

Annual Comprehensive Financial Report

For the Year Ended June 30, 2025
Included as an Enterprise Fund of the State of Connecticut



UConn
HEALTH

UConn HEALTH

Annual Comprehensive
Financial Report
For the Year Ended June 30, 2025

TABLE OF CONTENTS

INTRODUCTORY SECTION

Letter of Transmittal	4-10
Directors, Trustees and Financial Officers	11-12
Organization Chart	13

FINANCIAL SECTION

Independent Auditors' Report	15-18
Management's Discussion & Analysis	19-29
Statement of Net Position	31-32
Statement of Revenues, Expenses, and Changes in Net Position	33
Statement of Cash Flows	34-35
Notes to Financial Statements	37-65

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Proportionate Share of Collective Net Pension Liability	67-68
Schedule of Other Post-Employment Benefits	69
Required Supplemental Information - Pension and OPEB	70-71

OTHER SUPPLEMENTARY INFORMATION

Consolidating Statement of Net Position	73-74
Consolidating Statement of Revenues, Expenses, and Changes in Net Position	75

STATISTICAL SECTION

Schedule of Revenues by Source	77
Schedule of Expenses by Function	78
Schedule of Expenses by Natural Classification	79
Schedule of Net Position and Changes in Net Position	80
Schedule of Long-Term Debt	81
Faculty and Staff	81
Schedule of Capital Asset Information	82
RVU's and Discharges	83
Demographic and Economic Statistics	84
Top Ten Nongovernmental Employers	85

INTRODUCTORY SECTION

Letter of Transmittal

Founded in 1881, the University of Connecticut (the “University”) serves as the state’s flagship for higher education, meeting the educational needs of undergraduate, graduate, professional, and continuing education students through the integration of teaching, research, and service. The University of Connecticut is a comprehensive institution of higher education which includes the University of Connecticut Health Center (“UConn Health”). Although governed by a single Board of Trustees, the University and UConn Health maintain separate budgets and are by statute separate entities for purposes of maintaining operating funds and State appropriations. UConn Health also has a Board of Directors to whom the Board of Trustees has delegated certain responsibility and authority. The financial statements contained herein represent the transactions and balances of UConn Health only.

The University’s Board of Trustees is vested by law with fiscal oversight of the University. The operational authority granted to the University builds upon the successful implementation of several pieces of legislation known as the Flexibility Acts, enacted in the early 1990’s. These statutory changes enabled the University to become responsible and accountable for its operational decisions independent of many of the previously imposed regulatory requirements. The University is now responsible for the budgetary allocation of its State appropriations, check-writing authority, human resource control, and purchasing authority, and with the advent of UCONN 2000 in 1995, management of capital activities, including projects at UConn Health starting in 2005.

While the University’s operational flexibility and capacity has grown, all of these activities also take place within a context of continuing vigilance. The financial statements contained in this report reflect budget execution results consistent with spending plans and operating and capital budgets approved by the University Board of Trustees. The Board of Trustees, through its Joint Audit and Compliance Committee, exercises oversight over all University financial reporting and processes and internal control systems, as well as direct engagement in the approval of independent auditing services to augment the University’s internal audit capacity and the work performed by state auditors. A key component of external oversight, the Auditors of Public Accounts issue an Independent Auditors’ Report on the financial statements of UConn Health. They are responsible for auditing its financial operations and their opinion appears in this report.

Established in 1961, with a mission of teaching, research, and patient care. UConn Health is Connecticut’s only public academic medical center. It is comprised of UConn School of Medicine, School of Dental Medicine and their associated Education Clinics, a Research Enterprise, John Dempsey Hospital (the Hospital), UConn Medical Group (UMG), and the University of Connecticut Finance Corporation (Finance Corporation) and its subsidiaries (including UConn Health Pharmacy Services, Inc. (UHPSI) and UConn Health Imaging, LLC (UHI), on the campus in Farmington. There are additional clinical care community locations throughout the State.

UConn Health is dedicated to helping people achieve and maintain healthy lives and restoring wellness and health to the maximum attainable levels. UConn Health consistently pursues excellence and innovation in the education of health professionals; the discovery, dissemination, and utilization of new knowledge; the provision of patient care; and the promotion of wellness.

With approximately 5,500 full-time employees (FTE’s), UConn Health is one of Connecticut’s largest employers and an important contributor to the local and regional economy. UConn Health’s campus in Farmington is situated on 211 acres of wooded hilltop from which the skyline of Hartford, the capital of Connecticut, can be seen about eight miles to the east. (The University’s main campus is in Storrs, about 30 miles east of Hartford.) UConn Health’s campus includes 26 buildings totaling close to 2.8 million total square feet.

Educational Programs

Dedicated to providing broad educational opportunities in the biomedical sciences, UConn Health offers degree programs in medicine (M.D.), dental medicine (D.M.D.), and biomedical science (Ph.D.); master's degree programs in public health and dental science; postdoctoral fellowships; residency programs providing specialty training for newly graduated physicians and dentists; and continuing education programs for practicing health care professionals. Combined degree programs, such as the M.D./Ph.D., D.M.D./Ph.D., Dental Clinical Specialty/Ph.D., and M.D./M.P.H. are also offered.

UConn Health is the only academic health center in the nation where a medical school was founded concurrently with a dental school, a circumstance which has led to strong links. Medical and dental students share an essentially common curriculum during the first two years of their four-year degree programs and study the basic medical sciences together. This experience provides UConn Health's dental students with an especially solid foundation in the biomedical sciences, reflected in the dental school's decision to award its graduates the D.M.D. (Doctor of Medical Dentistry). School of Dental Medicine students have a long history of outstanding performance on the National Boards.

UConn Health is Connecticut's number one producer of medical and dental professionals. It is the largest single source of new physicians and surgeons for the State and a significant source of trained scientists and public health experts. For more than 50 years we've been training the State's health care workforce, with UConn-educated doctors and trainees continuing to make their mark on the communities they serve; many right here in Connecticut.

Each year at UConn Health, approximately 450 students work toward the medical doctor's degree and 200 toward the doctor of medical dentistry degree. Admission to each school is highly competitive but both schools offer preferential consideration to qualified Connecticut residents in their admissions policies.

Through a variety of residency programs, the School of Medicine provides postgraduate training for more than 600 newly graduated D.M.D. and M.D.s each year. These physicians come from all over the country to acquire advanced skills in fields such as surgical specialties, internal medicine, and primary care. Some of the residency training occurs on UConn Health's main campus, but much of it takes place in community hospitals in Greater Hartford, thereby extending UConn Health's positive impact on the region.

Research Programs

As one of 226 Academic Medical Centers associated with a public university, research remains a core mission at UConn Health. The strength of UConn Health's research attracts high quality students as well as nationally and internationally recognized researchers in Neuroscience, Molecular Biology and Biochemistry, Psychiatry, Cell Physiology, Biomedical Engineering, Genetics, Immunology, Regenerative Medicine, Childhood Development and other fields related to human health and wellbeing. UConn Health is home to The Alcohol Research Center, the longest-funded center at the National Institute on Alcohol Abuse and Alcoholism (NIAAA) and one of only twenty-two such federally supported centers in the country. The Claude D. Pepper Older Americans Independence Center is one of just fifteen centers for geriatric research and education funded by the National Institute on Aging. UConn Health also has several federally supported training grants to educate the next generation of researchers, including a training grant for Skeletal, Craniofacial and Oral Biology that has been funded for over 40 years. The Jackson Laboratory has partnered with UConn Health for a training grant related to Genomic Science. Awards to UConn Health exceeded \$100.0 million in five of the last six years, with awards in fiscal year 2025 totaling more than \$112.5 million.

Health Care Services

Through John Dempsey Hospital (247 certified general acute care beds and 10 bassinets, 248 staffed), UConn Health provides specialized and routine inpatient and outpatient services, including comprehensive cardiovascular (interventional cardiology and surgery), cancer, musculoskeletal services, neurosurgical care, stroke services, behavioral mental health services, as well as high-risk maternity and neonatal intensive care. John Dempsey Hospital is home to the only Emergency Department in Connecticut's fast-growing Farmington Valley and contributes to the region's health in other ways. UConn Medical Group, one of the largest medical practices in Greater Hartford, offers primary care and services in more than 50 specialties.

While the hospital and faculty practice continue to grow volume, the challenges of the healthcare marketplace (recruitment, increased competition, supply chain disruption, malpractice costs, and low reimbursement) are continuing challenges. John Dempsey Hospital's financial health is also directly affected by its size, bed distribution, low reimbursement rate for services provided as part of its public mission, and cost factors resulting from its status as a state entity.

Connecticut Health

UConn Health faculty, staff, residents, and students participate in a variety of joint efforts to address public health and community health needs of citizens throughout our state. Under the umbrella of Connecticut Health, hundreds of projects have been developed in collaboration with other state agencies, city, and town governments, community-based organizations, and the public to serve the under/uninsured by providing better medical care and health education. UConn Health is committed to finding new and effective ways to reach out to the public as part of our ongoing effort to bring a better quality of life to all our citizens.

Pandemic Funding

UConn Health has received aid from a number of governmental and other sources throughout the pandemic. Notably, UConn Health received federal funding via the Coronavirus Aid, Relief, and Economic Security (CARES) Act, the Coronavirus Relief Fund (CRF), and from the Federal Emergency Management Agency (FEMA). Funding received came from both general and targeted distributions. Targeted distributions were made to physician practices based on, among other metrics, the total number of COVID-19 positive patients treated. Funds received under this program carry reporting and other requirements outlined by the federal government, which began September 30, 2021 and ended September 30, 2024. UConn Health believes it has met these requirements. UConn Health continues to receive funding under the American Rescue Plan Act via the State of Connecticut. These funds are reported on the Statement of Revenues, Expenses, and Changes in Net Position as part of federal grants and contracts. Amounts received under this program are summarized below:

	<u>2025</u>	<u>2024</u>	<u>2023</u>
	(\$ in thousands)		
American Rescue Plan Act (ARPA)	<u>\$ 54,886</u>	<u>\$ 51,500</u>	<u>\$ 72,700</u>

Economic Condition

Connecticut's revenues exceeded expenses at the State level, resulting in a fiscal year 2025 surplus. In June 2025, the State's biennial budget for fiscal years 2026 and 2027 were approved by Public Act 25-168 (HB-7287) and signed into law by the Governor. The approved appropriations for UConn Health were \$143.5 for fiscal year 2026 and \$139.3 million for fiscal year 2027. The specific allocation of the appropriations is listed below.

Program Description	2026	2027
	(\$ in thousands)	
Operating Expenses	\$ 141,700	\$ 135,500
Endometriosis Program	1,015	1,015
Neuromodulation Treatment	-	2,000
Area Health Education Centers (AHEC)	430	430
Poison Control	178	178
Migraine Study	150	150
Total	\$ 143,473	\$ 139,273

UConn Health's approved fiscal 2026 budget experienced a reduction in state support which resulted in a projected loss of \$61.8 million. The projected loss is planned to be offset by \$15.1 million of budget stabilization funds (fiscal year 2025 unrestricted fund balances) and \$46.7 million of mitigation plans (cost savings and revenue enhancements). No assurance can be made that the State will not further change fiscal year 2026 funding prior to the end of the fiscal year. Potential State funding cuts are expected to be managed by UConn Health through reduced hiring, reduced operating costs, fewer projects and/or other deficit mitigation efforts. Any remaining projected deficit will be funded through the use of unrestricted reserves. Changes at the State level may impact State support and UConn Health's overall results. UConn Health remains in constant contact with the State to monitor trends and needs.

UConn Health remains focused on protecting academic excellence, delivering strong student support, providing excellent patient care, and supporting the research mission.

Awards and Acknowledgements

Thanks to the dedication, hard work, and teamwork of UConn Health's over 5,500 employees, Connecticut's only public academic medical center has achieved another record-breaking year of growth and success.

UConn Health now has 22 patient care locations in 11 towns, providing care to more patients than ever before. Listed below are some of the results:

- 1.6+ Million Patient Encounters
- 17,000+ Hospital Discharges
- 14,000+ Surgeries
- 59,000+ Emergency Department Visits
- 82,200+ Dental Visits
- 39,900+ Prescriptions

The Hospital's emergency room continues to experience record-high patient volumes, many requiring admission. To meet this growing demand hospital beds were added bringing the total licensed beds to 257 beds.

Our research enterprise also continues to be robust. The School of Medicine was awarded last year over \$101.0 million in research funding, including \$47.2 million from National Institutes of Health (NIH). In addition, our School of Dental Medicine was awarded over \$10.8 million in research funding, including \$10.0 million from the NIH and other federal agencies including the Department of Defense. Research across both schools continues to drive innovation, discovery, and translational science that benefits patients across Connecticut and beyond.

UConn Health remains Connecticut's top producer of medical and dental professionals and a key contributor to the state's scientific and public health workforce.

- Home to Connecticut's only public medical and dental schools and New England's only public dental school.
- More than 800 medical and dental residents train and serve in central Connecticut hospitals.
- 65% of all practicing dentists and 30% of practicing physicians in Connecticut were educated or trained at UConn Health.

Fiscal year 2025 was another year of national accolades recognizing UConn Health's excellence in quality, safety and patient experience. Some of those wins are listed below:

- Fourth consecutive year ranked by Newsweek as a World's Best Hospital.
- The only hospital in Connecticut recognized by Newsweek for Best in State Hospital and excellence in patient experience.
- Leapfrog, the national patient safety watchdog group, awarded our tenth consecutive top 'A' patient safety rating.
- The Health Grades' Outstanding Patient Experience Award makes us best among the top 10% of hospitals nationwide.
- Received Women's Choice Ten Best Hospital awards.
- The only hospital in Connecticut to receive the top five ribbon designation and Best Maternity Hospital by Newsweek.
- The American Heart Association for the ninth consecutive year honored us with Get With The Guidelines® — Stroke Gold Plus designation.
- For the eleventh consecutive year awarded the Mission: Lifeline®-STEMI Receiving Center – Gold award for heart attack care excellence.
- The only Connecticut hospital receiving the top highest five stars in Connecticut patient recommendations in the latest data of the Centers for Medicare & Medicaid Services (CMS).
- Accreditation from American College of Emergency Physicians: Geriatric Emergency Department.

- Age-Friendly Health System recognition from John A. Hartford Foundation and IHI.

UConn Health continues to lead in advanced technologies and innovative care including:

- First and only hospital in Connecticut offering Vagus Nerve Stimulation (VNS) for ischemic stroke recovery; the State of Connecticut established a UConn Health Neuromodulation Center of Excellence for Veteran access.
- AI-driven lung cancer detection with Optellum's Virtual Nodule Clinic, identifying early lung nodules using natural language processing and CT scan analysis.
- Dragon Ambient Experience (DAX™) AI transcription system enables near real-time documentation in Epic, reducing provider administrative burden.

UConn Health continues to expand its care and service to Connecticut. In 2025, we successfully:

- Opened a new home for the New England Sickle Cell Institute and Connecticut Bleeding Disorders Center a 12,840 sq. ft. state-of-the-art space at John Dempsey Hospital.
- Elevated the Division of Neurosurgery to full Department status within the School of Medicine.
- Joined the Value Care Alliance, partnering with Connecticut health systems to improve quality and reduce costs.
- Partnered with the Hospital for Special Care to expand dental care access for patients with special needs.

Public service is the foundational mission of UConn Health. A few of our major initiatives this past year with a significant community impact include:

- Project SEARCH (Favarh) celebrated its 10th graduating cohort, helping more than 60 adults with intellectual or developmental disabilities achieve meaningful employment since 2016.
- As official healthcare provider for UConn Athletics, UConn Health supported the Coaches vs. Cancer game, offering free cancer screenings and promoting early detection.
- Through the Linda Clemens Breast Cancer Foundation, UConn Health continues to provide free mammograms to uninsured and underinsured women, supporting early detection and prevention.
- Held the first-ever UConn Hunger Symposium.

Our researchers continue their impressive cutting-edge clinical trials, high-impact study publications, and research breakthroughs. A few of the many highlights from this past year include:

- Cancer Prevention Research (April edition): UConn-led clinical trial shows walnut consumption reduces inflammation and colon cancer risk.
- Eagles Autism Foundation awarded \$400,000 to UConn's autism research program, one of 22 selected nationwide.

- In Nature Neuroscience, new scientific clue about what leads to devastating neurodegenerative diseases like Alzheimer's disease, amyotrophic, lateral sclerosis (ALS) and frontotemporal degeneration (FTD).
- Research on next-generation weight loss therapies exploring myostatin and activin A pathways for obesity regulation.
- Journal Experimental Neurology UConn researchers have discovered a potential treatment for common causes of blindness.

Building on a foundation of excellence, UConn Health continues to advance care, discovery and learning. Our faculty, researchers, and staff remain the driving force behind our growth and impact delivering outstanding service to patients, advancing scientific knowledge and strengthening Connecticut's health care system.

Respectfully Submitted,



Jeffrey P. Geoghegan, CPA
Executive Vice President for Finance and Chief Financial Officer
UConn and UConn Health

**Directors and Financial Officers
As of June 30, 2025**

Board of Directors

Members at Large

Dr. Kenneth Alleyne *Bloomfield*

Francis X. Archamlt, Jr. *Hartford*

Richard M. Barry *Avon*

Richard T. Carbray,r. *Rocky Hill*

Cheryl A. Chase *Hartford*

Britt-Marie Cole-Johnon *Hartford*

Geoffrey Matous *West
Hartford*

Tim Shannon *Stamford*

Appointed by the Governor

Patricia Baker *Cheshire*

Joel Freedman *South Glastonbury*

Members Ex Officio

Radenka Maric *st Hartford*

Charlene Casamento *artford*

Manisha Juthani *w Haven*

Appointed by Chairperson, Board of Trustees

John Driscoll *Stamford*

Andy F. Bessette *West Hartford*

Mark L. Boxer *Glastonbury*

FINANCIAL OFFICERS

Jeffrey P. Geoghegan, CPA, Executive Vice President for Finance and Chief Financial Officer
UConn and UConn Health
Chad A. Bianchi, CPA, Controller UConn Health

TRUSTEES
As of June 30, 2025

Board of Trustees

Members ex officio

The Honorable Nemont
Governor of the state of Connecticut
President ex officio *Hartford*

The Honorable Bran Hurlburt
Commissioner Agriculture
Member ex officio *Hartford*

The Honorable Daniel O'Keefe
Commissioner Economic
and Community Development
Member ex officio *Hartford*

The Honorable Carlene M. Russell-Tucker
Commissioner Education
Member ex officio *Hartford*

John P. Driscoll
Chair, UConn Health Board of Directors
Member ex officio *Stamford*

Elected by the Alumni

Jeanine A. Gouin *Durham*
Bryan K. Pollard, Secretary *Middletown*

Appointed by the Governor

Daniel D. Toscano, *Chairman* *Meriden*
Andrea Dennis-LaVigne
Vice-Chair *Simsbury*

Trisha M. Bailey *Orlando, FL*
Andy F. Bessette *West Hartford*
Mark L. Boxer *Glastonbury*

Charles F. Bunnell *Waterford*
Shari G. Cantor *West Hartford*
Marilda L. Gandara *Hartford*

Denis J. Nayden *Jupiter, FL*
Kevin J. O'Connor *Greenwich*
Thomas D. Ritter *Hartford*

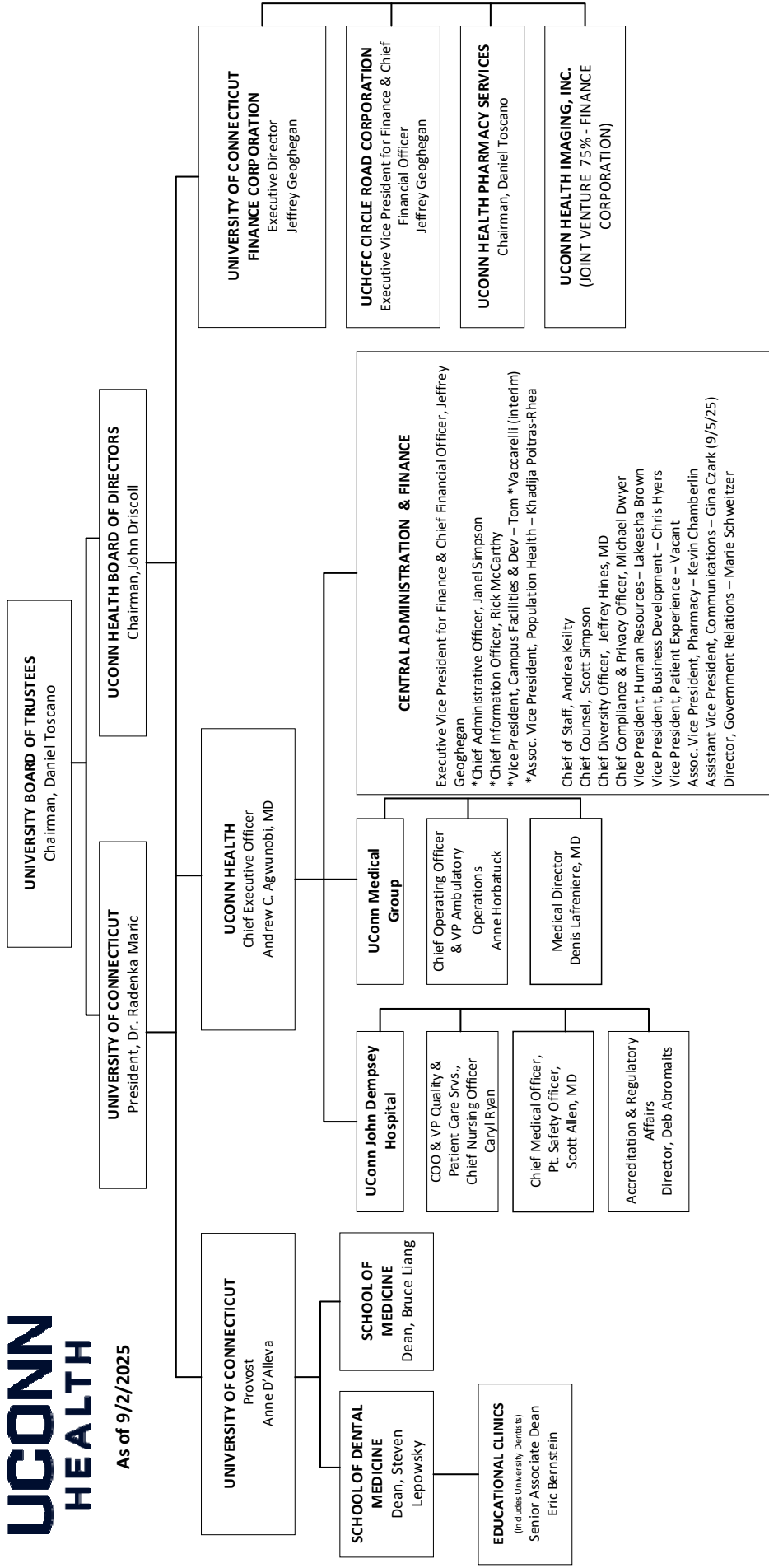
Philip E. Rubin *Fairfield*

Elected by the Students

Sean K. Dunn *Torrington*
Fabio R. Saccomanno *West Hartford*



As of 9/2/2025



*Reporting to Jeffrey Geoghegan

**FINANCIAL
SECTION**

STATE OF CONNECTICUT**AUDITORS OF PUBLIC ACCOUNTS**

JOHN C. GERAGOSIAN

STATE CAPITOL
210 CAPITOL AVENUE
HARTFORD, CONNECTICUT 06106-1559

CRAIG A. MINER

INDEPENDENT AUDITORS' REPORT

Board of Directors of the
University of Connecticut Health Center

Opinions

We have audited the accompanying financial statements of the business-type activities of the University of Connecticut Health Center (UConn Health), a component unit of the University of Connecticut system, which includes the University of Connecticut, UConn Health, and the University of Connecticut Foundation, Inc., which consist of the statement of net position as of June 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.

In our opinion, based upon our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of UConn Health, as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit:

- The financial statements of John Dempsey Hospital, which represents 46.3% of the assets and 55.4% of the revenues of UConn Health;
- The financial statements of UConn Medical Group, which represents 10.9% of the assets and 10.7% of the revenues of UConn Health; and
- The financial statements of the Finance Corporation, which represents 17.8% of the assets and 14.1% of the revenues of UConn Health.

Those statements were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts included for the John Dempsey Hospital, UConn Medical Group, and the Finance Corporation, are based solely on the report of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of UConn Health, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 1 to the financial statements, effective July 1, 2024, UConn Health adopted new accounting guidance, GASBS No. 101, *Compensated Absences*. Our opinions are not modified with respect to this matter.

As discussed in Notes 1 and 17 to the financial statements, in accordance with Public Act 23-204, UConn Health no longer contributes to the state administered pension and OPEB plans for eligible employees through a fringe benefits assessment as those costs are now fully funded by the state. As of June 30, 2025, UConn Health no longer recognizes pension and OPEB liabilities, related deferred outflows and inflows, and related expenses in its financial statements. Our opinions are not modified with respect to this matter.

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 UConn Health's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted 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 generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of UConn Health'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 UConn Health's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Schedule of UConn Health's Proportionate Share of Collective Net Pension Liability and related ratios, the Schedule of UConn Health's Pension Contributions, the Schedule of UConn Health's Proportionate Share of the Net OPEB Liability and related ratios, and the Schedule of UConn Health's OPEB Contributions, 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 auditing standards generally accepted in the United States of America, 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 financial statements that collectively comprise UConn Health's basic financial statements. The consolidating financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, the consolidating financial statements are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

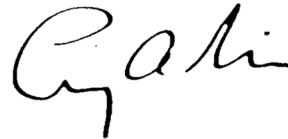
Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.



John C. Geragosian
State Auditor



Craig A. Miner
State Auditor

December 5, 2025

State Capitol
Hartford, Connecticut

Management's Discussion and Analysis

INTRODUCTION

The following discussion and analysis provide an overview of the financial position and activities of the University of Connecticut Health Center ("UConn Health") for the fiscal year ended June 30, 2025. This discussion has been prepared by management and should be read in conjunction with the financial statements and the notes thereto, which follow this section.

Founded in 1881, the University of Connecticut (the "University") serves as the state's flagship for higher education, meeting the educational needs of undergraduate, graduate, professional, and continuing education students through the integration of teaching, research, and service. The University of Connecticut is a comprehensive institution of higher education, which includes the University of Connecticut Health Center ("UConn Health").

The financial statements presented here represent the transactions and balances of UConn Health only. UConn Health offers medical and dentistry degrees as well as operating a physician/dentist practice and a teaching and research hospital. UConn Health's component parts are the School of Medicine, the School of Dental Medicine (and its associated Educational Clinics), a Research Enterprise, UConn Medical Group (UMG), the Finance Corporation (and its subsidiaries University of Connecticut Health Finance Corporation Circle Road Corporation (Circle Road Corporation), UConn Health Pharmacy Services, Inc. (UHPSI) and UConn Health Imaging (UHI) a joint venture, and John Dempsey Hospital ("the Hospital"). UConn Health's enrollment in fiscal year 2025 was 470 students in the School of Medicine, 206 in the School of Dental Medicine, and 312 Graduate students, taught by over 630 faculty members. UConn Health finished fiscal year 2025 with 5,485 full-time employees. Clinical volumes have rebounded in many areas, some of which have exceeded pre-pandemic numbers. The Hospital has 247 certified general acute care beds and 10 bassinets (248 staffed). In fiscal year 2025, adjusted patient days (a measure of total hospital volume) were 190,320, a 11.3% increase from the prior year. During 2025, UMG had 971,718 unique patient visits, a 6.2% increase.

The following Management's Discussion and Analysis (MD&A) is required supplemental information. Its purpose is to provide users of the basic financial statements with a narrative introduction, overview, and analysis of those statements. It is designed to assist readers in understanding the accompanying financial statements required by GASB. This discussion, which is unaudited, includes an analysis of the financial condition and results of activities of UConn Health for the fiscal year ended June 30, 2025, based on currently known facts, decisions, and conditions. As the MD&A presentation includes highly summarized information, it should be read in conjunction with the accompanying financial statements and related notes to the financial statements. The financial statements, notes to the financial statements, and this MD&A are the responsibility of management.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of Management's Discussion and Analysis and the financial statements. The basic financial statements (statement of net position, statement of revenues, expenses and changes in net position, statement of cash flows and notes to the financial statements) present the financial position of UConn Health as of June 30, 2025, and the results of operations and financial activities for the fiscal year then ended. These statements report information about UConn Health using accounting methods similar to those used by private-sector companies. The statement of net position includes all of UConn Health's assets, liabilities, and deferred inflows. The statement of revenues, expenses and changes in net position reflects the fiscal year's activities on the accrual basis of accounting, i.e., when services are provided or obligations are incurred, not when cash is received or paid. This statement reports UConn Health's net assets and how they have changed. Net position (the difference between assets and liabilities) is one way to measure financial health or position. The statement of cash flows provides relevant information about each fiscal year's cash receipts and cash

payments and classifies them as to operating, investing, noncapital financing, and capital and related financing activities. The financial statements include notes that explain information in the financial statements and provide more detailed data. Included in the statements are supplementary schedules which are not required but help to provide additional information to the reader.

FINANCIAL HIGHLIGHTS

UConn Health's financial position at June 30, 2025, consisted of assets of \$1.4 billion and liabilities of \$500.7 million. Net assets, which represent the residual interest in UConn Health's assets after liabilities and deferred inflows are deducted, increased \$2,361.9 million in fiscal year 2025 after non-operating and other changes in net position. The changes were primarily driven by the derecognition of balances related to pension and other post-employment benefits (OPEB), which are now fully assumed by the State of Connecticut (State).

The financial statements contained herein show an operating loss of \$220.0 million for the year ending June 30, 2025 (fiscal year 2025). The measure more indicative of normal and recurring activities is net income (loss) before other changes in net position, which includes revenue from State appropriations. Additions to capital assets are, in large part, funded by capital appropriations from the State and issuance of UCONN 2000 bond funds (included in the other changes in net position above), which are not included as revenues in this measurement. However, depreciation expense on those assets is included as an expense in calculating operating income (loss), so a loss under this measurement is expected. UConn Health reported a loss before other changes in net position of \$18.2 million in fiscal year 2025.

Some sources of recurring operating and non-operating revenues increased in 2025. Net patient revenues increased \$127.4 million from the prior year from increased volume. State support, including state-funded capital appropriations, decreased by \$20.9 million in fiscal year 2025. The decrease is primarily attributed to legislative changes effective July 1, 2024. The change resulted in UConn Health no longer contributing for retirement and OPEB. These changes led to a reduction of in-kind fringe recognition.

STATEMENTS OF NET POSITION

The summary statements of net position below present the financial position of UConn Health at the end of the fiscal years 2025 and 2024. The statement includes all assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position of UConn Health. Net position represents assets plus deferred outflows, less liabilities and deferred inflows.

Assets represent what is owned by or what is owed to UConn Health while liabilities represent what is owed by UConn Health. Assets and liabilities are generally measured using current values. One notable exception is capital assets, which are stated at historical cost less an allowance for depreciation. A deferred outflow of resources represents the consumption of net assets by UConn Health that is applicable to a future reporting period, while a deferred inflow of resources is an acquisition of net assets by UConn Health that is applicable to a future reporting period.

Total assets of UConn Health decreased by \$725.4 million, or 34.1%, from the prior year. The decrease was result of the removal of deferred outflow of resources related to pension and OPEB balances.

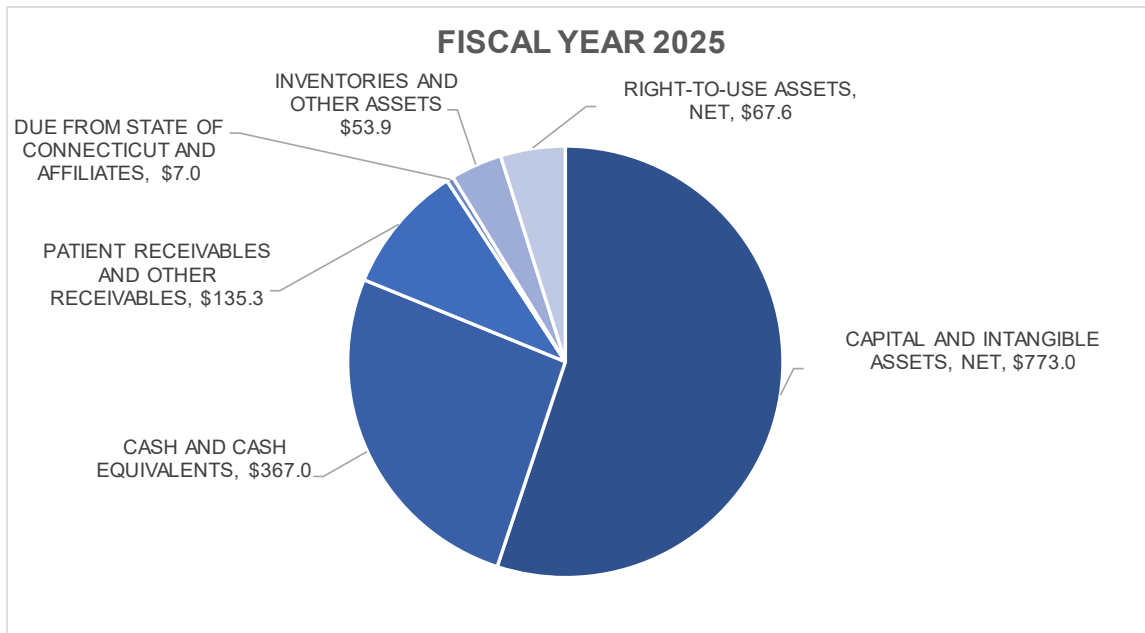
Total liabilities, including the deferred inflow of resources, decreased by \$3,087.3 billion from 2024. The driver of that was the derecognition of pension and OPEB liabilities as the State assumed responsibility for retiree costs.

UConn Health's net position is the residual value in UConn Health's assets and deferred outflows, after liabilities and deferred inflows are deducted. The change in net position is an indicator of whether the overall financial condition has improved or deteriorated during the year.

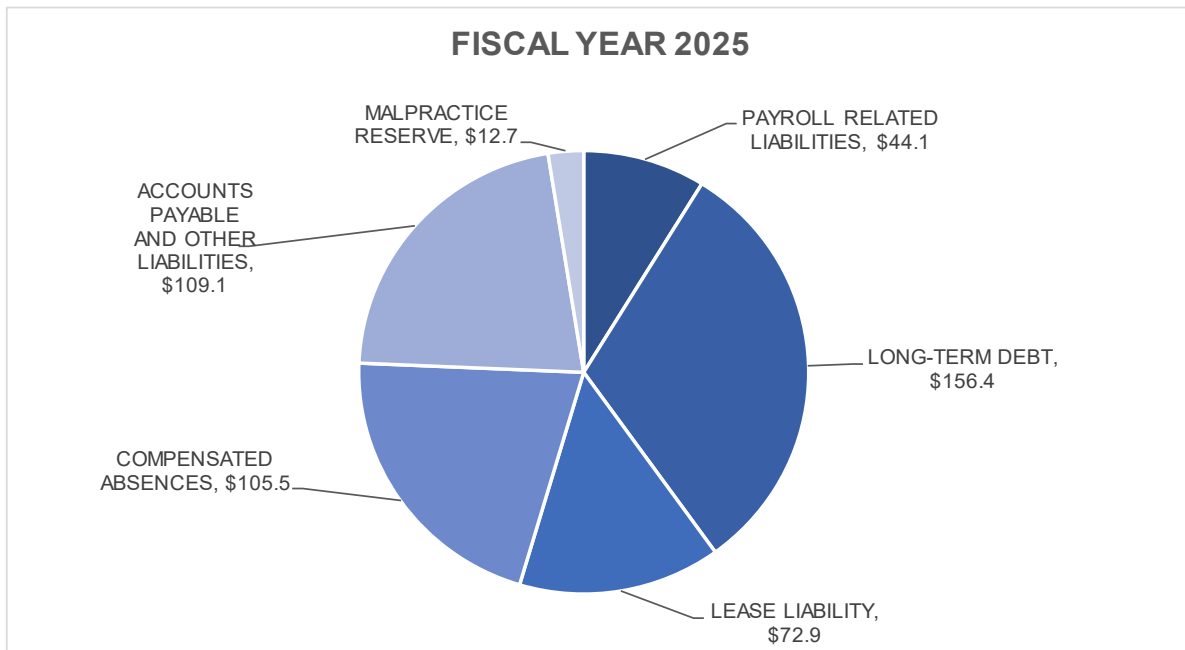
The following table shows a condensed schedule of net position as of June 30, 2025 and 2024:

	2025	2024	\$ Change	% Change
	(\$ in millions)			
Assets:				
Current assets	\$ 490.5	\$ 497.9	\$ (7.4)	-1.5%
Right-to-use assets, net	67.6	70.5	(2.9)	-4.1%
Capital and intangible assets, net	773.0	795.4	(22.4)	-2.8%
Other noncurrent assets	72.7	26.8	45.9	171.3%
Total assets	\$ 1,403.8	\$ 1,390.6	\$ 13.2	0.9%
Deferred outflows of resources	\$ -	\$ 738.6	\$ (738.6)	-100.0%
Liabilities:				
Current liabilities	\$ 245.9	\$ 194.8	\$ 51.1	26.2%
Noncurrent liabilities	254.8	2,628.1	(2,373.3)	-90.3%
Total liabilities	\$ 500.7	\$ 2,822.9	\$ (2,322.2)	-82.3%
Deferred inflows of resources	\$ 14.0	\$ 779.1	\$ (765.1)	-98.2%
Net position:				
Net investment in capital assets	\$ 611.3	\$ 620.1	\$ (8.8)	-1.4%
Restricted nonexpendable	0.1	0.1	(0.0)	0.0%
Restricted expendable	41.5	16.5	25.0	151.5%
Unrestricted	235.5	(2,110.0)	2,345.5	-111.2%
Minority interest - Uconn Health Imaging, LLC	0.7	0.5	0.2	40.0%
Total net position	\$ 889.1	\$ (1,472.8)	\$ 2,361.9	-160.4%

The following graph shows total assets of \$1.4 billion by major category as of June 30, 2025 (\$ in millions):



The following graph shows total liabilities of \$500.7 million by major category as of June 30, 2025 (\$ in millions):



Net Position

Net position is divided into three major categories. The first category, net investment in capital assets, represents UConn Health's equity in property and equipment. The second category, restricted net position, is subdivided into nonexpendable and expendable. The corpus of restricted nonexpendable resources is only available for investment purposes and is included with investments on UConn Health's statement of net position. Expendable restricted net position is available for expense by the institution. However, it must be spent for purposes determined by donors and/or external entities that have placed time or purpose restrictions on the use of the assets. The final category is unrestricted net position, representing funds available to UConn Health for any lawful purpose of the institution. Generally, unrestricted funds are internally assigned to academic, clinical and research programs, capital programs, and auxiliary enterprise activities. Also included as unrestricted net position is the minority interest represents the twenty-five percent stake in UHI belonging to Finance Corporation's partner. The statement of net position presents assets, liabilities, deferred inflows of resources, and net position of UConn Health as of the end of the fiscal year. The statement of net position is a point in time financial statement and is used as a measure of the financial condition of UConn Health. This statement presents a snapshot concerning assets, classified as current (expected to be available for use within one year) and noncurrent (expected to be available after one year), liabilities, categorized as current (expected to mature and due within one year), and noncurrent (expected to mature and became due after one year), inflows and net position.

Assets represent what is owned by or what is owed to UConn Health, including payments made to others before a service was received. Assets are recorded at their current value except for property and equipment, which is recorded at historical cost net of accumulated depreciation and amortization and inventory which is valued using a mix of valuation measures. Liabilities represent what is owed to others or what has been received from others prior to services being provided by UConn Health. A deferred outflow of resources represents the consumption of net assets by UConn Health that is applicable to a future reporting period, whereas a deferred inflow of resources is an acquisition of net assets by UConn Health that is applicable to a future reporting period.

UConn Health's net position is the residual value in UConn Health's assets and deferred outflows after liabilities and deferred inflows are deducted. Changes in net position over time are a relative indicator of UConn Health's financial health.

The following table demonstrates the effects of GASB 68 and GASB 75 on UConn Health's net position for the fiscal years ended June 30:

	<u>2025</u>	<u>2024</u>	<u>\$ Change</u>	<u>% Change</u>
	(\$ in millions)			
Net Position				
Net investment in capital assets	\$ 611.3	\$ 620.1	\$ (8.8)	-1.4%
Restricted nonexpendable	0.1	0.1	-	0.0%
Restricted expendable	41.5	16.5	24.9	151.5%
Unrestricted	235.5	(2,110.0)	2,345.5	-111.2%
Minority interest - UConn Health Imaging, LLC	0.7	0.5	0.2	40.0%
Total net position	<u>889.1</u>	<u>(1,472.8)</u>	<u>2,361.9</u>	<u>-160.4%</u>
Pension (GASB 68) impact	-	845.4	(845.4)	-100.0%
OPEB (GASB 75) impact	-	1,561.8	(1,561.8)	-100.0%
Net position, excluding pension and OPEB	<u>\$ 889.1</u>	<u>\$ 934.4</u>	<u>\$ (45.3)</u>	<u>-4.8%</u>

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

The statement of revenues, expenses, and changes in net position presents either an increase or decrease in net position based on revenues received, the expenses paid, and any other gains and losses recognized by UConn Health. Revenues and expenses are classified as operating, non-operating, or other changes in net position according to definitions prescribed by GASB.

Generally, operating revenues are earned when providing goods and services to the various customers of UConn Health. Operating expenses are incurred in the normal operation of UConn Health and represent those expenses paid to acquire or produce the goods and services provided in return for operating revenues. Operating expenses also include the provision for allocated depreciation and amortization of property and equipment. The difference between operating revenues and expenses is the operating income or loss.

By its very nature, a state-funded institution does not receive tuition and fees revenue, research awards or clinical program revenue sufficient to support its operations. Non-operating revenues are revenues received for which goods and services are not exchanged. These revenues are essential to the continued provision of programs and services by UConn Health. Significant recurring sources of non-operating revenues utilized in balancing the operating loss each year include appropriations from the State of Connecticut (State), gifts, donations, and investment income.

Other changes in net position are composed of capital appropriations and contributions from minority interest in UHI.

The statements of revenues, expenses, and changes in net position present UConn Health's results of operating and non-operating activities. A summary of UConn Health's revenues, expenses, and changes in net assets for the years ended June 30, 2025 and 2024 is presented below:

Operating revenues:	<u>2025</u>	<u>2024</u>	<u>\$ Change</u>	<u>% Change</u>
	(\$ in millions)			
Student tuition and fees (net of scholarship allowances)	\$ 27.6	\$ 24.8	\$ 2.8	11.3%
Patient services and pharmaceutical revenues (net of charity care)	1,092.7	965.3	127.4	13.2%
Federal grants and contracts	87.9	90.1	(2.2)	-2.4%
Nonfederal grants and contracts	31.6	28.6	3.0	10.5%
Contract and other operating revenues	169.2	150.7	18.5	12.3%
Total operating revenues	<u>1,409.0</u>	<u>1,259.5</u>	<u>149.5</u>	<u>11.9%</u>
Operating expenses:				
Instruction	198.6	205.3	(6.7)	-3.3%
Research	70.1	72.7	(2.6)	-3.6%
Patient services	1,000.4	1,077.1	(76.7)	-7.1%
Academic support	21.7	22.8	(1.1)	-4.8%
Institutional support	215.7	195.2	20.5	10.5%
Operations and maintenance of plant	34.7	30.6	4.1	13.4%
Depreciation and amortization	87.7	89.4	(1.7)	-1.9%
Student aid	0.1	0.0	0.1	100.0%
Total operating expenses	<u>1,629.0</u>	<u>1,693.1</u>	<u>(64.1)</u>	<u>-3.8%</u>
Operating Loss	<u>(220.0)</u>	<u>(433.6)</u>	<u>213.6</u>	<u>-49.3%</u>
Nonoperating revenues (expenses):				
State appropriations	138.9	151.8	(12.9)	-8.5%
Gifts	5.8	6.4	(0.6)	-9.4%
Federal and State aid	54.9	51.5	3.4	6.6%
Loss on disposal	(0.5)	(0.2)	(0.3)	150.0%
Interest income	0.2	0.1	0.1	100.0%
Lease revenue	2.3	2.4	(0.1)	-4.2%
Investment income (net of investment expense)	11.7	14.0	(2.3)	-16.4%
Interest on capital asset - related debt	(11.5)	(11.3)	(0.2)	1.8%
Net nonoperating revenues	<u>201.8</u>	<u>214.7</u>	<u>(12.9)</u>	<u>-6.0%</u>
Loss before other changes in net position	<u>(18.2)</u>	<u>(218.9)</u>	<u>200.7</u>	<u>-91.7%</u>
Other changes in net position:				
Capital appropriations	13.0	21.0	(8.0)	-38.1%
Derecognition of pension and OPEB balances	2,407.2	-	2,407.2	100.0%
Contributions - minority interest UConn Health Imaging, LLC	0.2	0.7	(0.5)	-71.4%
Net other changes in net position	<u>2,420.4</u>	<u>21.7</u>	<u>2,398.7</u>	<u>11053.9%</u>
Increase (Decrease) in net position	<u>2,402.2</u>	<u>(197.2)</u>	<u>2,599.4</u>	<u>-1318.2%</u>
Net position-beginning of year (as previously stated)	(1,472.8)	(1,275.6)	(197.2)	15.5%
Cumulative effect of implementing GASB 101	(40.3)	-	(40.3)	100.0%
Net position-beginning of year (restated)	<u>(1,513.1)</u>	<u>(1,275.6)</u>	<u>(237.5)</u>	<u>18.6%</u>
Net position-end of year	<u>\$ 889.1</u>	<u>\$ (1,472.8)</u>	<u>\$ 2,361.9</u>	<u>-160.4%</u>

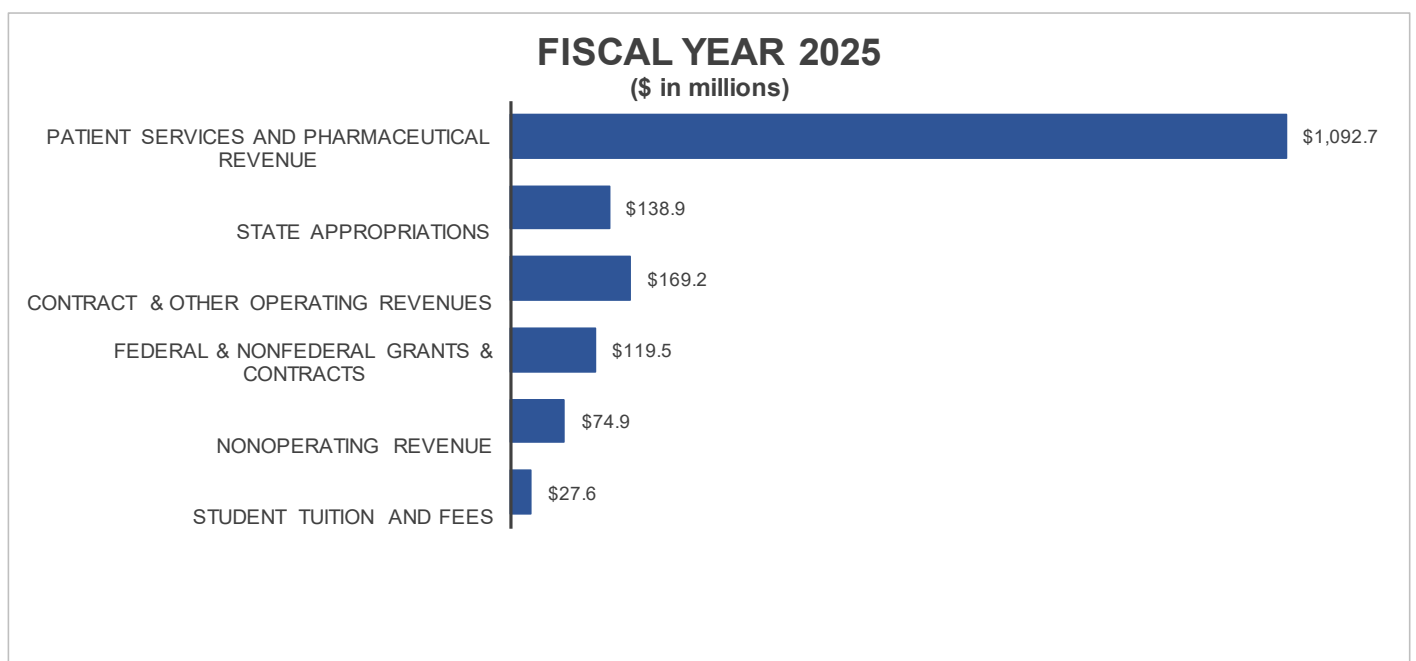
Revenue

Highlights for the year ending June 30, 2025, including operating and non-operating revenues, presented on the statements of revenues, expenses, and changes in net position are as follows:

UConn Health’s primary source of revenue was patient service and pharmaceutical revenue. Net revenue from these services increased \$127.4 million or 13.2% compared to the prior fiscal year. The increase is attributed to higher volumes along with certain payor contract increases made in fiscal year 2025. UHPSI contributed approximately \$41.3 million of the growth by continuing to provide pharmaceuticals to patients, primarily through UConn Health’s affiliated clinics.

The State appropriation, which is included in non-operating revenues, totaled \$138.9 million.

The following graph shows UConn Health’s total operating and nonoperating revenues by category, excluding other changes net position (\$ in millions):

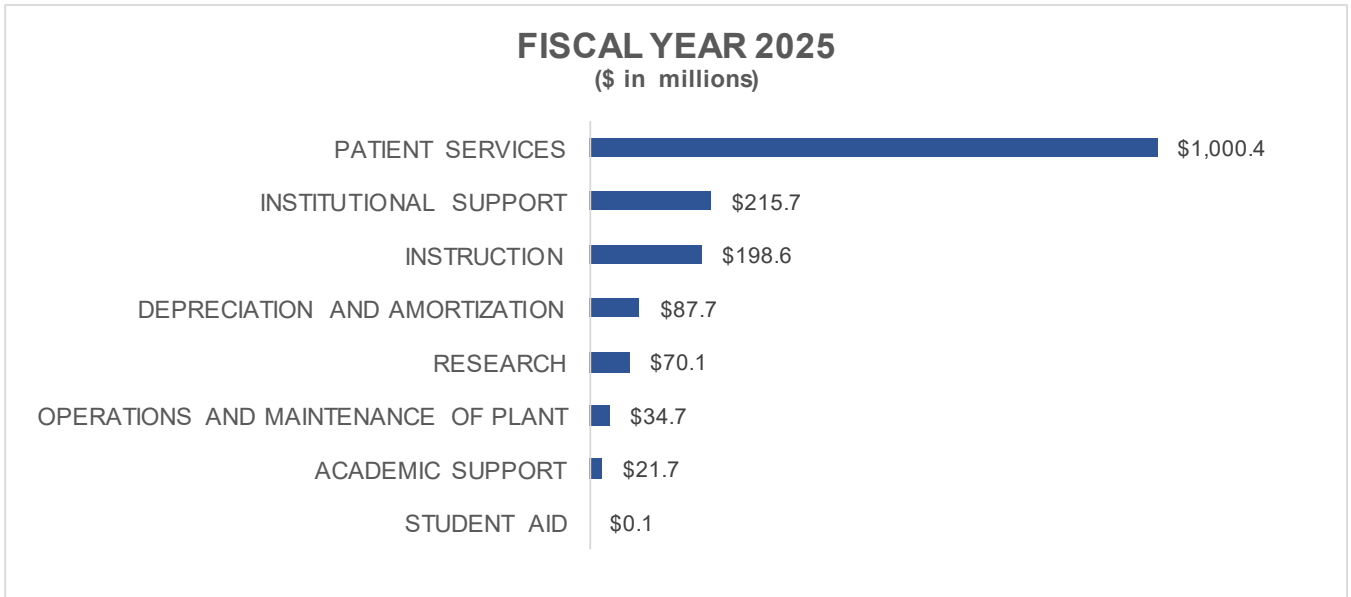


Expenses

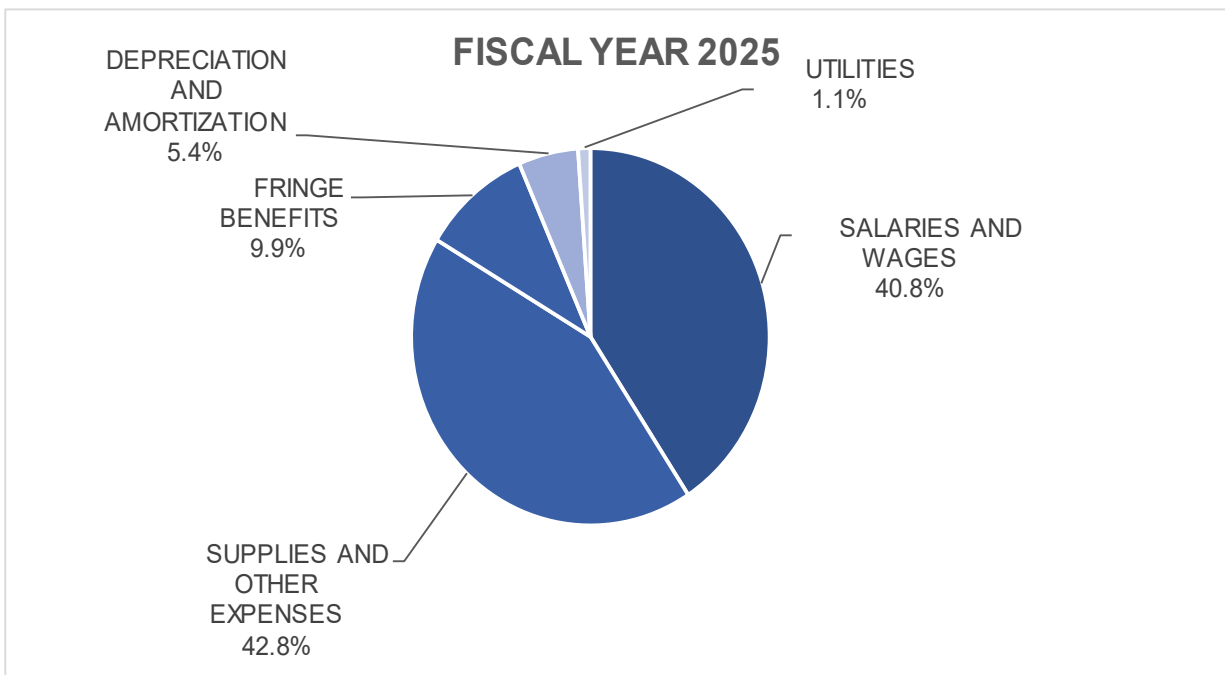
Highlights of expenses including operating and non-operating expenses presented on the statements of revenues, expenses and changes in net position are as follows:

Patient service expense is the largest expense category for UConn Health; accounting for 61.4% of total operating expenses. It decreased by \$76.7 million or 7.1% from the prior fiscal year. The decrease is attributed to the derecognition of pension and OPEB costs due to a legislative change related to the funding of retirement-related fringe benefits. See note 17 for additional information.

The following graph shows the functional expenses of UConn Health:



UConn Health’s operating expenses by natural classification are as presented below:



STATEMENTS OF CASH FLOWS

The statements of cash flows present detailed information about the cash activity of UConn Health during the fiscal year. The first section of this statement, cash flows from operating activities, will always be different from the operating loss amount on the statement of revenues, expenses, and changes in net position. The difference results from non-cash items such as depreciation and amortization expense and the use of the accrual basis of accounting in preparing the statement of revenues, expenses, and changes in net position. The statements of cash flows, on the other hand, shows cash inflows and outflows without regard to accruals.

The Statements of Cash Flows has four additional sections. The second section consists of cash flows from investing activities showing the purchases, proceeds, and interest provided from investing activities. The third section reflects cash flows from non-capital financing activities including state appropriations, debt transactions, gifts, and other non-operating revenues and expenses. The fourth section shows cash flows from capital and related financing activities. The final section is a reconciliation of the operating loss shown on the statement of revenues, expenses, and changes in net position to net cash used in operating activities.

The statements of cash flows provides additional information about UConn Health's financial results by reporting the major sources and uses of cash. A summary of the statements of cash flows for the fiscal years ended June 30, 2025 and 2024, is as follows:

	<u>2025</u>	<u>2024</u>	<u>\$ Change</u>	<u>% Change</u>
	(\$ in millions)			
Cash received from operations	\$ 1,415.1	\$ 1,250.9	\$ 164.2	13.1%
Cash expended for operations	<u>(1,532.8)</u>	<u>(1,405.2)</u>	<u>(127.6)</u>	<u>9.1%</u>
Net cash used in operating activities	(117.7)	(154.3)	36.6	-23.7%
Net cash provided by investing activities	9.7	14.0	(4.3)	-30.7%
Net cash provided by noncapital financing activities	199.6	209.7	(10.1)	-4.8%
Net cash used in capital and related financing activities	<u>(59.3)</u>	<u>(39.8)</u>	<u>(19.5)</u>	<u>49.0%</u>
Net increase in cash and cash equivalents	32.3	29.6	2.7	9.1%
Cash and cash equivalents, beginning of the year	334.7	305.1	29.6	9.7%
Cash and cash equivalents, end of the year	<u>\$ 367.0</u>	<u>\$ 334.7</u>	<u>\$ 32.3</u>	<u>9.7%</u>

CAPITAL AND INTANGIBLE ASSETS

Capital and intangible assets along with right-to-use assets, net of accumulated depreciation and amortization, consisted of the following as of June 30, 2025 and 2024:

	2025	2024	\$ Change	% Change
	(\$ in millions)			
Land	\$ 13.5	\$ 13.5	\$ -	0.0%
Construction in progress	24.2	38.8	(14.6)	-37.6%
Fine art	1.4	1.3	-	-1.4%
Buildings and building improvements	1,314.4	1,278.3	36.1	2.8%
Equipment	292.0	290.8	1.2	0.4%
Computer software	83.2	78.2	5.0	6.4%
Equipment - financed	0.1	0.1	-	0.0%
Less accumulated depreciation	(955.8)	(905.7)	(50.1)	5.5%
Capital assets, net	<u>\$ 773.0</u>	<u>\$ 795.3</u>	<u>\$ (22.4)</u>	<u>-2.8%</u>
	2025	2024	\$ Change	% Change
	(\$ in millions)			
Right-to-use assets building	\$ 60.5	\$ 58.3	\$ 2.2	3.8%
Right-to-use assets equipment	36.9	33.9	3.0	8.8%
Right-to-use assets subscriptions	39.8	35.4	4.4	12.4%
Less accumulated amortization	(69.6)	(57.2)	(12.4)	21.7%
Right-to-use assets, net	<u>\$ 67.6</u>	<u>\$ 70.4</u>	<u>\$ (2.8)</u>	<u>-4.0%</u>

Construction in progress decreased approximately \$14.6 million driven by continued progress on UCONN 2000 construction initiatives and the network upgrade project discussed in further detail in Notes 10 and 11 of the financial statements.

As mentioned above, the UCONN 2000 program has had a dramatic impact on our campus. This is the third phase of the program also known as 21st Century UCONN, which provides for improvements to facilities at the University and UConn Health. UConn Health has been allotted \$850.9 million over the life of this program. UConn Health.

UConn Health received \$13.0 million in capital appropriations during fiscal year 2025 from the General Obligation Bonds. The funds were used for equipment, library collections and telecommunications UConn Health's campus.

UConn Health's fiscal year 2026 capital funding requests will be presented to the Capital Prioritization Committee for consideration and then presented to the CFO and CEO of UConn Health for final approval on an individual basis.

DEBT ACTIVITIES

UConn Health continued to make scheduled debt payments on existing debt in fiscal year 2025. More detailed information about UConn Health's capital assets and debt activities are presented in Notes 10 and 11 of the financial statements.

FISCAL YEAR 2026 OUTLOOK

As we look ahead to fiscal year 2026, UConn Health is entering a period of thoughtful planning and strategic investment. The new biennium brings both budgetary challenges and significant opportunities to further strengthen our clinical enterprise. While federal and state governments continue to reassess healthcare and research spending, UConn Health is well positioned to adapt. Across the industry, scale, integration, and innovative risk-sharing models are reshaping care delivery, and UConn Health is actively preparing to take advantage of these trends.

Demand for our services continues to grow, reflecting strong community trust in UConn Health. To meet this need, JDH has added new operating room capacity and secured licensure for 23 additional inpatient beds, helping to ease census pressures and expand access. UMG continued its expansion of outpatient care, including the opening of a modern new facility in Simsbury. While capital resources are limited, these strategic investments demonstrate our commitment to serving Connecticut residents and strengthening our statewide presence. Strategic partnerships - including those in imaging and outpatient surgery - allow us to enhance services efficiently while managing competing capital needs. We continue to explore additional collaborations with public and private organizations to bring even more resources and options to the people of Connecticut.

At the State's request, UConn Health is also assessing potential partnerships with independent hospitals across the region. Building on the Cain Brothers report and informed by current market conditions, we are evaluating pathways for the State to achieve greater scale within the healthcare system - improving financial stability for smaller hospitals and expanding access to care. We are pursuing complementary partnership opportunities in ancillary clinical areas as well, ensuring we continue to grow in ways that benefit patients.

UConn Health's mission - research, education, patient care, and community service - remains as vital as ever. We are taking proactive steps to strengthen each of these pillars while preparing for possible changes in federal and state funding. Anticipated reductions in programs such as Medicaid and National Institutes of Health (NIH) research underscore the importance of accelerating efforts toward a self-sustaining clinical enterprise. These initiatives will help preserve access to comprehensive services and specialties that may not otherwise be available within the state.

Sound financial management and institution-wide initiatives, combined with additional State support, allowed UConn Health to outperform its fiscal year 2025 spending plan and carry funds forward into fiscal year 2026. While the conclusion of the American Rescue Plan Act (ARPA) introduces new fiscal pressures, UConn Health is confident in its ability to identify further efficiencies and structural improvements to maintain financial balance going forward.

The broader economic environment continues to evolve, but UConn Health views this period as one of opportunity. Innovation in healthcare policy, new technologies, and industry partnerships offer new avenues for growth and advancement. While inflation, labor dynamics, and regulatory changes require vigilance, we remain confident in our ability to adapt and continue serving as a reliable healthcare partner for our communities. Over the next one to two years, UConn Health expects to pursue new opportunities, respond nimbly to change, and advance our mission with a focus on long-term stability and growth.

Management will continue to monitor these and other factors over the upcoming year as it seeks to strengthen UConn Health for the future.

CONTACTING UCONN HEALTH'S FINANCIAL MANAGEMENT

This financial report provides the reader with a general overview of UConn Health's finances and operations. If you have questions about this report or need additional financial information, please contact the Office of the Chief Financial Officer, UConn Health, Farmington, Connecticut 06030.

FINANCIAL STATEMENTS

UCONN HEALTH
STATEMENT OF NET POSITION
As of June 30, 2025

	2025
	(\$ in thousands)
ASSETS	
Current Assets	
Cash and cash equivalents (Note 2)	\$ 336,950
Patient receivables, net	92,472
Contract and other receivables	16,519
Funds held in escrow	272
Lease receivable - current portion (Note 5)	1,010
Due from Affiliates (Note 13)	6,959
Due from Department of Correction	10
Inventories	24,361
Prepaid expenses	11,971
Total current assets	490,524
Noncurrent Assets	
Restricted cash and cash equivalents (Note 2)	30,040
Deposits with vendors	28,797
Other assets	519
Investment in CSC	180
Due from State of Connecticut	62
Lease receivable - net of current portion (Note 5)	13,086
Right-to-use assets, net (Note 10)	67,565
Capital and intangible assets, net (Note 10)	773,023
Total noncurrent assets	913,272
Total assets	\$ 1,403,796

The accompanying notes are an integral part of these financial statements.

UCONN HEALTH
STATEMENT OF NET POSITION (Continued)
As of June 30, 2025

	2025
	(\$ in thousands)
LIABILITIES	
Current Liabilities	
Accounts payable and accrued liabilities	\$ 73,969
Due to State of Connecticut	9,087
Accrued salaries	35,040
Compensated absences - current portion (Note 11)	66,010
Due to third party payors	21,331
Due to Affiliates (Note 15)	11,174
Unearned revenue	2,638
Malpractice reserve (Note 11)	3,184
Right-to-use liabilities - current portion (Note 11)	16,133
Long-term debt - current portion (Note 11)	7,336
Total current liabilities	245,902
Noncurrent Liabilities	
Malpractice reserve (Note 11)	9,561
Compensated absences - net of current portion (Note 11)	39,471
Right-to-use liabilities - net of current portion (Note 11)	56,734
Long-term debt - net of current portion (Note 11)	149,089
Total noncurrent liabilities	254,855
Total liabilities	\$ 500,757
Deferred inflows of resources right-to-use assets	\$ 13,989
NET POSITION	
Net investment in capital assets	\$ 611,295
Restricted for	
Nonexpendable	
Scholarships	61
Expendable	
Research	2,519
Loans	467
Capital projects	38,564
Unrestricted	235,458
Minority interest - Uconn Health Imaging, LLC	686
Total net position	\$ 889,050

The accompanying notes are an integral part of these financial statements.

UCONN HEALTH
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the Year Ended June 30, 2025

	2025
	(\$ in thousands)
OPERATING REVENUES	
Student tuition and fees (net of scholarship allowances of \$8,093)	\$ 27,594
Patient services and pharmaceutical revenues (net of charity care of \$14,430) (Notes 4 & 6)	1,092,695
Federal grants and contracts	87,936
Nonfederal grants and contracts	31,597
Contract and other operating revenues	169,195
Total operating revenues	1,409,017
OPERATING EXPENSES	
Educational and General	
Instruction	198,630
Research	70,080
Patient services	1,000,404
Academic support	21,671
Institutional support	215,652
Operations and maintenance of plant	34,730
Depreciation and amortization (Note 10)	87,660
Student aid	60
Total operating expenses	1,628,887
Operating loss	(219,870)
NONOPERATING REVENUES (EXPENSES)	
State appropriations (Note 15)	138,897
Gifts	5,816
Federal and State aid	54,886
Loss on disposal	(524)
Interest income	182
Lease revenue	2,255
Investment income	11,677
Interest on capital asset - related debt	(11,531)
Net nonoperating revenues	201,658
Loss before other changes in net position	(18,212)
OTHER CHANGES IN NET POSITION	
Capital appropriations (Note 13)	13,000
Derecognition of pension and OPEB balances (Note 17)	2,407,220
Contributions - minority interest -UConn Health Imaging, LLC	175
Net other changes in net position	2,420,395
Increase in net position	2,402,183
NET POSITION	
Net position-beginning of year	(1,472,855)
Cumulative effect of change in accounting method - GASB 101	(40,278)
Net position-beginning of year as restated	(1,513,133)
Net position-end of year	\$ 889,050

The accompanying notes are an integral part of these financial statements.

UCONN HEALTH
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2025

	2025
	(\$ in thousands)
Cash flows from operating activities:	
Cash received from patients and third-party payors	\$ 1,079,255
Cash received from tuition and fees	27,594
Cash received from grants, contracts and other revenue	308,214
Cash paid to employees for personnel services and fringe benefits	(368,240)
Cash paid for other than personnel services	<u>(1,164,585)</u>
Net cash used in operating activities	<u>(117,762)</u>
Cash flows from investing activities:	
Investment in CSC	(180)
Investment in UHI	(1,777)
Interest received	<u>11,677</u>
Net cash provided by investing activities	<u>9,720</u>
Cash flows from noncapital financing activities:	
State appropriations	138,897
Federal and State aid	54,886
Gifts	<u>5,816</u>
Net cash provided by noncapital financing activities	<u>199,599</u>
Cash flows from capital and related financing activities:	
Additions to property and equipment	(49,161)
Capital appropriations	13,000
Interest paid	(12,557)
Interest Income	182
Lease revenue	2,335
Payments on right-to-use liabilities, net	(554)
Net borrowing/repayment from long-term debt	<u>(12,533)</u>
Net cash used in capital and related financing activities	<u>(59,288)</u>
Net increase in cash and cash equivalents	32,269
Cash and cash equivalents at beginning of year	<u>334,721</u>
Cash and cash equivalents at end of year	<u><u>\$ 366,990</u></u>

The accompanying notes are an integral part of these financial statements.

UCONN HEALTH
STATEMENT OF CASH FLOWS (Continued)
For the Year Ended June 30, 2025

Reconciliation of operating loss to net cash used in operating activities:

	2025
	(\$ in thousands)
Operating loss	\$ (219,870)
Adjustments to reconcile operating loss to net cash	
Used in operating activities:	
Depreciation and amortization	87,660
Personnel services and fringe benefits in kind from State	(7,423)
Changes in assets and liabilities:	
Patients receivables, net	(14,408)
Contract and other receivables	19,130
Due from DOC	896
Inventories	(587)
Third party payors	71
Prepaid expenses	(2,354)
Deposits with vendors	(3,890)
Other assets	(55)
Accounts payable and accrued liabilities	3,191
Due to State of Connecticut	540
Due to Affiliates	2,257
Accrued salaries	4,862
Compensated absences	9,314
Unearned revenue	357
Malpractice reserve	2,547
Net cash used in operating activities	\$ (117,762)

Schedule of Non-Cash Financing Transactions

Derecognition of pension and OPEB balances	\$ (2,407,220)
Lease receivable renewal	\$ 13,821
Acquisition of right-to-use subscription assets	\$ 7,695
Acquisition of right-to-use lease assets	\$ 5,666
Loss on disposal of capital and intangible assets	\$ (524)
Funds held in escrow	\$ 1

The accompanying notes are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS

UConn Health
Notes to Financial Statements
For the Years Ended June 30, 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The University of Connecticut Health Center (“UConn Health”) is a part of a comprehensive institution of higher education, the University of Connecticut (the “University”). Although governed by a single Board of Trustees, UConn Health and the University maintain separate budgets and are by statute separate entities for purposes of maintaining operating funds and State appropriations. UConn Health also has a Board of Directors to whom the Board of Trustees has delegated certain responsibility and authority. These financial statements represent transactions and balances of UConn Health for the fiscal year ended June 30, 2025, which includes the School of Medicine, School of Dental Medicine, a Research Enterprise, UConn Medical Group (UMG), Finance Corporation and its subsidiaries (including UConn Health Pharmacy Services, Inc. (UHPSI) and UConn Health Imaging (UHI), and Educational Clinics (the “Primary Institution”) and John Dempsey Hospital (the “Hospital”). UConn Health offers medical and dentistry degrees as well as Ph.D.’s in the biomedical sciences and operates physician/dentist practices in a teaching and research hospital. There is also an affiliated entity that supports the mission of UConn Health: The University of Connecticut Foundation Inc. (the “Foundation”). The Foundation raises funds to promote, encourage, and assist education, research, and clinical care at the University, including UConn Health.

The financial operations of UConn Health are reported in the State of Connecticut annual comprehensive financial report using the fund structure prescribed by Governmental Accounting Standards Board (GASB). The State includes the transactions and balances of UConn Health within an enterprise fund under the major business-type activities of the government-wide financial statements and has noted that State colleges and universities do not possess corporate powers that would distinguish them as being legally separate.

Basis of Presentation

UConn Health’s financial statements are prepared using the economic resources measurement focus and in accordance with all relevant GASB pronouncements.

Proprietary Fund Accounting

UConn Health utilizes the proprietary fund method of accounting whereby revenue and expenses are recognized on the accrual basis. Revenues are recognized when earned, expenses are recognized when incurred, and all significant intra-agency transactions have been eliminated.

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, deferred inflows and outflows of resources, and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Financial statement areas where management applies the use of significant estimates consist primarily of the allowances for uncollectible accounts, contractual allowances, malpractice reserves, right-to-use assets, lease liabilities, subscription liabilities, third-party reimbursement reserves and compensated absences.

Cash and Cash Equivalent:

UConn Health considers all funds that have not been board or otherwise designated and which are held on its behalf by the State of Connecticut to be cash.

Investments and Investment Income

The State of Connecticut has established various funds to account for the operations of UConn Health. These funds include the University Health Center Operating Fund (Fund 12018), the University Health Center Research Foundation Fund (Fund 12023), the University Health Center Hospital Fund (Fund 21002) and the UConn Health Malpractice Fund (Fund 35015). Grants and contracts for research and related retained overhead recoveries are accounted for in the Research Foundation Fund. The Malpractice Fund accounts for assets set aside annually as part of the Health Center's self-insurance for malpractice claims. The Hospital Fund processes the majority of the cash transactions for the Hospital. The Operating Fund acts as a "General Fund" for UConn Health, accounting for all operations not accounted for elsewhere.

Research Foundation Fund and Malpractice Fund assets in excess of immediate cash needs are invested in the State of Connecticut Short-Term Investment Fund (STIF). Most restricted Research Foundation Fund assets are not invested, though there are certain exceptions including gift accounts and funds invested at the request of sponsoring organizations. Local student activity funds administered by UConn Health are also invested in STIF; these funds are minimal in amount.

The STIF, which was established and is operated under Sections 3-27a through 3-27i of the General Statutes, provides State agencies, funds, political subdivisions, and others with a mechanism for investing at a daily-earned rate with interest from day of deposit to the day of the withdrawal. STIF participants have daily access to their account balances. Underlying investments of the STIF are mainly in money market instruments.

In fiscal year 2025, UConn Health established a Renewal and Replacement Fund pursuant to Section 602 of the Special Obligation Student Fee Revenue Bonds Master Indenture to set aside funds for deferred maintenance on campus. Additional information on this can be found in Note 2. These funds are invested in the State of Connecticut Short Term Investment Fund (STIF).

Though Operating Fund participation in STIF is not significant, UConn Health earns interest on Operating Fund cash balances through the State Treasurer's interest credit program. Under this program, the Treasurer pays UConn Health STIF equivalent interest on the average daily cash balance held in the Operating Fund each quarter. Additionally, interest is paid on monies transferred from UConn Health's civil list funds into the direct disbursement account used to process checks issued directly to vendors by UConn Health. Though the balance in this account may include assets of the Operating, Research Fund and Hospital Funds, all interest earned is credited to the Operating Fund. The Hospital Fund does not participate in STIF, the Treasurer's interest credit program, other than described above.

Investment income also includes amounts received from endowments.

On January 29, 2025, UCHC Finance Corporation entered into a partnership interest purchase agreement with Surgical Care Affiliates (CSC), LLC, a Delaware limited liability company to acquire 5% partnership interest in Connecticut Surgical Center, Limited Partnership, a Connecticut limited partnership. The investment was recorded at cost which was the actual funds contributed at the date of purchase.

Accounts Receivable and Net Patient Services and Pharmaceutical Revenues

Net patient service revenues are reported at the estimated net realizable amounts from patients, third-party payers, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payers. Settlements 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 amount of the allowance for uncollectible accounts is based upon management's assessment of historical and expected net collections, business and economic conditions, trends in Medicare and Medicaid healthcare coverage and other collection indicators.

UHPSI utilizes a uniform pricing structure is used for billing to Pharmacy Benefit Managers (PBMs) subject to contractual allowances as negotiated by the Pharmacy Services Administrative Organization (PSAO). Contractual allowances will reduce the amount received and will vary based on rates, such as Medicare, Medicaid, and commercial contracts. Pharmaceutical revenues, net of contractual allowances and direct and indirect remuneration (DIR) fees, are recognized on the accrual basis of accounting when prescriptions are filled. Accounts receivable from patients, third-party payers, and others for pharmaceutical purchases represent the net amounts owed to UHPSI for which payment had not been received as of June 30, 2025.

Contract and Other Receivables

Contract and other receivables include services provided to area hospitals under various agreements and certain agreements with outside providers and pharmacies. Revenue is recorded on the accrual basis of accounting in the period the related services are rendered.

Due from/to Affiliate

Due from affiliate includes the unspent portion of general obligation bond proceeds allocated to UConn Health for capital projects that are administered by the University of Connecticut. Due to affiliate includes payables to the University of Connecticut resulting from cost-reimbursement arrangements for shared operating activities. Additional information on these can be found in Notes 13 and 15.

Due from/to State

The amount due from the State primarily consists of unspent State bond funds allocated by the State Bond Commission but not yet received for specific capital projects. Additionally, the State administers employee benefits for University employees. Fringe benefits accrued at the end of the year related to State employees are reported as a liability due to the State.

Leases and SBITA

UConn Health routinely engages in lease agreements to meet operational needs. UConn Health's lease contracts generally relate to buildings and associated facilities, such as parking, machinery, and equipment. For short-term leases with a maximum possible term of twelve months or less at commencement, UConn Health recognizes revenue or expense based on the provisions of the lease contract.

For contracts exceeding twelve months where UConn Health is the lessee, UConn Health recognizes the lease liability and an intangible right-to-use (RTU) lease asset based on the present value of future lease payments over the contracted term of the lease. RTU lease assets are amortized over the term of the lease.

On a more limited basis, UConn Health serves as a lessor providing leases of buildings. The financial statements recognize the lease receivable and a deferred inflow of resources, based on the present value of future lease payments expected to be received during the contracted lease term. The deferred inflow of resources is amortized evenly over the life of the lease.

In addition, UConn Health has entered various subscription-based information technology arrangements (SBITA) to support its services. Information on the types of arrangements entered into and their financial impact on UConn Health can be found in Notes 10 and 11.

UConn Health uses an estimated incremental borrowing rate as the discount rate for leases unless the rate in the contract or agreement is known. The incremental borrowing rate is based on the weighted-average interest rate of capital lease obligations. If amendments or other certain circumstances occur that are expected to significantly affect the amount of the lease or SBITA, the present value is remeasured, and corresponding adjustments made. Many lease contracts include increases to rent payments related to the consumer price index (CPI) or similar indexes, and the available index increase is included in the present value at the commencement of the lease or upon remeasurement. Payments based on future performance are not included in the measurement of the lease liability or lease receivable but are recognized as revenue or expenses in the period performed. Residual value guarantees and exercise options are included in the measurement if they are reasonably certain to be paid or exercised.

Inventories

Consumable supplies are expensed when received with the exception of certain central inventories. Cost of the inventory is determined on a moving average basis for the Central Warehouse, and on a first-in, first-out basis for the others. Pharmacy inventory is valued at market which approximates cost due to high turnover rates for institutional pharmaceuticals. Short-term or minor supplies are expensed as incurred.

Prepaid Expense

Prepaid expenses include payments to vendors before goods and/or services are received typically for agreements ranging between three months and one year. We expect the benefit for these payments to be realized monthly over the prepaid period.

Deposits with Vendors

Deposits with vendors are required payments based on certain contractual arrangements. Over 95% of the current balance is for deposits held with AmerisourceBergen. This is the primary pharmaceutical vendor used by UConn Health. As part of its contract, UConn Health is required to maintain a deposit with the vendor based on a percentage of the prior quarter's purchases in order to access preferred pricing. These deposits are non-interest bearing and are considered subject to the credit risk of the vendor. We do not expect a return of these funds within the next twelve months.

Capital and Intangible Assets

Property and equipment acquisitions are recorded at cost or, in the case of gifts, at acquisition value. All land is capitalized regardless of cost. Betterments and major improvements are capitalized, and maintenance and repairs are expensed as incurred. Equipment with a value of \$5,000 or more and a useful life of more than one year is capitalized.

UConn Health capitalizes fine, non-decorative art at cost. Fine art is not depreciated.

Intangible assets consist of capitalized computer software costs, including software internally developed, that do not meet the definition of SBITA. Costs incurred in the development and installation of internal use software are expensed or capitalized depending on whether they were incurred in the primary project stage, application development state, or post-implementation stage, and the nature of the costs.

Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets:

Buildings and Building Improvement	3 - 50 years
Equipment	2 - 15 years
Computer software	3 - 15 years

Impairment of Long-Lived Assets

UConn Health records impairment losses on long-lived assets used in operations when events and circumstances indicate that the assets might be impaired and the undiscounted cash flows estimated to be generated by those assets are less than the carrying amounts of those assets. During 2025, UConn Health disposed of a vascular c-arm. The value of this asset was \$208,000 and the loss on disposal was approximately \$62,500. UConn Health disposed of smaller items leading to a loss of disposal of \$461,500, none of these items were individually significant. The total loss was \$524,000 for fiscal year 2025.

Medical Malpractice

Healthcare providers and support staff of UConn Health are fully protected by State statutes from any claim for damage or injury, not wanton, reckless or malicious, caused in the discharge of their duties or within the scope of their employment ("statutory immunity"). Any claims paid for actions brought against the State as permitted by waiver of statutory immunity have been charged against UConn Health's malpractice self-insurance fund. Effective July 1, 1999, UConn Health developed a methodology by which it could allocate malpractice costs between the Hospital, UMG, and Dental practices. For the fiscal year ended June 30, 2025, these costs are included in the statement of revenues, expenses, and changes in net position.

Compensated Absences

UConn Health's employees earn vacation, personal, compensatory, and sick time at varying rates depending on their collective bargaining units. Employees may accumulate sick leave up to a specified maximum. Employees are not paid for accumulated sick leave if they leave before retirement. However, employees who retire from UConn Health may convert accumulated sick leave to termination payments at varying rates, depending on the employee's contract. UConn Health recognizes a liability for compensated absences in accordance with GASB Statement No. 101, *Compensated Absences*. This liability includes amounts attributable to services already rendered by employees, where the leave:

- Accumulates into future reporting periods,
- Is more likely than not to be used or paid,
- Is based on the pay rate in effect as of the financial statement date.

The accrual includes vacation, sick (to the extent it meets recognition criteria), and other paid leave benefits that are expected to be used or paid out. The accrual includes salary-related payments such as the employer's share of payroll taxes. Leave types such as parental, military, and jury duty are recognized only when the leave commences. Holidays are not accrued until used.

Third-Party Payors

Laws governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. Each year, as the Office of Inspector General's (OIG) work plan changes, new areas of scrutiny surface. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in any given period.

Deferred Inflows of Resources

Deferred inflows of resources are defined as an acquisition of net assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. These amounts are reported in the statement of net position in a separate section, after total liabilities. UConn Health has one item that meet this criterion, right-to-use deferrals.

UConn Health also has lessor arrangements. The deferred inflow of resources recorded at the initial measurement of the lease receivable is recognized as lease revenue on a straight-line basis over the lease term.

State Funding for Employee Retirement and OPEB Plans

Due to a legislative change effective July 1, 2023, the State now fully funds retirement-related fringe benefit costs for eligible UConn Health employees. UConn Health is no longer charged for contributions to State-administered pension and OPEB plans through a fringe benefit rate assessment. However, because the measurement period for fiscal year 2024 still reflected prior allocations, UConn Health continued to report related balances in that year. Due to both the legislative change and the timing of the measurement period as of June 30, 2025, UConn Health will no longer recognize pension and OPEB liabilities, related deferred outflows and inflows, and related expenses in its financial statements. As a result, the derecognition of these amounts was recorded as a special item in the accompanying Statement of Revenues, Expenses, and Changes in Net Position for the year ended June 30, 2025. See Note 17 for further details on the accounting treatment and financial statement impact.

Since UConn Health is an enterprise fund of the State and is not a legally separate entity, the retirement costs funded by the State are not reflected as on-behalf revenues or expenses in the accompanying financial statements.

Net Position

GASB requires that resources be classified for accounting and reporting purposes into the following categories of net position:

- *Net investment in capital assets*: Capital assets and right-to-use, net of accumulated depreciation and amortization, reduced by the outstanding principal balances of notes and leases that are attributable to the acquisition, construction, or improvement of those assets.
- *Restricted nonexpendable*: Endowment and similar type assets for which donors or outside sources have stipulated as a condition of the gift instrument that the principal is to be maintained inviolate and in perpetuity. These assets are invested for the purpose of producing present and future income, which may be expended or reinvested in principal.
- *Restricted expendable*: Assets reduced by liabilities related to those assets that are expendable but where UConn Health is legally or contractually obligated to spend the resources in accordance with restrictions imposed by external third parties.
- *Unrestricted*: The net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources not otherwise restricted that do not meet the definition of "restricted" or "net investment in capital and intangible assets." These assets are not subject to externally imposed stipulations, but they may be subject to internal designations. In general, all unrestricted amounts

in net position are assigned to support academic, clinical, and research programs, capital projects, retirement of indebtedness, and auxiliary enterprise activities.

UConn Health's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred is based on a variety of factors. These factors include consideration of prior or future revenue sources, the type of expense incurred, UConn Health's budgetary policies surrounding the various revenue sources, and whether the expense is a recurring cost.

In order to ensure observance of limitations and restrictions placed on the use of the resources available to UConn Health, the accounts of UConn Health are maintained internally following the principles of fund accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds that are in accordance with specified activities and objectives.

Revenues and Expenses

UConn Health breaks out revenues and expenses between operating and non-operating based on the nature of the transaction as being either an exchange or non-exchange transaction. *GASB Statement No. 33, Accounting and Financial Reporting for Non-exchange Transactions*, requires recipients of government-mandated and voluntary non-exchange transactions to recognize revenue when all applicable eligibility requirements are met for these transactions. Restricted grant revenue that does not meet the non-exchange transaction definition is also recognized to the extent expended or, in the case of fixed-price contracts when the contract terms are met or completed.

UConn Health uses the criteria listed below:

- Operating revenues and expenses: Operating revenues consist of tuition and fees, patient services and pharmaceutical revenues, grants, contracts, other operating revenues. Operating expenses include all expense transactions incurred other than those related to investing or financing. These expenses are reported using functional classification. See Note 16 for operating expenses presented by natural classification.
- Non-operating revenues and expenses: All other revenues and expenses for UConn Health are reported as non-operating revenues and expenses including State appropriations, including bonding and capital, noncapital gifts, investment income and lease revenue. Interest expense and loss on disposal of property and equipment, net, are also reported as non-operating.

Scholarship Discounts and Allowances

GASB requires that revenues be reported net of scholarship discounts and allowances, representing the difference between the stated charge for goods and services provided by UConn Health and the amount that is ultimately paid by the students or on their behalf. Any aid applied directly to the student accounts in payment of tuition and fees is reflected as a scholarship allowance deducted from UConn Health's operating revenues. Student aid expense in the accompanying statement of revenues, expenses, and changes in net position includes financial aid payments made directly to the students.

University of Connecticut MOUs

UConn Health and the University of Connecticut maintain formal MOUs that govern certain shared operational activities. Under these agreements each party provides services to the other in exchange for payment. These services include and are not limited to public safety, marketing, library services, technology commercialization, research support and other miscellaneous services. The terms of these arrangements are set forth in formal MOUs that are reviewed and agreed upon by both parties on an annual basis. The revenue and expenses from these MOUs are recorded as part of operating revenue and expenses in the accompanying statement of revenues, expenses, and changes in net position. See Note 15 for further details.

Regulatory Matters

The Hospital is required to file semi-annual and annual operating information with the State of Connecticut Office of Health Strategy (OHS) and is required to file annual cost reports with Medicare.

Home Office Allocation

The Home Office allocation allocates substantially all central administrative costs to its separate business units. The amount charged to the separate business units may not necessarily result in the net costs that are to be incurred by the business units on a standalone basis. The Home Office expenses are allocated based on several different methodologies depending on cost type. The Home Office allocation amounts are charged to business units each month based on operational results. Allocated expenses are grouped in their functional classification category for financial reporting purposes. The natural classification can be found in Note 16.

Recently Adopted Accounting Pronouncements

Effective for the fiscal year ended June 30, 2024, GASB issued the following pronouncements that were adopted for this report: Paragraphs 4 through 10 of GASB Statement No. 99, *Omnibus 2022*, and GASB Statement No. 100, *Accounting Changes and Error Corrections*. For fiscal year ended, June 30, 2025, the adoption of GASB 100 was considered with the adoption of GASB 101, *Compensated Absences* as a change in accounting principle.

In June 2022, GASB issued Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model by amending certain previously required disclosures. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability.

The Statement requires that liabilities for compensated absences be recognized for leave that has not been used and leave that has been used but not yet paid in cash or noncash means. A liability should be recognized for leave that has not been used if the leave is attributable to services already rendered, the leave accumulates, and the leave is more likely than not to be used or paid for time off or otherwise paid in cash or settled by noncash means. UConn Health adopted the requirements of this Standard as of July 1, 2024 and has applied the provisions of this Statement to the beginning of the earliest comparative period presented.

In December 2023, GASB issued Statement No. 102, *Certain Risk Disclosures*. The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. UConn Health adopted this Statement on July 1, 2024 and has evaluated certain circumstances and does not have issues to disclose that have not been addressed in the footnotes of these financial statements.

CHANGE IN ACCOUNTING PRINCIPLE

For fiscal year 2025, UConn Health adopted accounting pronouncement GASB 101, resulting in a change in accounting principle. GASB 101, which addresses the accounting and financial reporting of compensated absences, superseded GASB Statement No. 16, *Accounting for Compensated Absences*. As part of adopting GASB 101, UConn Health restated the beginning balances of compensated absences liabilities as of July 1, 2024, by \$40.3 million. The most significant impact resulting from the adoption was a change in the accounting for sick leave, which is now recognized as a liability when it is more likely than not to be used or paid, in accordance with GASB 101.

The impact of adopting GASB 101 on select accounts on the Statement of Net Position and Statement of Revenues, Expenses, and Changes in Net Position as of June 30, 2024 was as follows:

Combined Statement of Net Position	June 30, 2024 As Previously Reported	Implementation of GASB 101	June 30, 2024 As Restated
Current Liabilities			
Accrued compensated absences, current portion	\$ 25,351,877	\$ 32,483,462	\$ 57,835,339
Noncurrent Liabilities			
Accrued compensated absences, net of current portion	30,538,504	7,793,996	38,332,500
Net Position			
Net investment in capital assets	620,097,945	-	620,097,945
Restricted for			
Nonexpendable			
scholarships	61,451	-	61,451
Expendable			
Research	2,090,393	-	2,090,393
Loans	391,407	-	391,407
Capital projects	14,025,512	-	14,025,512
Unrestricted	(2,110,033,661)	(40,277,458)	(2,150,311,119)
Minority interest - Uconn Health Imaging, LLC	511,510	-	511,510
Total Net Position	\$ (1,472,855,443)	\$ (40,277,458)	\$ (1,513,132,901)

Upcoming Accounting Pronouncement

UConn Health is still evaluating the impact on its financial statements of the following upcoming GASB accounting pronouncements:

In April 2024, GASB issued Statement No. 103, *Financial Reporting Model Improvements*. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement is effective for fiscal years beginning after June 15, 2025.

In September 2024, GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. The objective of this Statement is to provide essential information about certain types of capital assets in order to make informed decisions and assess accountability between governments. This Statement is effective for fiscal years beginning after June 15, 2025.

2. CASH DEPOSITS AND INVESTMENTS

GASB Statement No. 40 requires governmental entities to disclose credit risk associated with cash deposits and investment balances, and investment policies applied to mitigate such risks, especially as it relates to uninsured and unregistered investments for which the securities are held by the broker or dealer, or by its trust department or agent, but not in UConn Health's name.

UConn Health's cash and cash equivalents, current and noncurrent, balance was \$366,990,095 as of June 30, 2025 and included the following:

	2025
Cash maintained by State of Treasurer	\$ 272,784,608
Invested in State of Connecticut Short-Term Investment Fund	93,971,516
Deposits with Financial Institutions and Other	230,921
Currency (Change Funds)	3,050
Total cash and cash equivalents	<u>366,990,095</u>
Less: current balance	336,950,221
Total noncurrent balance	<u>\$ 30,039,874</u>

Collateralized deposits are protected by Connecticut statute. Under this statute, any bank holding public deposits must at all times maintain, segregated from its other assets, eligible collateral in an amount equal to at least a certain percentage of its public deposits. The applicable percentage is determined based on the bank's risk-based capital ratio – a measure of the bank's financial condition. The collateral is kept in the custody of the trust department of either the pledging bank or another bank in the name of the pledging bank. Portions of the bank balance of the State of Connecticut were insured by the Federal Deposit Insurance Corporation or collateralized. As a State agency, UConn Health benefits from this protection, though the extent to which the deposits of an individual State agency such as UConn Health are protected cannot be readily determined.

Short-Term Investment Fund (STIF)

STIF is a money market investment pool in which the State, municipal entities, and political subdivisions of the State are eligible to invest. The State Treasurer is authorized to invest monies of STIF in United States government and agency obligations, certificates of deposit, commercial paper, corporate bonds, saving accounts, banker's acceptances, repurchase agreements, asset-backed securities, and student loans. For financial reporting purposes, STIF is considered to be "cash equivalents" in the statements of net position.

UConn Health's cash management investment policy authorizes UConn Health to invest in the State Treasurer's Short Term Investment Fund, United States Treasury bills, United States Treasury notes and bonds, United States Government Agency obligations, banker's acceptances, certificates of deposit (including EURO Dollars), commercial paper, money market funds, repurchase agreements, and savings accounts. The \$93,971,516 invested in the State of Connecticut Investment Pool is invested by the State-Treasurer in its Short-Term Investment Fund and had a Standard and Poor's rating of AAAM during fiscal year 2025.

In fiscal year 2025, UConn Health established a Renewal and Replacement Fund pursuant to Section 602 of the Special Obligation Student Fee Revenue Bonds Master Indenture. The governance of this fund is outlined in Section 612 of the same indenture. The fund are restricted and intended to support the ongoing maintenance and sound operating condition of UConn Health facilities and infrastructure.

As of June 30, 2025, the fund had a balance of \$30,039,874, which is included in the STIF balance referenced earlier in this disclosure. Investment interest was \$39,873 for the year ended June 30, 2025. The interest earned has been reinvested in the Renewal and Replacement Fund in accordance with the fund's governing provisions.

Funds Held by Outside Fiscal Agents

Certain funds are held by outside fiscal agents and are not under the direct control of UConn Health. Accordingly, the assets of these funds are not included in the financial statements. The fair value amount of these funds was \$2,584,501 as of June 30, 2025. Investment income earned on these assets is transferred to UConn Health in accordance with the applicable trust agreement. Income earned from those sources was \$123,770 for the year ended June 30, 2025.

Funds Held in Escrow

In fiscal year 2022, UConn Health established an escrow account with Western Alliance Bank and De Lage Landen Financial Services, Inc. The escrow balance was \$272,443 as of June 30, 2025. Interest income earned was \$411 for the year ended June 30, 2025. Additional information regarding this account can be found in Note 11.

3. HYPOTHECATION

Individual components of UConn Health are allowed to borrow from the State on the basis of their net patient receivables and contract and other receivables to fund operations. These units include John Dempsey Hospital and the UConn Medical Group. John Dempsey Hospital is allowed to borrow from the State at up to 90% of its receivables. UConn Medical Group is allowed to borrow at up to 70% of its receivables. As of June 30, 2025, the Hospital and UMG had the following draws and availability under the State statute:

	2025	
	John Dempsey Hospital	UConn Medical Group
	<u> </u>	<u> </u>
Amount drawn under hypothecation	\$ -	\$ -
Remaining amounts available under hypothecation	\$ 69,108,572	\$ 14,486,095

4. GROSS PATIENT SERVICE, PHARMACEUTICAL AND IMAGING REVENUE

Gross patient service revenues for John Dempsey Hospital, UConn Medical Group, Dental Clinics and Finance Corp; which includes UHPSI and UHI, are reported net of allowances and provisions for bad debt. UHPSI reports pharmaceutical revenue net of DIR fees. DIR refers to the compensation received by Medicare Part D sponsors or their Pharmacy Benefits Manager (PBM) after point-of-sale. Net patient service, pharmaceutical and imaging revenue for UConn Health are as follows:

	<u>2025</u>	
John Dempsey Hospital		
Gross patient services revenue	\$ 2,333,715,826	
Less contractual allowances and provision for bad debt	<u>1,605,418,763</u>	
		\$ 728,297,063
UConn Medical Group		
Gross patient services revenue	387,032,796	
Less contractual allowances and provision for bad debt	<u>229,389,872</u>	
		157,642,924
Finance Corp		
Gross patient service revenue (UHPSI and UHI)	336,484,082	
Less contractual allowances, Direct and Indirect Remuneration (DIR) fees and provision for bad debt	<u>141,246,072</u>	
		195,238,010
Dental Clinics		
Gross patient services revenue	15,891,722	
Less contractual allowances and provision for bad debt	<u>4,374,473</u>	
		<u>11,517,249</u>
Total net patient services and pharmaceutical revenue		\$ <u>1,092,695,246</u>

Significant Concentrations

UConn Health has agreements with third-party payers that provide for payments at amounts different from its established rates. The most significant of these arrangements are with Medicare and Medicaid. Concentrations of total net patient revenues and associated year-end receivables for these programs are shown in the table below as of June 30, 2025.

	<u>2025</u>	
	<u>Medicare</u>	<u>Medicaid</u>
John Dempsey Hospital		
Net revenue	39%	16%
Accounts receivable	36%	7%
UConn Medical Group		
Net revenue	32%	13%
Accounts receivable	23%	10%
Finance Corp		
Net revenue	30%	41%
Accounts receivable	31%	27%

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. UConn Health believes that it is in compliance with all applicable laws and regulations and is not aware of any material pending or threatened investigations involving allegations of potential wrongdoing. While no such regulatory inquiries are outstanding, compliance with such laws and regulations can be subject to future government review and interpretation as well as significant regulatory action including fines, penalties, and exclusion from the Medicare and Medicaid programs. Changes in the Medicare and Medicaid programs and the reduction of funding levels could have an adverse impact on UConn Health.

In fiscal year 2025, JDH and UMG recorded \$10.8 million and \$23.6 million, respectively in supplemental revenue from the Department of Social Services (DSS), which is included in net patient service revenues in the statement of revenues, expenses, and changes in net position.

5. LEASE RECEIVABLE

As described in Note 1, UConn Health leases building space to external parties. Lease receivable is as follows:

	June 30, 2024			June 30, 2025		
	Balance	Additions	Reductions	Balance	Amounts due within 1 year	
Lease receivable	\$ 2,609,853	\$ 13,821,007	\$ (2,334,875)	\$ 14,095,985	\$ 1,009,565	
Total	\$ 2,609,853	\$ 13,821,007	\$ (2,334,875)	\$ 14,095,985	\$ 1,009,565	

For the fiscal year ended June 30, 2025, the statement of revenues, expenses, and changes in net position includes lease revenue and interest income of \$2,255,235 and \$181,780, respectively.

Future lease payments are summarized in the table below:

Fiscal Year Ending June 30	Lease Receivable	
	Principal	Interest
2026	\$ 1,009,565	\$ 942,113
2027	1,082,005	869,673
2028	1,159,648	792,030
2029	1,242,867	708,811
2030	1,332,602	619,612
2031-2035	8,003,736	1,517,802
2036-2040	114,917	50,861
2041-2045	150,645	18,147
Total lease receivable	\$ 14,095,985	\$ 5,519,049

6. CHARITY CARE

UConn Health's clinical operations provide charity care to eligible patients. There is a growing need for financial assistance due to an increase in the uninsured population and household debt. Many uninsured patients who were previously on Medicaid have transitioned to charity care in fiscal year 2025.

UConn Health's individual clinical entities maintain records to identify and monitor the level of charity care provided. These records include the amount of charges forgone for services and supplies furnished under their respective charity care policies, the estimated cost of those services and supplies, and equivalent service statistics. No net patient revenue is recorded for these services, however, expenses associated with these services are included in the statement of revenues, expenses, and changes in net position.

Listed below, by entity, are the significant charity care services provided along with the associated cost for the fiscal year ended June 30, 2025. UHPSI by nature of its business does not engage in significant charity care activity.

	2025	
	<u>Charity Care Services</u>	<u>Cost of Services</u>
John Dempsey Hospital	\$ 12,104,762	\$ 3,357,861
UConn Medical Group	2,132,993	572,175
Educational Clinics	191,931	178,496
Total	<u>\$ 14,429,686</u>	<u>\$ 4,108,532</u>

7. ENDOWMENTS

UConn Health has designated the Foundation as its manager of endowment funds. The Foundation makes spending allocation distributions to UConn Health for each participating endowment. Distributions are spent by UConn Health in accordance with the respective purposes of the endowments and in accordance with the policies and procedures of UConn Health. Additional information is presented in Note 15.

8. RESIDENCY TRAINING PROGRAMS

UConn Health's School of Medicine Residency Training Program provides area hospitals with the services of interns and residents. Participating hospitals remit payments to UConn Health, in accordance with an established rate schedule, for services provided. UConn Health, in turn, funds the Capital Area Health Consortium, Inc., which coordinates the payment of payroll, related fringe benefits and certain program expenses for the interns and residents, under a contractual arrangement. Amounts remitted or owed by participating hospitals for payments made to interns and residents, and amounts paid or due under contract to the Capital Area Health Consortium, Inc., are reflected in the accompanying financial statements.

UConn Health's School of Dental Medicine also operates its Residency Training Program through the Consortium. Dental Residents work in local dental clinics honing their skills while providing services to traditionally underserved populations. Dental Residency costs are funded by the School of Dental Medicine.

9. CONTINGENCIES

UConn Health is a party to various legal actions arising in the ordinary course of its operations. While it is not feasible to predict the ultimate outcome of these actions, it is the opinion of management that the resolution of these matters will not have a material effect on UConn Health's financial statements.

10. CAPITAL AND INTANGIBLE ASSETS

Capital and intangible assets at June 30, 2025, consisted of the following:

	<u>2025</u>
Land	\$ 13,537,051
Construction in progress	24,248,008
Fine art	1,369,612
Buildings	1,314,388,753
Equipment	292,033,094
Computer software	83,219,683
Equipment- Financed	71,009
	<u>1,728,867,210</u>
Less accumulated depreciation	955,844,306
Capital and intangible assets, net	<u>\$ 773,022,904</u>
Right-to-use assets building	\$ 60,400,507
Right-to-use assets equipment	36,937,573
Right-to-use assets subscriptions	39,833,484
	<u>137,171,564</u>
Less accumulated amortization	69,607,093
Right-to-use assets, net	<u>\$ 67,564,471</u>

Construction in progress at June 30, 2025, represents accumulated costs for various UConn Health construction projects. UConn Health has entered into various contractual arrangements related to these projects. Upon completion, the cost of the project is transferred to the appropriate investment in property and equipment category and depreciation will commence.

Plant and equipment activity and related information on accumulated depreciation for UConn Health for the fiscal year ended June 30, 2025 was as follows:

	2024	Additions	Deletions	2025
<u>Capital assets not being depreciated</u>				
Land	\$ 13,537,051	\$ -	\$ -	\$ 13,537,051
Construction in progress	38,816,708	35,741,601	(50,310,301)	24,248,008
Fine art	1,348,912	20,700	-	1,369,612
Total capital assets not being depreciated	<u>53,702,671</u>	<u>35,762,301</u>	<u>(50,310,301)</u>	<u>39,154,671</u>
<u>Depreciable capital assets</u>				
Buildings and building improvements	1,278,283,815	37,684,638	(1,579,700)	1,314,388,753
Equipment	290,799,943	20,646,271	(19,413,120)	292,033,094
Computer software	78,209,223	5,816,094	(805,634)	83,219,683
Equipment- financed	71,009	-	-	71,009
Total depreciable capital assets	<u>1,647,363,990</u>	<u>64,147,003</u>	<u>(21,798,454)</u>	<u>1,689,712,539</u>
<u>Less accumulated depreciation:</u>				
Buildings and building improvements	628,926,975	44,524,108	(1,579,700)	671,871,383
Equipment	224,993,940	18,505,705	(18,889,132)	224,610,513
Computer software	51,713,594	8,383,441	(805,634)	59,291,401
Equipment - financed	71,009	-	-	71,009
Total accumulated depreciation	<u>905,705,518</u>	<u>71,413,254</u>	<u>(21,274,466)</u>	<u>955,844,306</u>
<u>Depreciable capital assets, net</u>				
Buildings and building improvements	649,356,840	(6,839,470)	-	642,517,370
Equipment	65,806,003	2,140,566	(523,988)	67,422,581
Computer software	26,495,629	(2,567,347)	-	23,928,282
Equipment- financed	-	-	-	-
Total depreciable capital assets, net	<u>741,658,472</u>	<u>(7,266,251)</u>	<u>(523,988)</u>	<u>733,868,233</u>
Capital and intangible assets, net	<u>\$ 795,361,143</u>	<u>\$ 28,496,050</u>	<u>\$ (50,834,289)</u>	<u>\$ 773,022,904</u>
	2024	Additions	Deletions	2025
<u>Right-to-use assets</u>				
Right-to-use assets building	\$ 58,334,464	\$ 2,153,499	\$ (87,456)	\$ 60,400,507
Right-to-use assets equipment	33,888,580	3,512,491	(463,498)	36,937,573
Right-to-use assets subscriptions	35,410,808	7,695,019	(3,272,343)	39,833,484
Total right-to-use assets	<u>127,633,852</u>	<u>13,361,009</u>	<u>(3,823,297)</u>	<u>137,171,564</u>
<u>Right-to-use assets amortization</u>				
Right-to-use assets building	12,737,442	5,191,819	(87,456)	17,841,805
Right-to-use assets equipment	14,407,491	5,215,162	(463,498)	19,159,155
Right-to-use assets subscriptions	30,038,721	5,839,755	(3,272,343)	32,606,133
Total accumulated amortization	<u>57,183,654</u>	<u>16,246,736</u>	<u>(3,823,297)</u>	<u>69,607,093</u>
<u>Right-to-use assets, net</u>				
Right-to-use building	45,597,022	(3,038,320)	-	42,558,702
Right-to-use equipment	19,481,089	(1,702,671)	-	17,778,418
Right-to-use subscriptions	5,372,087	1,855,264	-	7,227,351
Right-to-use assets, net	<u>\$ 70,450,198</u>	<u>\$ (2,885,727)</u>	<u>\$ -</u>	<u>\$ 67,564,471</u>

11. LONG-TERM LIABILITIES, LEASES AND SUBSCRIPTIONS

Activity related to notes payable, leases, subscriptions and other long-term liabilities for the fiscal year ended June 30, 2025, was as follows:

	June 30, 2024			June 30, 2025	Amounts due
	Balance (Restated)	Additions	Reductions	Balance	within 1 year
Long-Term Liabilities:					
Right-to-use subscription liabilities	\$ 18,646,772	\$ 7,695,020	\$ (9,739,541)	\$ 16,602,251	\$ 8,207,623
Right-to-use lease liabilities	58,108,600	6,001,447	(7,845,163)	56,264,884	7,925,727
Total right-to-use liabilities	76,755,372	13,696,467	(17,584,704)	72,867,135	16,133,350
Business-type activities:					
Notes from Direct Borrowings -					
Secured note - De Lage Landen Financial Services, Inc, principal and interest payments begin August 2022 and continue until August 2028, with interest at 4.42%	12,561,890	-	(4,698,000)	7,863,890	-
Secured note - Siemens, principal and interest began February 2024 and continues until January 2029 with interest at 6.91%	1,476,958	-	(301,685)	1,175,273	299,311
Secured mortgage - Capital Lease Funding (KeyBank), principal and interest payments began January 2004 and continue until November 2024, with interest at 6.34%	826,105	-	(826,105)	-	-
Secured mortgage - TIAA, 25 year, 4.809% coupon. Principal and interest payments began on April 15, 2015 and will continue until March 15, 2040	154,093,070	-	(6,707,068)	147,386,002	7,036,815
Total notes from direct borrowing	168,958,023	-	(12,532,858)	156,425,165	7,336,126
Other long-term liabilities:					
Malpractice reserve	10,198,000	13,507,870	(10,960,870)	12,745,000	3,184,000
Compensated absences	96,167,839	51,907,384	(42,593,803)	105,481,420	66,010,272
Pension liability	871,618,555	-	(871,618,555)	-	-
OPEB liability	1,497,568,942	-	(1,497,568,942)	-	-
Total other long-term liabilities	2,475,553,336	65,415,254	(2,422,742,170)	118,226,420	69,194,272
Total long-term liabilities	\$ 2,721,266,731	\$ 79,111,721	\$ (2,452,859,732)	\$ 347,518,720	\$ 92,663,748

Outstanding notes from direct borrowings related to business-type activities as of June 30, 2025, were \$156,425,165. The mortgage, which account for approximately \$147.4 million of the debt, is secured by the Outpatient Pavilion, the Leasehold (as to Land) and Fee (as to improvements) Mortgage, Security Agreement, Assignment of Lease and Rents and Fixture Filing. Outstanding notes from direct borrowings related to business-type activities contain a provision that in an event of default, outstanding amounts become immediately due if payment has not been made when due.

Additionally, UConn Health has approximately \$9.0 million debt secured by equipment. The Finance Corporation entered into a lease agreement with NWN Corporation, De Lage Landen Financial Services Inc., and Western Alliance Bank, on behalf of UConn Health, to develop and implement a new campus network architecture. This project is expected to span over a period of up to 30 months, with software and support services expected to span over seven years. The Finance Corporation through UHI entered into a construction

loan with Siemens for installation of equipment located at 5 Munson Road, Farmington, CT. Outstanding notes from direct borrowings related to this business-type activity of \$9,039,163 as of June 30, 2025. UConn Health is treating both agreements as a financed purchase over time. Additionally, that portion of the agreements does not fall within the scope of GASB 87 due to the purchase option at the expiration of the agreement, which UConn Health plans to exercise.

In fiscal year 2025, UConn Health recorded interest expense of \$7,353,938 related to note borrowings.

Estimated cash basis interest and principal requirements for notes from direct borrowings for the remaining years of the notes as of June 30, 2025 are as follows:

<u>Year Ending June 30,</u>	<u>Notes from Direct Borrowing</u>	
	<u>Principal</u>	<u>Interest</u>
2026	\$ 7,336,126	\$ 7,012,777
2027	10,211,126	6,986,159
2028	10,707,856	6,489,429
2029	11,072,527	5,970,110
2030	8,526,093	5,444,758
2031-2035	49,345,824	20,508,435
2036-2040	<u>59,225,613</u>	<u>7,139,353</u>
Total notes from direct borrowing	<u>\$ 156,425,165</u>	<u>\$ 59,551,021</u>

UConn Health routinely leases various facilities and equipment instead of purchasing the assets. The contracts at times, include variable payments, residual value guarantees or termination penalties that are not known or certain to be exercised at the time of the lease liability valuation. These are recognized as expenses in the period that they occur. For the fiscal year ended June 30, 2025, UConn Health recognized expense for lease variable payments related to common area maintenance and property taxes of \$539,336 and \$320,306, respectively. There were no termination penalties or residual guarantee payments expensed for the fiscal year ended June 30, 2025.

In fiscal year 2025, UConn Health recorded interest expense in the statement of revenues, expenses, and net position of \$2,840,799 related to lease liabilities.

The following is a schedule by fiscal year future minimum payments due for leases, together with the present value of the net minimum lease payments as of June 30, 2025 are as follows:

<u>Year Ending June 30,</u>	<u>Lease Liabilities</u>	
	<u>Principal</u>	<u>Interest</u>
2026	\$ 7,925,727	\$ 3,432,088
2027	7,161,959	2,434,671
2028	6,088,186	2,046,173
2029	4,827,804	1,735,894
2030	3,968,892	1,494,344
2031-2035	13,502,024	5,183,631
2036-2040	8,163,348	2,440,148
2041-2045	<u>4,626,944</u>	<u>490,518</u>
Total lease liabilities	<u>\$ 56,264,884</u>	<u>\$ 19,257,467</u>

UConn Health has various subscription-based information technology arrangements (SBITAs) to support its services. SBITAs entered into, or in place, during the fiscal year ended June 2025 include:

- Various desktop and server software subscriptions
- Electronic workflow software
- Budgeting, accounting, and information system software
- Performance measurements/benchmarking software
- Document management software
- Payroll and human resources services software
- Information technology security software

In fiscal year 2025, UConn Health recorded interest expense of \$1,336,522 related to SBITAs.

The following is a schedule by fiscal year of future minimum SBITA payments due as of June 30, 2025:

<u>Year Ending June 30,</u>	<u>Subscription Liabilities</u>	
	<u>Principal</u>	<u>Interest</u>
2026	\$ 8,207,623	\$ 684,475
2027	5,083,558	314,617
2028	2,987,401	83,379
2029	192,831	15,427
2030	95,494	4,949
2031-2035	35,344	2,135
Total subscription liabilities	<u>\$ 16,602,251</u>	<u>\$ 1,104,982</u>

UConn Health had no other outflow of resources in relation to these subscriptions during the fiscal year June 30, 2025 that were not included in the measurement of the subscription liability.

Medical Malpractice Insurance

UConn Health is self-insured with respect to medical malpractice risks. Estimated losses from asserted and unasserted claims identified under UConn Health's incident reporting system and an estimate of incurred but not reported claims are accrued based on actuarially determined estimates that incorporate UConn Health's past experience as well as other considerations, including the nature of each claim or incident and relevant trend factors. The scope of UConn Health's assessment for establishing budgets for malpractice costs encompasses physicians, dentists, and all other UConn Health health care providers, and support staff.

UConn Health is involved in litigation claiming a substantial amount of damages arising in the ordinary course of business. Specifically, claims alleging malpractice have been asserted against UConn Health and are currently in various stages of litigation. Costs associated with these known claims, including settlements, as well as any new claims arising during the course of business will be paid from the malpractice fund.

To the extent that claims for cases exceed current year premiums charged by UConn Health, UConn Health may petition the State to make up the difference. Operational subsidies from the State and/or UConn Health may be affected by the performance of UConn Health's malpractice program.

At June 30, 2025, UConn Health Malpractice Fund had actuarial reserves of approximately \$12.7 million and assets of approximately \$22.2 million.

12. RETIREMENT PLAN AND OTHER POST EMPLOYMENT BENEFITS

State Retirement Systems

UConn Health offers two defined benefit plans administered through the State: the State Employees' Retirement System (SERS) and the Connecticut Teachers' Retirement System (TRS); and the Alternate Retirement Plan (ARP) which is a defined contribution plan. Through employee participation in one of the above plans, employees are also enrolled in the State of Connecticut State Employee OPEB Plan (SEOPEBP). SERS, TRS and SEOPEBP do not issue stand-alone financial reports but are reported as fiduciary funds within the State's Annual Comprehensive Financial Report (ACFR). Financial reports are available on the website of the Office of the State Comptroller at www.osc.ct.gov.

Pension plan descriptions - SERS is a single-employer defined-benefit plan that covers substantially all of the State's full-time employees who are not eligible for another State sponsored retirement plan. SERS is administered by the State Comptroller's Retirement Division under the direction of the State Employees Retirement Commission. As of June 30, 2023, SERS consisted of plans in five tiers: Tier I, Tier II, Tier IIA, Tier III, and Tier IV including the (Hybrid Plan). The percentage of UConn Health's eligible employees participating in SERS was approximately 69.2% in fiscal year 2025.

TRS is a cost-sharing multiple-employer defined benefit plan covering any teacher, principal, superintendent, or supervisor engaged in service of public schools in the State. Employees previously qualified for TRS continue coverage during employment with UConn Health and do not participate in any other offered retirement plans. TRS is governed by Chapter 167a of the State General Statutes, as amended through the current session of the State legislature and is administered by the Teachers' Retirement Board.

Benefits provided - SERS was established by the Connecticut General Assembly for the purpose of providing retirement, disability, and death benefits along with annual cost-of-living adjustments (COLAs) to plan members and their beneficiaries. Generally, the monthly pension benefit is calculated in accordance with a basic formula, which takes into consideration average salary, credited service, and age at retirement. The details on plan benefits for the Tier IV Plan, revised COLAs for plan members retiring on or after July 1, 2022, and revised disability retirement requirements are described in the State Employees' Bargaining Agent Coalition (SEBAC) 2017 agreement. Further details on plan benefits, COLAs, and other plan provisions are described in Sections 5-152 to 5-192x of the State General Statutes.

TRS also provides retirement, disability, and death benefits along with annual COLAs to plan members and their beneficiaries. Generally, monthly plan benefits are based on a formula in combination with the member's age, service, and the average of the highest 3 years of paid salaries. Members are 100 percent vested after 10 or more years of credited service. Further information on TRS plan benefits, COLAs, and other plan provisions is described in Sections 10-183b to 10-183ss of the State General Statutes.

Contributions - The contribution requirements are established and may be amended by the State legislature subject to the contractual rights established by collective bargaining. The State is required to contribute at an actuarially determined rate. Employee contribution* rates for the fiscal year ended June 30, 2025 were as follows:

<u>SERS plan tiers</u>	<u>Plan %</u>
Tier I Hazardous	6% of earnings up to Social Security Taxable Wage Base plus 7.0% of earnings above that level
Tier I Plan B	4% of earnings up to Social Security Taxable Wage Base plus 7.0% of earnings above that level
Tier I Plan C	7.0% of earnings
Tier II Hazardous	6.0% of earnings
Tier II (all others)	2.0% of earnings
Tier IIA and III Hazardous	7.0 % of earnings
Tier IIA and III (all others)	4.0% of earnings
Tier IV Hazardous	8% of earnings
Tier IV (all others)	5% of earnings

*Contributions may vary for anyone electing to maintain retirement eligibility.

In accordance with the SEBAC 2017 agreement, in years where asset losses require further increases in contributions, Tier IV employees' contributions may increase by half the necessary increase in rates (up to 2%). Finally, all Tier IV employees must contribute 1% to the defined benefit component and may elect additional contributions of up to 3% of salary. The State is required to contribute at an actuarially determined rate to the defined benefit component and 1% of eligible compensation to the defined contribution component.

Individuals hired on or after July 1, 2011 and before July 1, 2017, who were otherwise eligible for the ARP, were also eligible to become members of the Hybrid Plan. The Hybrid Plan has defined benefits identical to Tiers II, IIA, and III, but requires employee contributions 3% higher than the contribution required from the applicable Tier II, IIA, or III Plan.

TRS contribution requirements are also established and may be amended by the State legislature. Plan members are required to contribute 7% of their annual salary. Employer contributions are funded by the State on behalf of the participating municipal employers, which is considered a special funding situation. However, this special funding situation does not apply to UConn Health, an agency of the State, because there is not a separate non-employer contributing entity.

Effective July 1, 2023, legislation altered UConn Health's funding structure for employer contributions to the SERS and TRS. Additional details are provided in Note 15. Beginning in fiscal year 2024, the State assumed responsibility for these contributions, and UConn Health did not make any payments to SERS or TRS during fiscal year 2025 and 2024.

Proportionate share of the collective net pension liability (NPL) and pension expense. In prior years, UConn Health's proportionate share of the NPL was determined by its share of total contributions to each plan. Due to the legislative changes effective after June 30, 2023, UConn Health's proportionate share was reduced to zero for both plans as of the June 30, 2024 measurement date, reflecting the State's full funding of contributions. As of the June 30, 2023 measurement date, UConn Health's proportion was 4.18% for SERS and 0.03% for TRS.

With a zero percent proportionate share, UConn Health removed all related pension liabilities, deferred inflows, and deferred outflows from its financial statements. This removal was recorded as a special item in the Statement of Revenues, Expenses, and Changes in Net Position for the fiscal year ended June 30, 2025, rather than being amortized as a change in proportionate share through pension expense. Additional details are provided in Note 17.

Alternate Retirement Plan

Defined Contribution Plan - UConn Health also offers the Alternate Retirement Plan (ARP), a defined contribution plan administered through a third-party administrator, Empower Financial Services, Inc. The Connecticut State Employees Retirement Commission has the authority to supervise and control the operation of the plan including the authority to make and amend rules and regulations relating to the administration of the plan.

All unclassified employees not already in a pension plan of a constituent unit of the State system of higher education or the central office staff of the Department of Higher Education are eligible to participate in ARP.

ARP contribution requirements are established and may be amended by the State legislature subject to the contractual rights established by collective bargaining. The SEBAC 2017 agreement amended certain provisions for ARP by revising employee and employer contribution rates. Participants hired prior to July 1, 2017, must contribute 6% of their eligible compensation, except for participants who elected the one-time option to remain at the previous employee contribution rate of 5%, and their employer must contribute 7% of eligible compensation. Participants hired on or after July 1, 2017, have the option to contribute 6.5% or 5% of their eligible compensation and their employer must contribute 6.5% of eligible compensation. There is no minimum vesting period for ARP. Other ARP provisions are described in Chapter 66 of the State General Statutes, State Employees Retirement Act.

Legislation effective July 1, 2023, changed UConn Health's State funding structure concerning employer contributions (see Note 15). As a result, for the fiscal year ended June 30, 2024, UConn Health did not make contributions or report pension expenses for ARP, as these are funded by the State.

Post-Employment Benefits other than Pension

In addition to the pension benefits, the State provides post-retirement health care and life insurance benefits to UConn Health employees in accordance with State Statutes Sections 5-257(d) and 5-259(a). When employees retire, the State may pay up to 100% of their health care insurance premium cost (including dependents' coverage) based on the plan chosen by the employee. In addition, the State pays 100% of the premium cost for a portion of the employee's life insurance continued after retirement. The amount of life insurance continued at no cost to the retiree is determined by a formula based on the number of years of State service that the retiree had at the time of retirement.

General Information about the SEOPEBP

Plan description - The State's defined benefit OPEB plan, State of Connecticut State Employee OPEB Plan (SEOPEBP), provides OPEB benefits for employees of the State who are receiving benefits from a qualifying State-sponsored retirement system. This plan is administered by the State Comptroller's Healthcare Policy and Benefits Division under the direction of the State Employees Retirement Commission.

Benefits provided - SEOPEBP provides healthcare and life insurance benefits to eligible retired State employees and their spouses as well as life insurance benefits to employees when they retire. The State may pay up to 100% of the healthcare insurance premium cost for eligible retirees. In addition, the State pays 100% of the premium cost for a portion of the employees' life insurance continued after retirement. The amount of life insurance continued at no cost to the retiree is determined by a formula based on the number of years of State service that the retiree had at the time of retirement. Employees hired prior to July 1, 2011 are vested for retiree health benefits upon completion of 10 years of actual state service. Employees hired on or after July 1, 2011 are vested for retiree health benefits upon completion of 15 years of actual state service. If employees should resign from service prior to reaching the age for early or normal retirement eligibility, the employee would be able to receive the retiree health benefits according to the Rule of 75 (age + service = 75). Plan benefits, and other plan provisions are described in sections 5-257 and 5-259 of the State General Statutes. Further information regarding plan changes affecting employees retiring on or after October 2, 2017, are described in the SEBAC 2017 agreement.

Contributions – SEOPEBP is primarily funded on a pay-as-you-go basis. The contribution requirements of the plan members and the State are established and may be amended by the State legislature, or by agreement between the State and employees' unions, upon approval by the State legislature. Current active employees contribute a percentage of their salary into the Retiree Health Care Trust Fund (RHCF) for pre-funding of OPEB benefits. Employees hired prior to July 1, 2017, contribute 3% of their salary for a period of 10 years or until retirement, whichever is sooner. In accordance with the SEBAC 2017 agreement, employees hired on or after July 1, 2017, contribute 3% of their salary for 15 years. Contributions are refundable to employees that leave State employment prior to completing 10 years of service.

Similar to pension, effective July 1, 2023, legislation altered UConn Health's funding structure for employer contributions to the SEOPEBP. Additional details are provided in Note 15. Beginning in fiscal year 2024, the State assumed responsibility for these contributions, and UConn Health did not make any payments to SEOPEBP.

Proportionate share of the collective net OPEB liability (NOL) and OPEB expense. In prior years, UConn Health's proportionate share of the NOL was determined by its share of total contributions. Due to the legislative changes effective after June 30, 2023, UConn Health's proportionate share was reduced to zero as of the June 30, 2024 measurement date, reflecting the State's full funding of contributions. As of the June 30, 2023 measurement date, UConn Health's proportion was 9.6%.

With a zero percent proportionate share, UConn Health removed all related OPEB liabilities, deferred inflows, and deferred outflows from its financial statements. This removal was recorded as a special item in the Statement of Revenues, Expenses, and Changes in Net Position for the fiscal year ended June 30, 2025, rather than being amortized as a change in proportionate share through OPEB expense. Additional details are provided in Note 17.

13. BOND FINANCED ALLOTMENTS

UConn Health recognizes an asset when an allotment is processed for State general obligation bonds or when bonds are funded from UConn Health resources or issued under the UCONN 2000 program are sold.

In fiscal year 2002, the General Assembly of the State of Connecticut enacted, and the Governor signed into law Public Act No. 02-3, An Act Concerning 21st Century UConn (Act). The Act authorized additional projects for the University and for the first time UConn Health for what is called Phase III of UCONN 2000. This Act amended PA No. 95-230 and extended the UCONN 2000 financing program.

The 21st Century UConn program was amended in fiscal year 2008, extending it an additional year to June 30, 2016, without any change in the total amount. In fiscal year 2010, the Act was amended again including a \$25.0 million reallocation from existing UCONN 2000 UConn Health allocations, and a \$207.0 million

increase in UCONN 2000 debt service commitment authorizations for the UConn Health Network. This also extended the UCONN 2000 program two additional years to fiscal year 2018.

During the October 2011 special session, the Connecticut General Assembly adopted Public Act 11-2 which established the Connecticut Bioscience Collaboration Program (the "Collaboration") and authorized \$290,685,000 of State general obligation bonds to be issued over a ten-year period and to be deposited in the Connecticut Bioscience Collaboration Fund. The Collaboration will support the establishment of a bioscience cluster anchored by the Jackson Laboratory for Genomic Medicine; a research laboratory located on UConn Health's Farmington campus.

In the June 2015 Special Session, the General Assembly of the State of Connecticut enacted and the Governor signed into law Public Act 15-01 (June Spec. Sess.), *An Act Authorizing and Adjusting Bonds of the State for Capital Improvements, Transportation, and Other Purposes*. The bill introduced language effective July 1, 2015, that allows the University to revise, delete or add particular projects to finance the implementation of UConn Health's EMR, thus giving the University the flexibility to reallocate existing UCONN 2000 authorizations to the project in future years. Any additional remaining UCONN 2000 authorizations are included in the unspent portion of bond proceeds held as Due from Affiliates in the statement of net position.

As of June 30, 2025, approved projects receiving bond funding from UConn General Obligation Bonds secured by the State's Debt Service Commitment had an allocated total of \$850.9 million. The Act also requires UConn Health to contribute not less than \$69.0 million through operations, eligible gifts, or other sources towards new UConn Health construction.

UConn Health reports revenues from these bonds as Capital Appropriations. As noted above, the current Phase III commitment to fund projects totals \$850.9 million for UConn Health. These bonds are general obligations of the University, for which its full faith and credit are pledged, and are payable from all assured revenues. The bonds are additionally secured by the pledge of and a lien upon the State Debt Service Commitment. The State Debt Service Commitment is the commitment by the State to pay an annual amount of debt service on securities issued as general obligations of the University. The University, consistent with the Act, is relying upon the receipt of the annual amount of the pledged State Debt Service Commitment for the payment of the bonds and, accordingly, is not planning to budget any of the other revenues for the payment of the bonds. The University therefore acts as custodian of the funds for UConn Health. A corresponding receivable, Due from Affiliates, is recorded for the unspent portion of the bonds, \$7.0 million, at June 30, 2025, in the statement of net position.

In June, 2025, the General Assembly approved legislation under Bill No. 7288 authorizing \$28.0 million and \$43.0 million to UConn Health for fiscal years 2026 and 2027, respectively. The table below indicates how the Bill outlined the use of these funds.

	<u>2026</u>	<u>2027</u>
Deferred Maintenance	\$ -	\$ 30,000,000
Equipment, Library collections and Telecommunications	25,000,000	10,000,000
Telecommunications infrastructure upgrades, improvements and expansions	3,000,000	3,000,000
Total Bond Funds under Bill No. 7288	<u>\$ 28,000,000</u>	<u>\$ 43,000,000</u>

During fiscal year June 30, 2025, UConn Health was allotted under Bill No. 6942 and spent \$13.0 million on equipment, library collections and telecommunications. This amount was recorded as part of the capital appropriation in the accompanying Statement of Revenues, Expenses and Changes in Net Position. Additional information is presented in Note 15.

14. COMMITMENTS

On June 30, 2025, UConn Health had individual outstanding commitments exceeding \$300,000 in amount, totaling \$5,134,834. Portions of this amount were included in the June 30, 2025, accounts payable and due to related parties. Commitments above do not include any commitments arising from the administration of UCONN 2000 funds by the University on UConn Health's behalf. Such obligations are paid directly from proceeds of bond issuances and are included in the University's financial statements.

UConn Health agreed to pay \$84,576,845 during the 2025-2026 fiscal year to the Capitol Area Health Consortium to cover the payment of payroll, related fringe benefits, and certain program expenses for interns and residents participating in the School of Medicine and Dental Medicine Residency Training Programs. These costs are to be funded by participating hospitals, which will remit payments to UConn Health, in accordance with an established rate schedule, for services provided. Dental Residency costs will be funded by the School of Dental Medicine.

15. RELATED PARTY TRANSACTIONS

The University of Connecticut Foundation, Inc. (the "Foundation") is a tax-exempt organization whose objective is the betterment of the University, including UConn Health. UConn Health has an agreement through the University to reimburse the Foundation for certain administrative services and the Foundation agreed to reimburse UConn Health for certain services performed and for operating expenses of the Foundation. The following material transactions occurred between UConn Health and the Foundation during the year ended June 30, 2025:

	<u>2025</u>
Amount expensed to University for Foundation services	\$ <u>1,500,000</u>
Amount received from Foundation for personnel services and operating expenses	\$ <u>3,830,514</u>
Amount received from Foundation from endowments and gifts	\$ <u>1,699,979</u>

In addition, UConn Health directly engages in transactions with the University. The material terms of contracted arrangements are set forth in formal Memorandum of Understanding's (MOU) that are reviewed and agreed upon by both parties on an annual basis. For the fiscal year ended June 30, 2025, UConn Health recorded \$16.5 million in expenses and \$2.4 million in revenue related to services specified in the MOUs. UConn Health also paid the University for other expenses related to grants and contracts, services of educational departments, auxiliary enterprises and for miscellaneous goods and services.

Listed in the table below are the material expense and revenue transactions with the University excluding payments for Foundation services. Not included in this list are certain cost share arrangements for shared services and transactions related to UCONN 2000 as noted in Note 13.

	2025	
	Expenses Paid to University of Connecticut	Revenue from University of Connecticut
<u>Agreements under an MOU</u>	(\$ in thousands)	
University safety	\$ 8,991	\$ -
Research	2,007	1,737
Audit, compliance and privacy	1,564	-
Library services	989	-
Information technology	774	-
Communications (marketing)	599	-
Ombudsman and institutional equity	551	74
Document production	473	-
Government relations and other	276	327
Diversity and inclusion	190	-
Human resources	82	239
Total MOUs with University of Connecticut ^	<u>\$ 16,496</u>	<u>\$ 2,377</u>

^ A portion of this was included in Due to Affiliate in the accompanying statement of net position

UConn Health recorded a payable to the University for \$11.2 million related to these agreements.

UConn Health provides pharmaceutical, medical, dental, and psychiatric care to inmates incarcerated at the State's correctional facilities. This program is funded from the State's General Fund through the Department of Correction (DOC). UConn Health billed and received from DOC \$7.7 million in fiscal year 2025 for services. For fiscal year 2025 UConn Health recorded a receivable from DOC for \$9,592 related to these services.

Through UConn Health, the State seeks to meet certain unmet needs in the community including the training and development of new doctors and dentists. The State supports UConn Health's mission via State Appropriations. State appropriations represent amounts the State provides to UConn Health to support operations. In-kind fringe benefits take the form of forgone fringe benefit expense reimbursement related to salaries of certain State sponsored research projects.

For the fiscal year ended June 30, 2025, the amounts of the benefits recognized were as follows:

	2025
State of Connecticut appropriations	\$ 133,627,929
Fringe benefit differential Public Act 2024HB-05523 Section 44	<u>4,500,000</u>
Appropriations from State of Connecticut	\$ 138,127,929
In-kind fringe benefits from State of Connecticut:	<u>\$ 769,026</u>
Total appropriations and in-kind fringe benefits received from State of Connecticut	<u>\$ 138,896,955</u>

In June 2023, the General Assembly enacted and the Governor signed PA 23-204, which includes the State budget for the fiscal years 2024 and 2025 biennium and amendments to the State's funding structure for constituent units of the state system of higher education. Under this legislation, effective July 1, 2023, the State funds all the UConn Health's employee retirement costs related to the State's retirement systems and the Alternate Retirement Plan. UConn Health is responsible for funding all employee non-retirement fringe benefit costs. To achieve a budget-neutral effect, the State has (1) reduced the appropriation to UConn Health, and (2) no longer associates employee salary and fringe benefit expenses with the General Fund appropriation. For the year ended June 30, 2025, the State funded \$195.5 million of retirement and other post-employment benefit costs for UConn Health. This amount is inclusive of allocations for the State's unfunded pension and OPEB liabilities as well as administrative expenses. These amounts are not reported as on-behalf revenues or expenses in the accompanying financial statements.

In fiscal year 2025, the State allotted \$54.9 million to UConn Health for one-time funding under the American Rescue Plan Act (ARPA) allocation, which was designated for temporary operating support. These amounts were recognized as federal and state aid under nonoperating revenues in the accompanying Statement of Revenues, Expenses, and Changes in Net Position for the year ended June 30, 2025, and are excluded from the appropriations detailed above.

Pursuant to various public or special bond acts, the General Assembly empowers the State Bond Commission to allocate and approve the issuance of bonds for a variety of projects or purposes. During fiscal year 2025, the State Bond Commission allocated \$13.0 million for equipment, library collections and telecommunications. This amount was recorded as part of capital appropriations in the accompanying Statement of Revenues, Expenses and Changes in Net Position for the fiscal year ended June 30, 2025. Additional information is presented in Note 13.

16. OPERATING EXPENSES BY NATURAL AND FUNCTIONAL CLASSIFICATION

The table below details UConn Health's operating expenses by natural and functional classification for the fiscal year ended June 30, 2025 (amounts in thousands).

Functional Classification	Natural Classification					Total
	Salaries and wages	Fringe benefits	Supplies and other expenses	Utilities	Depreciation and amortization	
Instruction	\$105,237	\$ 20,773	\$ 70,843	\$ 1,777	\$ -	\$ 198,630
Research	30,576	7,559	26,722	5,223	-	70,080
Patient services	463,035	114,044	416,422	6,903	-	1,000,404
Academic support	12,670	3,443	5,558	-	-	21,671
Institutional support	39,500	10,611	165,541	-	-	215,652
Operations and maintenance of plant	13,420	4,624	12,787	3,899	-	34,730
Depreciation and amortization	-	-	-	-	87,660	87,660
Student aid	33	-	27	-	-	60
Total	<u>\$664,471</u>	<u>\$161,054</u>	<u>\$697,900</u>	<u>\$ 17,802</u>	<u>\$ 87,660</u>	<u>\$ 1,628,887</u>

17. SPECIAL ITEM – DERECOGNITION OF PENSION AND OPEB BALANCES

As described in Note 1, in fiscal year 2025 UConn Health recorded a special item for the removal of pension and OPEB balances. This derecognition is classified as a special item under GASB Statements No. 34 *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments* and No. 62 *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* because it is infrequent in occurrence and falls within management control, as demonstrated by their participation and influence in decisions regarding State funding changes.

GASB Statements No. 68 *Accounting and Financial Reporting for Pensions* and No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* do not require allocation of pension and OPEB liabilities to individual funds within the reporting entity unless those liabilities are directly related to and expected to be paid from those funds. Based on this guidance and legislative changes, UConn Health no longer recognizes these liabilities. The derecognition was recorded separately in other changes in net position in the accompanying Statement of Revenues, Expenses, and Changes in Net Position for the year ended June 30, 2025.

The total impact of the derecognition was approximately \$2,407.2 million. The following table shows the increase (decrease) to net position by plan and balance type as of June 30, 2025:

	SERS	TRS	SEOPEBP	Total
	<i>(in thousands)</i>			
Net Liability (NPL/NOL)	\$ 866,352	\$ 5,267	\$ 1,497,569	\$ 2,369,188
Deferred inflows of resources	208,636	1,258	566,743	776,637
Deferred outflows of resources	(233,519)	(2,606)	(502,480)	(738,605)
Total derecognition of pension and OPEB balances	<u>\$ 841,469</u>	<u>\$ 3,919</u>	<u>\$ 1,561,832</u>	<u>\$ 2,407,220</u>

18. SUBSEQUENT EVENTS

UConn Health has evaluated subsequent events through December 5, 2025, which represents the date the financial statements were available to be issued.

On November 7, 2025, The University of Connecticut Health Center Finance Corporation, through its newly created subsidiary UCHCFC Waterbury Health Corp. and on behalf of the University of Connecticut Health Center and its affiliates, (collectively, "UConn Health") submitted a bid to purchase certain assets and associated real property ("Waterbury Hospital") from Prospect Waterbury.

Waterbury Hospital is a 357-bed acute care hospital serving 13 towns in central and southwest Connecticut. It operates or owns numerous outpatient facilities in the greater Waterbury area, including primary care centers, imaging service centers, rehab centers, and a surgery center.

The bid included a purchase price of \$13,000,000 in cash consideration plus assumed liabilities, estimated at \$22,000,000, bringing the total purchase price to an estimated \$35,000,000. UConn Health intends to fund the purchase price with cash on hand, or through future UConn 2000 General Obligation bond issuances if permitted by legislation.

The bid was submitted to the United States Bankruptcy Court for the Northern District of Texas. Prospect, the current owner of the system including Waterbury Hospital and other hospital operations in Connecticut and throughout the United States, filed for Chapter 11 bankruptcy in the Northern District of Texas on January 11, 2025. The bankruptcy court has confirmed the sale of Prospect's other hospital operations in Connecticut and during the scheduled hearing on November 18th approved UConn Health as the purchaser for Waterbury Hospital.

No other subsequent events requiring recognition or disclosure in the financial statements were identified.

**REQUIRED SUPPLEMENTARY
INFORMATION**

UCONN HEALTH
Required Supplementary Information
Connecticut Teachers' Retirement System (TRS)

Schedule of UConn Health's Proportionate Share of Collective Net Pension Liability (NPL)

Based on a valuation date lagging one year behind the fiscal year

Fiscal Year Ended June 30	TRS (\$ in thousands)										
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016	
Proportion of collective NPL	0.000%	0.031%	0.031%	0.031%	0.031%	0.026%	0.026%	0.019%	0.019%	0.0009%	
Proportionate share of the collective NPL	\$ -	\$ 5,267	\$ 5,592	\$ 4,657	\$ 5,877	\$ 4,469	\$ 3,447	\$ 2,508	\$ 2,646	\$ 1,042	
UConn Health's covered payroll	\$ -	\$ 1,439	\$ 1,290	\$ 1,429	\$ 1,138	\$ 1,138	\$ 1,103	\$ 834	\$ 762	\$ 573	
Proportionate share of the collective NPL as a percentage of covered payroll	0.00%	366.02%	433.49%	325.89%	516.43%	392.71%	312.51%	300.72%	347.24%	181.85%	
Plan fiduciary net position as a percentage of the total pension liability	0.00%	58.39%	54.06%	60.77%	49.24%	52.00%	57.69%	55.93%	52.26%	59.50%	

Schedule of UConn Health's Pension Contributions

Based on contributions for the Fiscal Year Ended June 30,

For the year ended June 30	TRS (\$ in thousands)										
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016	
Contractually required employer contribution	\$ -	\$ -	\$ 572	\$ 574	\$ 491	\$ 397	\$ 448	\$ 280	\$ 239	\$ 181	
Actual UConn Health contribution	-	-	572	574	491	397	448	280	239	237	
Contribution deficiency/(excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (56)	
UConn Health's covered payroll	\$ -	\$ -	\$ 1,439	\$ 1,290	\$ 1,429	\$ 1,263	\$ 1,138	\$ 1,103	\$ 834	\$ 762	
Actual UConn Health contributions as a percentage of covered payroll	0.00%	0.00%	39.75%	44.50%	34.36%	31.43%	39.37%	25.39%	28.66%	31.10%	

See accompanying notes to required schedules.

UCONN HEALTH
Required Supplementary Information

State Employee Other Post-Employment Benefits (OPEB) Plan

SCHEDULE OF UCONN HEALTH'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY

Based on a valuation date lagging one year behind the fiscal year

	OPEB (\$ in thousands)								
	2025	2024	2023	2022	2021	2020	2019	2018	2017
UConn Health's proportion of the net OPEB liability	0.00%	9.60%	7.73%	7.69%	7.59%	7.31%	6.00%	6.96%	6.67%
UConn Health's proportion of the net OPEB liability	\$ -	\$ 1,497,569	\$ 1,198,412	\$ 1,502,318	\$ 1,786,265	\$ 1,511,626	\$ 1,036,300	\$ 1,208,427	\$ 1,149,638
UConn Health's covered payroll	\$ -	\$ 526,044	\$ 453,445	\$ 425,047	\$ 405,433	\$ 375,680	\$ 366,593	\$ 424,734	\$ 423,734
UConn Health's proportion share of the net OPEB liability as a percentage of its covered payroll	0.00%	284.69%	264.29%	353.45%	440.58%	402.37%	282.68%	284.51%	271.31%
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	14.60%	12.63%	10.12%	6.13%	5.47%	4.69%	3.03%	1.94%

SCHEDULE OF UCONN HEALTH'S OPEB CONTRIBUTION

Based on contribution for the Fiscal Year Ended June 30,

	OPEB (\$ in thousands)								
	2025	2024	2023	2022	2021	2020	2019	2018	2017
Contractually required contribution	\$ -	\$ -	\$ 81,655	\$ 65,567	\$ 66,784	\$ 65,804	\$ 55,031	\$ 48,134	\$ 46,451
Contributions in relation to the contractually required contribution	\$ -	\$ -	\$ 81,655	\$ 65,567	\$ 66,784	\$ 65,804	\$ 55,031	\$ 48,134	\$ 46,451
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-
UConn Health's covered payroll	\$ -	\$ -	\$ 526,044	\$ 453,445	\$ 425,047	\$ 405,433	\$ 375,680	\$ 366,593	\$ 366,593
Contributions as a percentage of covered payroll	0.00%	0.00%	15.52%	14.46%	15.71%	16.23%	14.65%	13.13%	12.67%

These schedules are presented as required by accounting principles generally accepted in the United States of America; however, until a full 10-year trend is compiled, information is presented for those years available

**UConn Health
Required Supplementary Information**

Notes to Required Pension and OPEB Schedules:

SERS, TRS, and SEOPPEBP

Changes in Legislation

2024 to Present – Public Act 23-204 changed the State's funding structure for employer contributions, effective July 1, 2023. Under this legislation, the State covers all retirement-related costs for UConn Health employees participating in the State's retirement plans. Accordingly, UConn Health ceased making contributions and reporting related covered payroll beginning with the fiscal year ended June 30, 2024. For the fiscal year ended June 30, 2025, UConn Health's proportionate share was reduced to zero for the June 30, 2024 measurement date, reflecting the State's full funding of contributions.

SERS

Changes of Benefit Terms

2018 – The SEBAC 2017 agreement included changes to benefit terms for existing SERS plans by revising certain factors including employee contribution rates and annual cost-of-living adjustments for members retiring after July 1, 2022. The agreement also implemented a new Tier IV Hybrid Plan.

Changes in Assumptions

2022 – Wage inflation assumed rate changed from 3.50% to 3.00%; assumed salary scale changed to reflect experience in wage inflation rates of increase; assumed rates of mortality have been revised to the Pub-2010 above median mortality tables (amount-weighted) projected generationally with MP-2020 improvement scale; assumed rates of withdrawal, disability, and retirement have been adjusted to reflect experience more closely.

TRS

Changes of Benefit Terms

2023 – Legislation was passed restoring the 25% wear down of Plan N benefits to vested members as of June 30, 2019.

2020 – Beginning July 1, 2019, annual interest credited on mandatory contributions set at 4%; for members retiring on or after July 1, 2019 with a partial refund option election (Plan N), if 50% of the benefits paid prior to death do not exceed the Member's mandatory contributions plus interest frozen at the date of the benefit commencement, the difference is paid to the Member's beneficiary.

2019 – Beginning January 1, 2018, TRS member contributions increased from 6% to 7% of salary.

UCONN HEALTH
Required Supplementary Information

Notes to Required Pension and OPEB Schedules (continued):

Changes in Assumptions

2021 – Decrease in the annual rate of real wage increase assumption from 0.75% to 0.50%; decrease in the payroll growth assumption from 3.25% to 3.00%.

2021, 2017 – Amounts reported reflect adjustments to rates of withdrawal, disability, retirement, mortality and assumed rates of salary to more closely reflect actual and anticipated experience.

2020 – Reduction in the inflation assumption from 2.75% to 2.50%; decrease in the investment rate of return assumption from 8.0% to 6.9%; increase in the annual rate of wage increase assumption from 0.50% to 0.75%; phase in to a level dollar amortization method for the June 30, 2024 valuation.

SEOPEBP

Changes in Assumptions

The discount rate was updated in accordance with GASB 75 to 6.90% for contributory members and 3.65% for non-contributory members for the fiscal year 2024. For the fiscal years 2023, 2022, 2021, 2020, 2019, and 2018, the rates were 3.90%, 2.31%, 2.38%, 3.58%, 3.95%, and 3.68%, respectively.

2024 – Per capita health costs, administrative costs, and retiree contributions were updated for recent experience. Actuarial factors used to estimate individual retiree and spouse costs by age and gender were adjusted. In addition, healthcare cost trend rates and retiree contribution rates were adjusted. The Medicare prescription drug trend rates were also updated to reflect an estimate for the impact of the Inflation Reduction Act.

2022 – The demographic assumptions (mortality, disability, retirement, withdrawal and salary scale), were updated to be consistent with the corresponding retirement system assumptions. In addition, per capita health costs, administrative costs, and retiree contributions were updated for recent experience. Healthcare cost trend rates and retiree contribution rates were also adjusted.

2021 – The trends for Medicare-eligible retiree costs were updated to reflect final negotiated changes in Medicare Advantage rates for calendar year 2022.

2020, 2018 – The salary scale and mortality rates for certain retirement plans and eligible groups were updated to be consistent with the corresponding retirement system assumptions. In addition, demographic assumptions, per capita health costs, administrative costs, and contributions were updated to better reflect actual experience. Healthcare cost trend rates and retiree contribution rates were also adjusted.

OTHER SUPPLEMENTARY INFORMATION

UCONN HEALTH
CONSOLIDATING STATEMENT OF NET POSITION
As of June 30, 2025

	2025			
	Primary Institution	John Dempsey Hospital	Eliminations	Total
ASSETS				
Current Assets				
Cash and cash equivalents (Note 2)	\$ 215,291,950	\$ 121,658,271	\$ -	\$ 336,950,221
Patient receivables, net	24,423,858	68,047,679	-	92,471,537
Contract and other receivables	7,785,556	8,739,624	(5,877)	16,519,303
Funds held in escrow	272,443	-	-	272,443
Lease receivable - current portion	9,600	999,965	-	1,009,565
Due from Affiliates (Note 13)	6,958,829	-	-	6,958,829
Due from Primary Institution	-	11,505,593	(11,505,593)	-
Due from Department of Correction	9,592	-	-	9,592
Inventories	5,865,872	18,495,617	-	24,361,489
Prepaid expenses	9,822,286	2,149,013	-	11,971,299
Total current assets	<u>270,439,986</u>	<u>231,595,762</u>	<u>(11,511,470)</u>	<u>490,524,278</u>
Noncurrent Assets				
Restricted cash and cash equivalents (Note 2)	30,039,874	-	-	30,039,874
Deposits with vendors	14,159,611	14,637,066	-	28,796,677
Other assets	401,670	117,543	-	519,213
Investment in CSC	179,966	-	-	179,966
Due from Primary Institution	-	14,159,611	(14,159,611)	-
Due from State of Connecticut	61,887	-	-	61,887
Lease receivable - net of current portion	389,475	12,696,945	-	13,086,420
Right-to-use assets, net (Note 10)	50,298,668	76,085,603	(58,819,800)	67,564,471
Capital and intangible assets, net (Note 10)	471,929,383	301,093,521	-	773,022,904
Total noncurrent assets	<u>567,460,534</u>	<u>418,790,289</u>	<u>(72,979,411)</u>	<u>913,271,412</u>
Total assets	<u>\$ 837,900,520</u>	<u>\$ 650,386,051</u>	<u>\$ (84,490,881)</u>	<u>\$ 1,403,795,690</u>

UCONN HEALTH
CONSOLIDATING STATEMENT OF NET POSITION(Continued)
As of June 30, 2025

	2025			
	Primary nstitution	John Dempsey Hospital	Eliminations	Total
LIABILITIES				
Current Liabilities				
Accounts payable and accrued liabilities	\$ 46,513,302	\$ 27,455,340	\$ -	\$ 968,642
Due to State of Connecticut	5,451,952	3,634,489	-	086,441
Accrued salaries	21,832,855	13,207,551	-	040,406
Compensated absences - current portioNote 11)	38,065,328	27,944,944	-	010,272
Due to John Dempsey Hospital	25,665,204	-	25,665,204)	-
Due to third party payors	(4,296,621)	25,627,108	-	330,487
Due to Affiliates (Note 15)	11,174,167	-	-	174,167
Unearned revenue	1,784,079	854,146	-	638,225
Malpractice reserve (Note 11)	3,184,000	-	-	184,000
Right-to-use liabilities - current portion (ote 11)	7,585,098	11,645,559	3,097,307)	16,133,350
Long-term debt - current portion (Note 1	7,336,126	-	-	336,126
Total current liabilities	<u>164,295,490</u>	<u>110,369,137</u>	<u>28,762,511)</u>	<u>245,902,116</u>
Noncurrent Liabilities				
Malpractice reserve (Note 11)	9,561,000	-	-	561,000
Compensated absences - net of current rtion (Note 11)	22,761,340	16,709,808	-	471,148
Right-to-use liabilities - net of current porion (Note 11)	39,432,448	79,077,080	61,775,743)	56,733,785
Long-term debt - net of current portion (ote 11)	149,089,039	-	-	49,089,039
Total noncurrent liabilities	<u>220,843,827</u>	<u>95,786,888</u>	<u>61,775,743)</u>	<u>254,854,972</u>
Total liabilities	<u>\$ 385,139,317</u>	<u>\$ 206,156,025</u>	<u>\$ 90,538,254)</u>	<u>\$ 00,757,088</u>
Deferred inflows of resources right-to-ussets	\$ 345,482	\$ 13,642,671	\$ -	\$ 988,153
NET POSITION				
Net investment in capital assets	\$ 318,791,217	\$ 286,456,485	\$ 047,373	\$ 11,295,075
Restricted for				
Nonexpendable				
Scholarships	61,451	-	-	1,451
Expendable				
Research	2,519,137	-	-	519,137
Loans	467,084	-	-	084
Capital projects	38,564,154	-	-	564,154
Unrestricted	91,326,457	144,130,870	-	35,457,327
Minority interest - Uconn Health Imaging,LC	686,222	-	-	222
Total net position	<u>\$ 452,415,721</u>	<u>\$ 430,587,355</u>	<u>\$ 047,373</u>	<u>\$ 89,050,449</u>

UCONN HEALTH
CONSOLIDATING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the Year Ended June 30, 2025

	2025				
	Primary Institution	John Dempsey Hospital	Total (Memo Only)	Eliminations	Consolidated
OPERATING REVENUES					
Student tuition and fees (net of scholarship allowances of \$8,093)	\$ 27,594,150	\$ -	\$ 27,594,150	\$ -	\$ 27,594,150
Patient services and pharmaceutical revenues (net of charity care of \$14,430) (Notes 4 & 6)	364,398,183	728,297,063	1,092,695,246	-	1,092,695,246
Federal grants and contracts	87,936,172	-	87,936,172	-	87,936,172
Nonfederal grants and contracts	31,596,780	-	31,596,780	-	31,596,780
Contract and other operating revenues	180,016,389	137,437,928	317,454,317	(148,259,642)	169,194,675
Total operating revenues	<u>691,541,674</u>	<u>865,734,991</u>	<u>1,557,276,665</u>	<u>(148,259,642)</u>	<u>1,409,017,023</u>
OPERATING EXPENSES					
Educational and General					
Instruction	231,824,171	-	231,824,171	(33,193,832)	198,630,339
Research	70,079,903	-	70,079,903	-	70,079,903
Patient services	238,042,398	782,647,087	1,020,689,485	(20,285,737)	1,000,403,748
Academic support	21,670,949	-	21,670,949	-	21,670,949
Institutional support	303,506,746	-	303,506,746	(87,855,048)	215,651,698
Operations and maintenance of plant	35,101,744	-	35,101,744	(371,604)	34,730,140
Depreciation and amortization (Note 10)	60,294,142	31,705,233	91,999,375	(4,339,385)	87,659,990
Student aid	60,021	-	60,021	-	60,021
Total operating expenses	<u>960,580,074</u>	<u>814,352,320</u>	<u>1,774,932,394</u>	<u>(146,045,606)</u>	<u>1,628,886,788</u>
Operating loss	<u>(269,038,400)</u>	<u>51,382,671</u>	<u>(217,655,729)</u>	<u>(2,214,036)</u>	<u>(219,869,765)</u>
NONOPERATING REVENUES (EXPENSES)					
State appropriations (Note 15)	138,896,955	-	138,896,955	-	138,896,955
Gifts	5,816,480	-	5,816,480	-	5,816,480
Federal and State aid	54,885,680	-	54,885,680	-	54,885,680
Hospital transfer	(25,107,999)	25,107,999	-	-	-
Loss on disposal	(252,869)	(271,119)	(523,988)	-	(523,988)
Interest income	19,775	162,005	181,780	-	181,780
Lease revenue	46,404	2,208,831	2,255,235	-	2,255,235
Investment income, net	11,677,119	-	11,677,119	-	11,677,119
Interest on capital asset - related debt	(10,120,869)	(4,613,925)	(14,734,794)	3,203,535	(11,531,259)
Net nonoperating revenues	<u>175,860,676</u>	<u>22,593,791</u>	<u>198,454,467</u>	<u>3,203,535</u>	<u>201,658,002</u>
Income (loss) before other revenues, expenses, gains or losses	<u>(93,177,724)</u>	<u>73,976,462</u>	<u>(19,201,262)</u>	<u>989,499</u>	<u>(18,211,763)</u>
OTHER CHANGES IN NET POSITION					
Capital appropriations (Note 13)	13,000,000	-	13,000,000	-	13,000,000
Derecognition of pension and OPEB balances (Note 17)	1,520,979,627	886,240,774	2,407,220,401	-	2,407,220,401
Contributions for minority interest - UHI	174,712	-	174,712	-	174,712
Net other changes in net position	<u>1,534,154,339</u>	<u>886,240,774</u>	<u>2,420,395,113</u>	<u>-</u>	<u>2,420,395,113</u>
Increase in net position	1,440,976,615	960,217,236	2,401,193,851	989,499	2,402,183,350
NET POSITION					
Net position-beginning of year	(965,968,205)	(511,945,112)	(1,477,913,317)	5,057,874	(1,472,855,443)
Cumulative effect of change in accounting method - GASB 101	(22,592,689)	(17,684,769)	(40,277,458)	-	(40,277,458)
Net position-beginning of year as restated	<u>(988,560,894)</u>	<u>(529,629,881)</u>	<u>(1,518,190,775)</u>	<u>5,057,874</u>	<u>(1,513,132,901)</u>
Net position-end of year	<u>\$ 452,415,721</u>	<u>\$ 430,587,355</u>	<u>\$ 883,003,076</u>	<u>\$ 6,047,373</u>	<u>\$ 889,050,449</u>

**STATISTICAL
SECTION**

SCHEDULE OF REVENUES BY SOURCE

	For the Year Ended June 30, (amounts in thousands)									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Revenues:										
Student tuition and fees (net of scholarship allowances)	\$ 27,594	\$ 24,843	\$ 24,934	\$ 23,871	\$ 23,475	\$ 21,636	\$ 20,655	\$ 18,613	\$ 17,499	\$ 15,728
Patient services and pharmaceutical revenues*	1,092,695	965,244	841,853	743,493	628,899	513,608	534,494	580,697	539,777	532,876
Federal grants and contracts	87,936	90,068	88,587	96,326	68,185	58,055	58,196	50,748	58,148	59,529
Nonfederal grants and contracts	31,597	28,616	26,463	26,357	24,977	27,872	30,016	29,337	29,009	27,116
Contract and other operating revenues	169,195	150,719	173,418	158,365	152,990	162,725	159,745	127,188	114,284	108,017
Total operating revenues	1,409,017	1,259,490	1,155,255	1,048,412	898,526	783,896	803,106	806,583	758,717	743,266
State appropriations	138,897	151,802	340,328	344,029	330,872	296,520	250,846	279,513	278,211	289,287
Transfer from/(to) State and outside programs	-	-	-	20,000	-	-	-	-	-	-
Gifts	5,816	6,365	5,419	4,417	3,496	6,950	6,146	5,706	4,079	6,865
COVID-19 relief funding	54,886	51,500	72,966	87,428	15,598	22,518	-	-	-	-
Interest income	182	145	279	351	340	-	-	-	-	-
Lease revenue	2,255	2,409	2,614	2,837	2,249	-	-	-	-	-
Investment income (net of investment expense)	11,677	14,010	10,055	129	31	600	1,385	654	104	141
Net nonoperating revenues	213,713	226,231	431,661	459,191	352,586	326,588	258,377	285,873	282,394	296,293
Total Revenues	\$ 1,622,730	\$ 1,485,721	\$ 1,586,916	\$ 1,507,603	\$ 1,251,112	\$ 1,110,484	\$ 1,061,483	\$ 1,092,456	\$ 1,041,111	\$ 1,039,559

	For the Year Ended June 30, (percent of total revenues)									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Revenues:										
Student tuition and fees (net of scholarship allowances)	1.7%	1.7%	1.6%	1.6%	1.9%	1.9%	1.9%	1.7%	1.7%	1.5%
Patient services and pharmaceutical revenues*	67.3%	65.0%	53.0%	49.3%	50.3%	46.3%	50.4%	53.2%	51.8%	51.3%
Federal grants and contracts	5.4%	6.1%	5.6%	6.4%	5.4%	5.2%	5.5%	4.6%	5.6%	5.7%
Nonfederal grants and contracts	1.9%	1.9%	1.7%	1.7%	2.0%	2.5%	2.8%	2.7%	2.8%	2.6%
Contract and other operating revenues	10.5%	10.1%	10.9%	10.5%	12.2%	14.7%	15.0%	11.6%	11.0%	10.4%
Total operating revenues	86.8%	84.8%	72.8%	69.5%	71.8%	70.6%	75.7%	73.8%	72.9%	71.5%
State appropriations	8.6%	10.2%	21.5%	22.9%	26.5%	26.7%	23.6%	25.6%	26.7%	27.8%
Transfer from/(to) State and outside programs	0.0%	0.0%	0.0%	1.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Gifts	0.4%	0.4%	0.3%	0.3%	0.3%	0.6%	0.6%	0.5%	0.4%	0.7%
COVID-19 relief funding	3.4%	3.5%	4.6%	5.8%	1.2%	2.0%	0.0%	0.0%	0.0%	0.0%
Interest income	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Lease revenue	0.1%	0.2%	0.2%	0.2%	0.2%	0.0%	0.0%	0.0%	0.0%	0.0%
Investment income (net of investment expense)	0.7%	0.9%	0.6%	0.0%	0.0%	0.1%	0.1%	0.1%	0.0%	0.0%
Net nonoperating revenues	13.2%	15.2%	27.2%	30.5%	28.2%	29.4%	24.4%	26.2%	27.1%	28.5%
Total Revenues	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

* Pharmaceutical revenues partial year fiscal year 2020 and first complete year in fiscal year 2021

SCHEDULE OF EXPENSES BY FUNCTION

For the Year Ended June 30,
(amounts in thousands)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Expenses:										
Instruction	\$ 198,630	\$ 205,287	\$ 142,971	\$ 175,456	\$ 178,910	\$ 170,526	\$ 157,396	\$ 179,948	\$ 169,130	\$ 168,299
Research	70,080	72,677	50,692	77,186	57,554	55,173	52,832	56,102	59,400	58,233
Patient services	1,000,404	1,077,149	907,678	970,226	964,236	846,526	663,701	747,637	713,342	648,071
Academic support	21,671	22,765	14,193	22,124	24,986	20,087	15,173	19,322	19,186	18,070
Institutional support	215,652	195,205	145,407	141,613	159,055	89,592	126,922	112,126	82,233	80,638
Operations and maintenance of plant	34,730	30,596	17,801	27,616	26,886	25,112	37,659	38,223	37,295	38,714
Depreciation and amortization	87,660	89,388	86,362	81,543	72,487	72,893	72,575	52,637	52,046	41,469
Student aid	60	25	404	98	39	25	71	364	194	84
Total operating expenses	1,628,887	1,693,092	1,365,508	1,495,862	1,484,153	1,279,934	1,126,329	1,206,359	1,132,826	1,053,578
Transfer to State and outside programs	-	-	-	-	-	-	1,991	-	-	-
Interest on capital asset - related debt	11,531	11,285	10,586	9,547	9,424	9,354	9,619	9,909	10,214	10,487
Total nonoperating expenses	11,531	11,285	10,586	9,547	9,424	9,354	11,610	9,909	10,214	10,487
Total Expenses	\$ 1,640,418	\$ 1,704,377	\$ 1,376,094	\$ 1,505,409	\$ 1,493,577	\$ 1,289,288	\$ 1,137,939	\$ 1,216,268	\$ 1,143,040	\$ 1,064,065

For the Year Ended June 30,
(percent of total expenses)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Expenses:										
Instruction	12.1%	12.0%	10.4%	11.7%	12.0%	13.2%	13.8%	14.8%	14.8%	15.8%
Research	4.3%	4.3%	3.7%	5.1%	3.9%	4.3%	4.6%	4.6%	5.2%	5.5%
Patient services	61.0%	63.2%	66.0%	64.5%	64.5%	65.7%	58.3%	61.5%	62.4%	60.9%
Academic support	1.3%	1.3%	1.0%	1.5%	1.7%	1.6%	1.3%	1.6%	1.7%	1.7%
Institutional support	13.1%	11.5%	10.5%	9.4%	10.6%	6.9%	11.2%	9.2%	7.2%	7.6%
Operations and maintenance of plant	2.2%	1.8%	1.3%	1.8%	1.8%	1.9%	3.3%	3.1%	3.3%	3.6%
Depreciation and amortization	5.3%	5.2%	6.3%	5.4%	4.9%	5.7%	6.5%	4.4%	4.5%	3.9%
Student aid	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total operating expenses	99.3%	99.3%	99.2%	99.4%	99.4%	99.3%	99.0%	99.2%	99.1%	99.0%
Transfer to State and outside programs	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.2%	0.0%	0.0%	0.0%
Interest expense	0.7%	0.7%	0.8%	0.6%	0.6%	0.7%	0.8%	0.8%	0.9%	1.0%
Total nonoperating expenses	0.7%	0.7%	0.8%	0.6%	0.6%	0.7%	1.0%	0.8%	0.9%	1.0%
Total Expenses	100%	100%	100%	100%	100.0%	100%	100%	100%	100%	100%

SCHEDULE OF EXPENSES BY NATURAL CLASSIFICATION

For the Year Ended June 30,
(amounts in thousands)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Expenses:										
Salaries and wages	\$ 664,471	\$ 605,094	\$ 550,183	\$ 504,575	\$ 465,759	\$ 443,132	\$ 418,558	\$ 438,122	\$ 444,948	\$ 452,363
Fringe benefits	161,054	385,289	146,527	412,259	509,160	396,019	254,030	369,185	331,533	264,911
Supplies and other expenses	697,900	600,118	568,593	483,364	428,553	353,870	368,279	333,986	291,166	282,218
Utilities	17,802	13,203	13,843	14,121	8,194	14,020	12,887	12,429	13,133	12,617
Depreciation and amortization	87,660	89,388	86,362	81,543	72,487	72,893	72,575	52,637	52,046	41,469
Total operating expenses	1,628,887	1,693,092	1,365,508	1,495,862	1,484,153	1,279,934	1,126,329	1,206,359	1,132,826	1,053,578
Transfer to State and outside programs	-	-	-	-	-	-	1,991	-	-	-
Interest on capital asset - related debt	11,531	11,285	10,586	9,547	9,424	9,354	9,619	9,909	10,214	10,487
Total nonoperating expenses	11,531	11,285	10,586	9,547	9,424	9,354	11,610	9,909	10,214	10,487
Total Expenses	\$ 1,640,418	\$ 1,704,377	\$ 1,376,094	\$ 1,505,409	\$ 1,493,577	\$ 1,289,288	\$ 1,137,939	\$ 1,216,268	\$ 1,143,040	\$ 1,064,065

For the Year Ended June 30,
(percent of total expenses)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Expenses:										
Salaries and wages	40.5%	35.5%	40.0%	33.5%	31.2%	34.4%	36.8%	36.0%	38.9%	42.5%
Fringe benefits	9.8%	22.6%	10.6%	27.4%	34.1%	30.7%	22.3%	30.4%	29.0%	24.9%
Supplies and other expenses	42.5%	35.2%	41.3%	32.1%	28.7%	27.4%	32.4%	27.5%	25.5%	26.5%
Utilities	1.1%	0.8%	1.0%	0.9%	0.5%	1.1%	1.1%	1.0%	1.1%	1.2%
Depreciation and amortization	5.4%	5.2%	6.3%	5.5%	4.9%	5.7%	6.4%	4.3%	4.6%	3.9%
Total operating expenses	99.3%	99.3%	99.2%	99.4%	99.4%	99.3%	99.0%	99.2%	99.1%	99.0%
Transfer to State and outside programs	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.2%	0.0%	0.0%	0.0%
Interest on capital asset - related debt	0.7%	0.7%	0.8%	0.6%	0.6%	0.7%	0.8%	0.8%	0.9%	1.0%
Total nonoperating expenses	0.7%	0.7%	0.8%	0.6%	0.6%	0.7%	1.0%	0.8%	0.9%	1.0%
Total Expenses	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

SCHEDULE OF NET POSITION AND CHANGES IN NET POSITION

For the Year Ended June 30,
(amounts in thousands)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total revenues (from schedule of revenues by source)	\$ 1,622,730	\$ 1,485,721	\$ 1,586,916	\$ 1,507,603	\$ 1,251,112	\$ 1,110,484	\$ 1,061,483	\$ 1,092,456	\$ 1,041,111	\$ 1,039,559
Total expenses (from schedule of expenses by natural classification and function)	1,640,418	1,704,377	1,376,094	1,505,409	1,493,577	1,289,288	1,137,939	1,216,268	1,143,040	1,064,065
Income (Loss) before other changes in net position	(17,688)	(218,656)	210,822	2,194	(242,465)	(178,804)	(76,456)	(123,812)	(101,929)	(24,506)
Transfer from affiliate	-	-	-	228	2,000	-	-	-	-	-
Capital appropriations	13,000	21,000	40,000	13,000	680	-	13,000	88,806	43,479	175,000
Decognition of pension and OPEB balances	2,407,220	-	-	-	-	-	-	-	-	-
Contributions - minority interest UConn Health Imaging, LLC	175	667	-	-	-	-	-	-	-	-
Loss on disposal	(524)	(225)	(85)	(779)	(196)	(332)	(1,898)	(3,092)	(989)	(695)
Net other changes in net position	2,419,871	21,442	39,915	12,449	2,484	(332)	11,102	85,714	42,490	174,305
Total changes in net position	2,402,183	(197,214)	250,737	14,643	(239,981)	(179,136)	(65,354)	(38,098)	(59,439)	149,799
Net position-beginning of year (as previously stated)	(1,472,855)	(1,275,641)	(1,525,946)	(1,539,857)	(1,299,314)	(1,120,178)	(1,014,953)	126,332	185,771	35,972
Cumulative effect of implementing GASB 75	-	-	-	-	-	-	-	(1,103,187)	-	-
Cumulative effect of implementing GASB 87 and 96	(40,278)	-	(432)	(732)	(563)	-	-	-	-	-
Cumulative effect of implementing GASB 101	-	-	-	-	-	-	-	-	-	-
Cumulative effect of accounting changes and error corrections	-	-	-	-	-	-	(39,871)	-	-	-
Net position-beginning of year as restated	(1,513,133)	(1,275,641)	(1,526,378)	(1,540,589)	(1,299,877)	(1,120,178)	(1,054,824)	(976,855)	186,771	35,972
Net position, ending	\$ 889,050	\$ (1,472,855)	\$ (1,275,641)	\$ (1,525,946)	\$ (1,539,858)	\$ (1,299,314)	\$ (1,120,178)	\$ (1,014,953)	\$ 126,332	\$ 185,771
Net investment in capital assets	\$ 611,295	\$ 620,098	\$ 620,796	\$ 646,777	\$ 690,037	\$ 731,730	\$ 784,280	\$ 867,913	\$ 823,325	\$ 734,480
Restricted for										
Nonexpendable										
Scholarships	61	61	61	61	61	61	61	61	61	61
Expendable										
Research	2,519	2,090	224	1,093	1,107	1,792	1,588	(127)	(8)	(876)
Loans	467	391	333	283	244	283	589	523	31	953
Capital projects	38,564	14,026	54,484	26,185	3,444	4,363	7,881	37,660	37,061	1,17,466
Unrestricted	235,458	(2,110,033)	(1,951,539)	(2,200,345)	(2,234,751)	(2,037,543)	(1,914,577)	(1,920,983)	(734,138)	(666,313)
Minority interest - UConn Health Imaging, LLC	686	512	-	-	-	-	-	-	-	-
Total net position	\$ 889,050	\$ (1,472,855)	\$ (1,275,641)	\$ (1,525,946)	\$ (1,539,858)	\$ (1,299,314)	\$ (1,120,178)	\$ (1,014,953)	\$ 126,332	\$ 185,771

SCHEDULE OF LONG-TERM DEBT

For the Year Ended June 30, (amounts in thousands)										
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Loans payable	\$ 9,039	\$ 14,039	\$ 14,767	\$ 16,928	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Right-to-use liabilities	72,867	76,755	56,134	64,801	42,383	-	-	-	-	-
Capital leases	-	-	-	-	-	4,289	3,275	1,701	2,187	-
Mortgage agreement	147,386	154,919	163,208	171,081	178,560	185,664	192,412	198,823	204,914	210,700
Total long-term debt	\$ 229,292	\$ 245,713	\$ 234,109	\$ 252,810	\$ 220,943	\$ 189,953	\$ 195,687	\$ 200,524	\$ 207,101	\$ 210,700

FACULTY AND STAFF

For the Year Ended June 30,										
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
BARGAINING UNIT										
Faculty	653.0	641.0	607.1	592.7	579.2	566.8	565.6	539.6	529.4	517.6
University Health Professionals	3,260.4	3,160.4	2,938.1	2,680.2	2,681.0	2,630.0	2,558.9	2,526.6	2,477.0	2,462.8
All other	865.6	836.8	798.9	719.3	728.2	747.1	730.7	1,299.0	1,356.0	1,404.6
Total FTE's	4,779.0	4,638.2	4,344.1	3,992.2	3,988.4	3,943.9	3,855.2	4,365.2	4,362.4	4,385.0
EXEMPT										
Faculty	64.6	62.5	60.3	60.0	60.0	54.9	54.3	55.2	56.2	56.8
Managerial	200.4	184.4	161.6	143.0	139.0	133.0	131.8	139.1	153.9	160.6
All other	441.2	449.1	438.1	403.6	367.8	350.2	334.9	340.7	335.1	329.3
Total FTE's	706.2	696.0	660.0	606.6	566.8	538.1	521.0	535.0	545.2	546.7
TOTAL FTE's	5,485.2	5,334.2	5,004.1	4,598.8	4,555.2	4,482.0	4,376.2	4,900.2	4,907.6	4,931.7

The FTE information prior to 2019 includes CMHC

**SCHEDULE OF CAPITAL ASSET INFORMATION
DETAIL FOR BUILDINGS ONLY - BY FUNCTION**

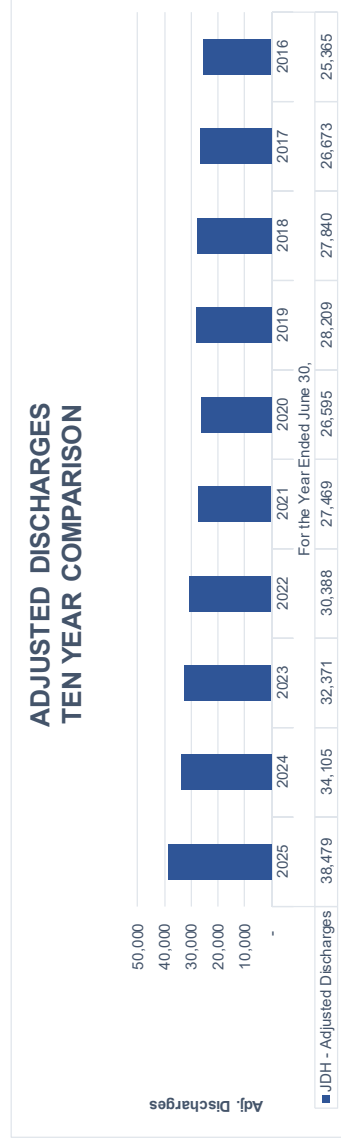
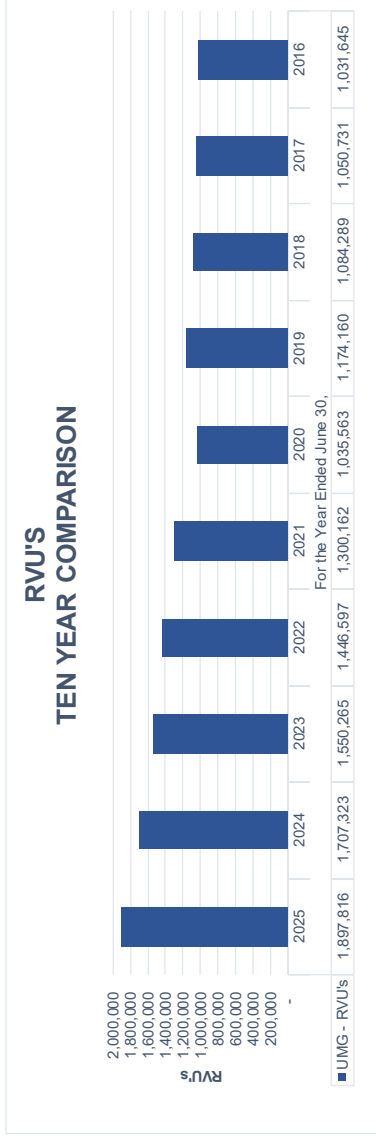
For the Fiscal Year Ended June 30,

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Academic										
Net assignable square feet (in thousands)	84	84	84	84	84	84	84	82	82	74
Number of buildings/major areas of Main Building*	2	2	2	2	2	2	2	2	2	1
Research buildings										
Net assignable square feet (in thousands)	478	478	478	478	478	478	478	456	456	456
Number of buildings/major areas of Main Building*	7	7	7	7	7	7	7	6	6	6
Patient care buildings										
Net assignable square feet (in thousands)	873	873	873	873	873	868	868	885	885	885
Number of buildings/major areas of Main Building*	6	6	6	6	6	6	6	6	6	6
Administrative and support buildings										
Net assignable square feet (in thousands)	985	985	985	985	985	985	985	865	865	873
Number of buildings/major areas of Main Building*	11	11	11	11	11	11	11	11	11	12
Total net assignable square feet (in thousands)	<u>2420</u>	<u>2420</u>	<u>2420</u>	<u>2420</u>	<u>2420</u>	<u>2415</u>	<u>2415</u>	<u>2288</u>	<u>2288</u>	<u>2288</u>
Number of buildings/major areas of Main Building*	<u>26</u>	<u>26</u>	<u>26</u>	<u>26</u>	<u>26</u>	<u>26</u>	<u>26</u>	<u>25</u>	<u>25</u>	<u>25</u>

*The Main Building at UConn Health has commonly been understood and tracked by major areas assigned separate names and alphanumeric identifiers. These areas are counted. Many buildings have more than one usage. For the purposes of this schedule, the buildings (or areas of the Main Building) are categorized according to their primary use. Parking garages are included under administrative and support buildings, and the parking is included in the NASF. Total NASF for G1, G2, and G3 = 818 (in thousands). Buildings 9 and 28 were incorporated into Building 8 in 2009. For the purposes of this schedule, they are considered to have always been part of Building 8.

RVU'S AND DISCHARGES

	For the Year Ended June 30,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
UMG - RVU's	1,031,645	1,050,731	1,084,289	1,174,160	1,035,563	1,300,162	1,446,597	1,550,265	1,707,323	1,897,816
JDH - Adjusted Discharges	25,365	26,673	27,840	28,209	26,595	27,469	30,388	32,371	34,105	38,479



DEMOGRAPHIC AND ECONOMIC STATISTICS

State of Connecticut
Last Ten Fiscal Years

Year	Personal Income as of	Population at	Per Capita	Average Annual
	June 30 (a)	July 1 (a)	Personal Income	Unemployment Rate (b)
2025	\$ 365,727,600,000	3,688,631	\$ 99,150	3.4%
2024	\$ 342,112,700,000	3,625,511	\$ 94,363	4.2%
2023	\$ 314,865,500,000	3,632,752	\$ 86,674	3.9%
2022	\$ 307,116,000,000	3,614,683	\$ 84,963	5.1%
2021	\$ 290,146,700,000	3,544,930	\$ 81,848	8.5%
2020	\$ 290,641,600,000	3,561,513	\$ 81,606	5.1%
2019	\$ 284,136,600,000	3,570,160	\$ 79,587	3.8%
2018	\$ 265,636,709,000	3,588,236	\$ 74,030	4.5%
2017	\$ 251,389,254,000	3,568,714	\$ 70,443	4.8%
2016	\$ 252,249,206,000	3,586,640	\$ 70,330	5.5%

(a) Source: U.S. Department of Commerce
(b) Source: Connecticut Department of Labor

TOP TEN NONGOVERNMENTAL EMPLOYERS

State of Connecticut

Current Year and Ten Years Ago

<u>Name</u>	2025		<u>Rank</u>
	<u>Employees in CT</u>	<u>Percentage of Total CT Employment</u>	
Yale New Haven Health System	30,056	1.6%	1
Hartford Healthcare	23,355	1.2%	2
Yale University	17,089	0.9%	3
TRX Corp	16,500	0.9%	4
General Dynamics Electric Boat	16,071	0.9%	5
CVS Health Corp. and subsidiaries	8,942	0.5%	6
Walmart Stores Inc	8,572	0.5%	7
Trinity Health of New England	7,705	0.4%	8
The Travelers Cos. Inc.	7,400	0.4%	9
Sikorsky, a Lockheed Martin Company	7,092	0.4%	10
Total	142,782	7.8%	

<u>Name</u>	2016		<u>Rank</u>
	<u>Employees in CT</u>	<u>Percentage of Total CT Employment</u>	
Yale New Haven Health System	19,920	1.1%	1
Hartford Healthcare	18,135	1.0%	2
Yale University	15,018	0.8%	3
United Technologies Corp	15,000	0.8%	4
General Dynamics Electric Boat	10,230	0.6%	5
Wal-Mart Stores, Inc.	8,800	0.5%	6
Sikorsky, a Lockheed Martin Company	8,000	0.4%	7
The Travelers Cos. Inc.	7,400	0.4%	8
The Hartford Financial Services Group	7,000	0.4%	9
Mohegan Sun	6,735	0.4%	10
Total	116,238	6.4%	

Source: Hartford Business Journal

(1) Formerly Raytheon Technologies; presence in Connecticut includes Collins Aerospace and Pratt & Whitney.

(2) Data from 2023 survey.

(3) Includes St. Francis Hospital and Medical Center, St. Mary's Hospital, Mount Sinai Rehabilitation Hospital and Johnson Memorial Medical Center.

(4) Data from Q1 2024.

(5) Figure from Fall 2015.

(6) Approximate figure as of March 2016.

(7) On Nov. 6, 2015, Lockheed Martin acquired Sikorsky Aircraft from Farmington-based United Technologies Corp. for \$9 billion.

(8) Employee numbers are approximate.

UConn
HEALTH