by an actuary in 2025 and discounted at 3% and are actuarially determined every other year.

The following was a summary of the activity in the accrued health insurance and workers' compensation, liability accounts for the year ended September 30, 2025:

<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>
\$ 2,041,335	\$ 2,216,991	\$ 1,337,014	\$ 2,921,312

## 8. DONOR-RESTRICTED NET POSITION

Donor-restricted net position is available for the following programs at September 30, 2025:

Education and Training	\$	50,609
Diabetes		45,740
Stereotactic Breast Biopsy		17,931
Women’s Services – Lactation/Birthing		17,906
Cancer Programs		9,618
Wellness		8,000
Chain of Lakes – Health Village		5,854
Circle of Giving		4,092
All other		28,786
		<hr/>
	\$	188,536

## 9. CHARITY AND OTHER UNREIMBURSED CARE

The District’s mission is to provide high-quality, affordable health care to the community. In pursuing its commitment to serve all members of the community, the District provides services to the financially disadvantaged, despite the lack or adequacy of payment for those services. The District maintains records to identify and monitor the level of charity care it provides. These records include the amount of charges forgone for services and supplies furnished under its charity care policy. Charity care is also provided through reduced price services and fee programs offered throughout the year, based upon activities and services, which the District believes will serve a community health need. These activities include wellness programs, community education programs, and health fairs. The charges foregone for services and supplies furnished under the District’s charity care methodology for the year ended September 30, 2025 was \$10,983,520.

## 10. RELATED-PARTY TRANSACTIONS AND RELATIONSHIPS

**North Brevard Medical Support, Inc.** - NBMS primarily utilizes grants and earnings on investment to continue its operations and meet its obligations as they become due. NBMS receives funding from PMC in the form of grants. NBMS can obtain grants from PMC in any fiscal year up to the lesser of the net patient service revenue of PMC for its preceding fiscal year, or 2.5% of PMC’s gross revenue for its preceding fiscal year. PMC funded a grant of approximately \$1,431,521 in 2025 for NBMS to meet its fiscal year 2025 obligations, which is recorded in other net non-operating (expenses) in the statements of revenues, expenses, and changes in net position. The grant is eliminated in combination. The operating activities of NBMS are included in other net non-operating (expenses) in the statement of revenues, expenses, and changes in net position for the year ended September 30, 2025.

**Parrish Health Network, Inc.** - In March 2007, Parrish Health Network (the “Network”) was formed. The primary purpose of the Network is to create a community network with clinical integration, which combines the resources, strengths, knowledge, and expertise of our local health care providers in order to offer the community exceptional, comprehensive care. The Network is a wholly owned subsidiary of NBMS.

The operating activities of the Network are included in other net non-operating expenses in the statement of revenues, expenses, and changes in net position for the year ended September 30, 2025.

**Florida Medical Insurance Corporation** - In August 2016, Florida Medical Insurance Corporation (the “Captive”) was issued a license permitting it to transact business as a domestic captive insurer by the State of Florida Office of Insurance Regulation. The Captive is a wholly owned subsidiary of NBMS. PMC paid insurance premiums to the Captive of \$1,620,000 in 2025, which was recorded in operating expenses in the statement of revenues, expenses, and changes in net position. The premium expense is eliminated in combination.

**Jess Parrish Medical Foundation, Inc.** - Jess Parrish Medical Foundation, Inc. (the “Foundation”) is a Florida 501(c)(3) corporation, which raises money to support the District’s programs and for the general advancement of health care organizations and objectives. The District has determined that the Foundation’s financial statements are immaterial for inclusion in the District’s financial statements.

**Home Health Program** - NBMS has a 25% joint venture interest in the Parrish Home Health Program. At September 30, 2025, the District’s net position in the Parrish Home Health Program was approximately \$448,000. The operating activities of the program are included in other net nonoperating expenses in the statements of revenues, expenses, and changes in net position for the year ended September 30, 2025. Parrish Home Health Program does not publish separate financial statements.

**Dialysis Program** - NBMS has a 40% joint venture interest in the Dialysis Program. At September 30, 2025, the District’s net position in the Dialysis Program was approximately \$1,670,000. The operating activities of the Dialysis program are included in other net non-operating expenses in the statement of revenues, expenses, and changes in net position for the year ended September 30, 2025. The Dialysis Program does not publish separate financial statements.

**PRO LLC** – NBMS owns 100% of PRO Oncology LLC which is currently the sole investor in PRO LLC There were no operations for the year ended September 30, 2025 for the Radiation Oncology Center which is scheduled to open in 2026.

## 11. COMPONENT UNIT COMPOSITION

The following condensed information (in thousands) summarizes NBMS’s financial statements (note: a full combining schedule is included in the supplementary information):

	<b>September 30, 2025</b>
	<hr/>
Current assets	\$ 10,388
Other assets	4,269
	<hr/>
Total assets	<u>\$ 14,657</u>
Current liabilities	\$ 2,592
Non-current liabilities	5,814
	<hr/>
Total liabilities	8,406
Investment in capital assets, net of related debt	1,588
Unrestricted net position	4,664
	<hr/>
Total net position	6,251
	<hr/>
Total liabilities and net position	<u>\$ 14,657</u>
	<b>Year Ended September 30, 2025</b>
	<hr/>
Investment income, net	\$ 443
Other non-operating revenue and internal grants	757
	<hr/>
Total non-operating revenues, net	1,200
Beginning net position, as restated	5,051
	<hr/>
Ending net position	<u>\$ 6,251</u>
Cash flows provided by noncapital financing activities	\$ 1,460
Cash flows used in capital and related financing activities	(104)
Net cash used in investing activities	<u>(440)</u>

Net increase in cash and cash equivalents	916
Cash and cash equivalents, beginning of year	<u>844</u>
Cash and cash equivalents, end of year	<u>\$ 1,760</u>

## 12. CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject the District to credit risk principally consist of patient accounts receivable. Patient accounts receivable consist of amounts due from Medicare, Medicaid, insurance companies, and self-pay patients.

The District grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor agreements. The mix of receivables from patients and third-party payors at September 30, 2025 is as follows:

Medicare	35%
Medicaid	1%
Commercial and other	56%
Self-pay	<u>8%</u>
	<u>100%</u>

All balances, net of related contractual discounts and collectability allowances, are expected to be collected within the subsequent fiscal year.

## 13. COMMITMENTS AND CONTINGENCIES

**Accrued Medical Malpractice** - Prior to July 1987, PMC maintained malpractice coverage through the Florida Hospital Trust Fund and the Florida Hospital Excess Trust Fund B for the purpose of paying malpractice claims against PMC. On July 21, 1987, PMC elected to rely on sovereign immunity with respect to liability claims against PMC, subject to the limited waiver provisions of Section 768.28, Florida Statutes (\$200,000 per claim, \$300,000 per incident), for 2019. PMC terminated its participation in the Florida Hospital Trust Fund and Florida Hospital Excess Trust Fund B, purchased insurance coverage for non-reported acts prior to July 22, 1987, and engaged an actuary for the purpose of projecting future malpractice liability on a self-insured basis. Based upon the actuary's analysis as provided in Section 768.28(5), Florida Statutes, PMC has recorded a total accrued liability for reported and unreported claims of \$992,500 (net of claims paid) for the period July 22, 1987 through September 30, 2025. The total accrual includes estimates of the ultimate costs of both reported claims and claims incurred but not reported and are not discounted.

Because actual claims liabilities depend on such complex risk factors as inflation, changes in legal doctrines, and damage awards, the process used in computing claims liabilities does not necessarily result in actual claims amounts. Claim liabilities are re-evaluated periodically to take into consideration recently settled claims, the frequency of claims, and other economic and social factors. At September 30, 2025, the estimated current portion of the total accrued liability was \$697,720.

**Excess Insurance** - Effective June 13, 2014, PMC purchased a claims-made umbrella policy with a \$5 million limit covering PMC and employed physicians. The umbrella policy is excess over the sovereign immunity limits of \$200,000/\$300,000. If sovereign immunity does not apply, the policy is excess over a professional liability limit of \$1 million/\$3 million, which is the self-insured retention. Effective May 30, 2014, PMC purchased a claims-made professional liability excess policy for contract physicians working in the Florida Health Network. These physicians carry their own underlying insurance policy for the first \$250,000 per claim and \$750,000 per physician. The excess policy covers an additional \$750,000 per claim and \$2.25 million per physician, bringing the total coverage to \$1 million/\$3 million limits. Both policies were purchased as a precondition of membership in the Mayo Clinic Care Network.

Effective October 1, 2024, PMC no longer provides insurance coverage for Contract Physicians working in the Florida Health Network.

Effective October 1, 2016, the Captive provides, on an occurrence basis, commercial general liability and property deductible reimbursement coverages to the District. The commercial general liability coverage has a limit of up to \$6,200,000 per claim, and in the aggregate. The property deductible reimbursement coverage has a limit of \$500,000 per claim with no annual aggregate limitation.

**Insurance Capital and Surplus** - The National Association of Insurance Commissioners (the “NAIC”) has established risk-based capital (“RBC”) requirements to help State regulators monitor the financial strength and stability of property and casualty insurers by identifying those companies that may be inadequately capitalized. The calculated RBC level, based on the annual statements as filed by the Captive, was in excess of the threshold requirements as of September 30, 2025.

The Captive is required to maintain a minimum capital and surplus of \$250,000 pursuant to insurance regulations. As of September 30, 2025, the Captive is above the minimum capital and surplus.

The payment of dividends is subject to regulatory restrictions and requires approval from the Florida Office of Insurance Regulation. There were no dividends declared or paid during the year ended September 30, 2025.

**Accrued Employee Personal Leave Bank** - PMC provides a benefit program entitled “Personal Leave Bank.” This program allows all eligible employees to earn personal leave in lieu of traditional sick days, vacation days, or holidays. Accrual of personal leave time is based upon length of service with PMC. The Personal Leave Bank is charged for hours taken off from work. All employees may request payment for up to 120 hours total per year of earned personal leave at two specified times during the fiscal year. The first 80 hours are paid at 100%, the next 40 hours are paid at 80% of the employee’s current pay rate. The accrued liability under this program amounted to approximately \$3,433,000 at September 30, 2025. There was no impact to the amounts reported in these financial statements from the adoption of GASB Statement No. 101, *Compensated Absences*, on October 1, 2024.

**Health Care Industry** - The health care industry is subject to numerous laws and regulations of federal, state and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government health care program participation requirements, reimbursement for patient services, and Medicare and Medicaid fraud and abuse. Government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by health care providers. Violations of these laws and regulations could give rise to liability resulting in significant fines and penalties, including repayments for patient services previously reimbursed. The District has a corporate compliance function that may, from time to time, identify and investigate potential noncompliance with laws and regulations. If potential violations are identified, they are reported to the appropriate governmental agency. These matters are subject to many uncertainties and the outcomes are not predictable with assurance. Accordingly, it is possible that there may be future repayments or penalties. After conferring with legal counsel, management of the District is not aware of any material unrecorded losses that are probable to result from the ultimate outcome of these matters.

**Litigation** - The District is involved in litigation arising in the course of business. After consultation with legal counsel, management estimates that these matters will be resolved without a material, adverse effect on the future financial position, results of operations, or cash flows of the District.

\* \* \* \* \*

**OTHER SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

# NORTH BREVARD COUNTY HOSPITAL DISTRICT

## SUPPLEMENTARY INFORMATION - COMBINING STATEMENT OF NET POSITION SEPTEMBER 30, 2025

	<b>North Brevard County Hospital District Operating Parrish Medical Center (Obligated Group)</b>	<b>North Brevard Medical Support, Inc.</b>	<b>Eliminations</b>	<b>North Brevard County Hospital District</b>
<b>ASSETS</b>				
<b>CURRENT ASSETS:</b>				
Cash and cash equivalents	\$ 30,105,895	\$ 1,760,040	\$ -	\$ 31,865,935
Investments	20,014,904	5,666,626	-	25,681,530
Restricted assets - held by trustee and required for current liabilities	1,141,222	-	-	1,141,222
Patient accounts receivable - net	24,739,216	-	-	24,739,216
Supplies	3,034,069	-	-	3,034,069
Prepaid expenses and other assets	9,256,098	2,960,850	(1,164,673)	11,052,275
Total current assets	88,291,404	10,387,516	(1,164,673)	97,514,247
<b>OTHER ASSETS:</b>				
Funded depreciation	20,014,904	-	-	20,014,904
Deposits and other assets	5,560,761	2,681,509	(5,511,515)	2,730,755
Temporarily donor-restricted funds	188,536	-	-	188,536
Capital assets, net	42,345,853	1,587,584	-	43,933,437
Right to use and subscription-based assets, net	39,084,135	-	-	39,084,135
Total assets	195,485,593	14,656,609	(6,676,188)	203,466,014
<b>DEFERRED OUTFLOWS:</b>				
Series 2008 Bond refunding	8,173,710	-	-	8,173,710
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS</b>	<b>\$ 203,659,303</b>	<b>\$ 14,656,609</b>	<b>\$ (6,676,188)</b>	<b>\$ 211,639,724</b>

*(Continued)*

# NORTH BREVARD COUNTY HOSPITAL DISTRICT

## SUPPLEMENTARY INFORMATION - COMBINING STATEMENT OF NET POSITION

SEPTEMBER 30, 2025

	North Brevard County Hospital District Operating Parrish Medical Center (Obligated Group)	North Brevard Medical Support, Inc.	Eliminations	North Brevard County Hospital District
<b>LIABILITIES, DEFERRED INFLOWS, AND NET POSITION</b>				
<b>CURRENT LIABILITIES:</b>				
Accounts payable	\$ 23,305,814	\$ 1,893,964	\$ (1,164,673)	\$ 24,035,105
Accrued health insurance and workers' compensation	2,921,313	-	-	2,921,313
Accrued salaries and employee leave bank	9,890,836	-	-	9,890,836
Other current liabilities	1,902,888	697,720	-	2,600,608
Estimated third-party settlements	1,091,605	-	-	1,091,605
Current portion of long-term obligations	3,037,000	-	-	3,037,000
Current portion of lease and subscription-based obligations	5,144,006	-	-	5,144,006
<b>Total current liabilities</b>	<b>47,293,462</b>	<b>2,591,684</b>	<b>(1,164,673)</b>	<b>48,720,473</b>
<b>NON-CURRENT LIABILITIES:</b>				
Accrued medical malpractice	-	301,800	-	301,800
Other liabilities	816,877	5,511,755	(5,511,515)	817,117
Long-term debt, net of current portion	70,487,000	-	-	70,487,000
Long-term lease and subscription-based obligations, net of current portion	35,356,988	-	-	35,356,988
<b>Total liabilities</b>	<b>153,954,327</b>	<b>8,405,239</b>	<b>(6,676,188)</b>	<b>155,683,378</b>
<b>NET POSITION:</b>				
Investment in capital assets, net of related debt	(24,421,296)	1,587,584	-	(22,833,712)
Restricted by donors	188,536	-	-	188,536
Restricted for debt service	1,141,222	-	-	1,141,222
Unrestricted	72,796,514	4,663,786	-	77,460,300
<b>Total net position</b>	<b>49,704,976</b>	<b>6,251,370</b>	<b>-</b>	<b>55,956,346</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS, AND NET POSITION</b>	<b>\$ 203,659,303</b>	<b>\$ 14,656,609</b>	<b>\$ (6,676,188)</b>	<b>\$ 211,639,724</b>

(Concluded)

**NORTH BREVARD COUNTY HOSPITAL DISTRICT**  
**SUPPLEMENTARY INFORMATION - COMBINING STATEMENT OF REVENUES,**  
**EXPENSES, AND CHANGES IN NET POSITION**  
**YEAR ENDED SEPTEMBER 30, 2025**

	<b>North Brevard County Hospital District Operating Parrish Medical Center (Obligated Group)</b>	<b>North Brevard Medical Support, Inc.</b>	<b>Eliminations</b>	<b>North Brevard County Hospital District</b>
<b>OPERATING REVENUE:</b>				
Net patient service revenue	\$ 192,983,555	\$ -	\$ -	\$ 192,983,555
Other operating revenue	1,290,104	-	-	1,290,104
Total operating revenue	194,273,659	-	-	194,273,659
<b>OPERATING EXPENSES:</b>				
Salaries and wages	58,855,839	-	-	58,855,839
Employee benefits	13,766,672	-	-	13,766,672
Medications and supplies	39,753,582	-	-	39,753,582
Professional fees and contractual services	32,305,386	-	-	32,305,386
Other operating expenses	14,797,311	-	(1,646,693)	13,150,618
Depreciation and amortization	8,026,759	-	-	8,026,759
Interest expense	2,936,996	-	-	2,936,996
Total operating expenses	170,442,545	-	(1,646,693)	168,795,852
<b>INCOME FROM OPERATIONS</b>	23,831,114	-	1,646,693	25,477,807
<b>NON-OPERATING REVENUES (EXPENSES):</b>				
Investment income, net	3,704,528	443,102	-	4,147,630
Other non-operating revenue (expenses), net	(20,076,376)	(674,395)	(1,646,693)	(22,397,464)
Internal grants	(1,431,521)	1,431,521	-	-
Total non-operating revenues (expenses), net	(17,803,369)	1,200,228	(1,646,693)	(18,249,834)
<b>CHANGE IN NET POSITION</b>	<b>\$ 6,027,745</b>	<b>\$ 1,200,228</b>	<b>\$ -</b>	<b>\$ 7,227,973</b>

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

### **Independent Auditor's Report**

Board of Directors and Audit Committee  
North Brevard County Hospital District  
Titusville, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements North Brevard County Hospital District (the "District"), which comprise the statement of net position as of September 30, 2025 and the related statements of revenues, expenses and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 13, 2026.

#### **Report on Internal Control over Financial Reporting**

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

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

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

## **Report on Compliance and Other Matters**

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

Pursuant to the provisions of Chapter 10.550, *Rules of the Auditor General*, we reported certain matters to management of the District in an Independent Auditor's Management Letter dated February 13, 2026.

### ***Purpose of this Report***

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

**Forvis Mazars, LLP**

**Tampa, Florida  
February 13, 2026**