OHSU Public Meeting of Finance & Audit

Robertson Life Sciences Building (RLSB) Room 3A001
2730 S. Moody Ave., Portland, OR 97201
or
Public Finance YouTube
https://youtube.com/live/ZNJVuodlmjU?feature=share

Dial-in Only Finance
Phone (audio only):
1-503-388-9555 Portland, OR
1-206-207-1700 Seattle, WA
Meeting number (access code): 2864 808 6835

Friday, October 24, 2025
10:45-11:45am

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Agenda

1. KPMG Report on FY25 Financial Statement Audit

2. FY26 September YTD Financial Results

OHSU

October 16, 2024

To: Members, Finance & Audit Committee and Board of Directors

From: Lawrence J. Furnstahl
Executive Vice President & Chief Financial Officer

Re: Finance & Audit Materials for October 24th Meeting

Enclosed are materials for next Friday's public meeting of the Finance & Audit Committee, to be held in the Robertson Life Sciences Building on the same day as the full Board meeting. All Board members are encouraged to attend the Finance & Audit session. These same materials are also included in the Board packet but we don't plan to repeat the full presentation at that meeting.

The main agenda item is the report of KPMG on their audit of OHSU's FY25 financial statements. KPMG is prepared to issue an unmodified or "clean" opinion. The results are the same as those reported in September, with a total change in net position (or net worth) of $58m to $4,081m on June 30, 2025. We will ask the full Board to approve the audit at its meeting later in the day.

The second agenda item is an update on FY26 financial results through September. On the books, Q1 operating income is a gain of $53m. However, this does not include wage increases for contracts under negotiation that we estimate at roughly $18m of "missing" expense for 3 months. These would lower operating income to an adjusted $35m. Together with a strong stock market, OHSU's days cash on hand increased from 136 at last fiscal year end to 146 days on September 30th, but still well below the Fitch A rated median of 212 days.

Revenues are 14% higher than last year, meeting an aggressive revenue growth target. Casemix index, as measure of complexity of care, reached a record 2.65. Non-compensation costs are running $39m below budget. Pharmacy & medical costs are up 20% from last year but less than the 30% assumed in the budget. Other positive variances reflect timing delays as spending ramps up.

First quarter results are not always predictive of the full fiscal year: in FY25, the final loss of $(133)m was far greater than four times the Q1 loss of $(9)m. However, this year's Q1 shows progress toward each of OHSU's five financial imperatives:

- Keeping FTE growth below 2% year over year
- Increasing productivity to meet our missions within the lower FTE growth
- Controlling the increase in salaries & benefits per FTE
- Achieving strategic growth in complex, higher margin services
- Securing better payment rates that reflect the unique and complex care we provide.

FY25 Audit & FY26 Q1 Financial Results

OHSU Finance & Audit Committee and Board of Directors / October 24, 2025

KPMG Prepared to Issue Unmodified Opinion

- KPMG is prepared to issue an unmodified or "clean" opinion on OHSU's audited FY25 financial statements. Their report is attached after this presentation.
- The audited statements themselves (attached in near-final draft) run to 113 pages.
- Perhaps the most helpful section for the reader of the audited statements is the Management Discussion & Analysis (MD&A) provided on pages 3 to 29.
- The table on page 5 of the MD&A provides a reconciliation of last year's $(133)m operating loss to the total change in OHSU net position (also called net worth).
- The results are the same as the unaudited results reported in September: a total change in net position of $58m or 1.4%, from $4,023m on June 30, 2024 to $4,081m on June 30, 2025.
- Within this total, unrestricted net assets are down $(198)m and investments in capital assets are up $226m, reflecting construction of the Vista Pavilion.
- Restricted assets such as donor-designated gifts and endowments held at the Foundation are up the remaining $30m (see the bottom of page 31 of the audited statements).

OHSU

FY25 Audited Results Same as September Report

- GASB accounting requires a full line-item consolidation of OHSU Foundation results, while our management reporting to the Board shows Foundation activities on a single line to avoid confusing them with University operations.
- In addition, GASB rearranges line items within the total, for example, reclassifying State appropriations to nonoperating revenues even though they support education and other program expenses.
- The next page of this document summarizes major components of the $58m change in net worth during FY25, an analysis also provided in the September report.
- It starts with last year's $(133)m OHSU operating loss.
- Within the OHSU (non-Foundation) component, $160m of investment returns on OHSU-held funds helped pay for the Vista Pavilion construction.
- This is reflected in the decrease in unrestricted net assets and the increase in investments in capital assets noted above and on page 31 of the audited statements.
- Within the Foundation component, $128m of investment returns, mostly on endowment funds, plus $98m of new gifts and pledges, supported $165m in programs and activities at OHSU in accord with donor intent, as well as $31m in net Foundation operations. Transfers from the Foundation are counted within OHSU's $(133)m loss.

OHSU

Major Components of FY25 Change in Net Worth

FY25 Change in Net Worth	(millions)
6/30/24 consolidated net worth	$4,023
OHSU operating loss	(133)
Investment return on OHSU-held funds	160
Release of surplus note reserve	17
GASB 68 PERS pension accrual	(17)
Other non-operating items	1
OHSU net worth change before Foundation	28
Investment return on Foundation-held funds	128
New contributions to the Foundation	98
Transfers/expenditures to meet donor intent	(165)
Foundation operations net of other revenues	(31)
OHSU Foundation net worth change	30
Total change in consolidated net worth	58
6/30/25 consolidated net worth	$4,081

$(133)m operating loss + $(17)m PERS accrual = $(150)m operating loss in Total University column on page 109 of the audited statements.

OHSU

FY25 September YTD Financial Results

- We closed September results last week to a third strong month. On the books, operating income is a gain of $53m. However, this does not include wage increases on contracts under negotiation.
- We estimate these at roughly $18m of "missing" expense for 3 months (aqua line below) which would lower operating income to an adjusted $35m (green line).
- Operating revenues are within $1m of budget and 14% higher than last year, meeting the aggressive revenue growth target. As an example, CAR-T immunotherapy cases rose to 34 compared to 20 in last year. These have revenues of about $750k each.
- Non-compensation costs are running $39m below budget. Rx & medical costs are up 20% from last year but less than the 30% assumed in the budget.

September YTD Revenue & Expense Three Months (millions)	FY25 Last Year	FY26 Budget	FY26 Adjusted	Adjusted - Budget	Adjusted / Last Year
Operating revenues	$1,328	$1,513	$1,512	$(1)	13.8%
Salaries & benefits	831	914	891	(23)	7.2%
Missing contract increases (estimated)			*18*	*18*	
Supplies & services	442	540	502	(38)	13.6%
Depreciation & interest	65	67	66	(1)	2.2%
Adjusted operating expenses	1,338	1,521	1,477	(44)	10.4%
Adjusted operating income (loss)	$(9)	$(8)	$35	$43	
% operating margin	*-0.7%*	*-0.5%*	*2.3%*		

Clinical Revenues Up 19% to Aggressive Target

September YTD - 3 Months (millions)	FY25 Actual	FY26 Budget	FY26 Actual	Actual - Budget	Actual / Last Year
Net patient revenue	$901	$1,074	$1,073	$(0)	19.2%
Medical contracts	48	55	53	(2)	10.7%
Healthcare other revenue	71	78	85	7	20.7%
Subtotal - clinical	1,019	1,206	1,212	6	18.9%
Grants & contracts	147	142	136	(6)	-7.1%
Gifts applied	32	30	27	(4)	-16.2%
Tuition & fees	19	20	20	0	5.0%
Non-healthcare other revenue	16	12	14	2	-14.4%
Subtotal - academic & other	214	204	197	(7)	-7.9%
Subtotal - State support	95	103	103	1	8.7%
Total operating revenues	1,328	1,513	1,512	(1)	13.8%
Salaries & benefits	831	914	891	(23)	7.2%
Rx & medical supplies	271	351	325	(26)	20.2%
Other services & supplies	171	189	177	(13)	3.1%
Depreciation & interest	65	67	66	(1)	2.2%
Total operating expenses	1,338	1,521	1,459	(62)	9.1%
Operating income	(9)	(8)	53	61	
Missing contract increases (estimated)			*(18)*	*(18)*	
Adjusted operating income	*$(9)*	*$(8)*	*$35*	*$43*	

Admissions up 3% & Visits 6% with 2.65 Casemix

Patient Activity	FY25	FY26	FY26	Actual /	Actual /
September YTD - 3 Months	Last Year	Budget	Actual	Budget	Last Year
Inpatient admissions	7,139	7,289	7,331	0.6%	2.7%
Average length of stay	6.97	6.80	6.78	-0.3%	-2.7%
Average daily census	492.5	498.0	499.7	0.3%	1.5%
Day / observation patients	12,823	13,131	13,073	-0.4%	1.9%
Surgical cases	9,620	9,547	9,859	3.3%	2.5%
Emergency visits	14,255	14,570	14,985	2.8%	5.1%
Ambulatory visits	305,118	321,622	323,708	0.6%	6.1%
Casemix index (CMI)	2.55	2.59	2.65	2.3%	3.9%
Outpatient share of activity	58.8%	61.5%	60.5%	-1.6%	2.9%
CMI/OP adjusted admissions	44,139	49,051	49,181	0.3%	11.4%
Rate-adjusted gross charges	2,299	2,605	2,598	-0.3%	13.0%

OHSU

Net Worth Up $139m Prior to Contract Increases

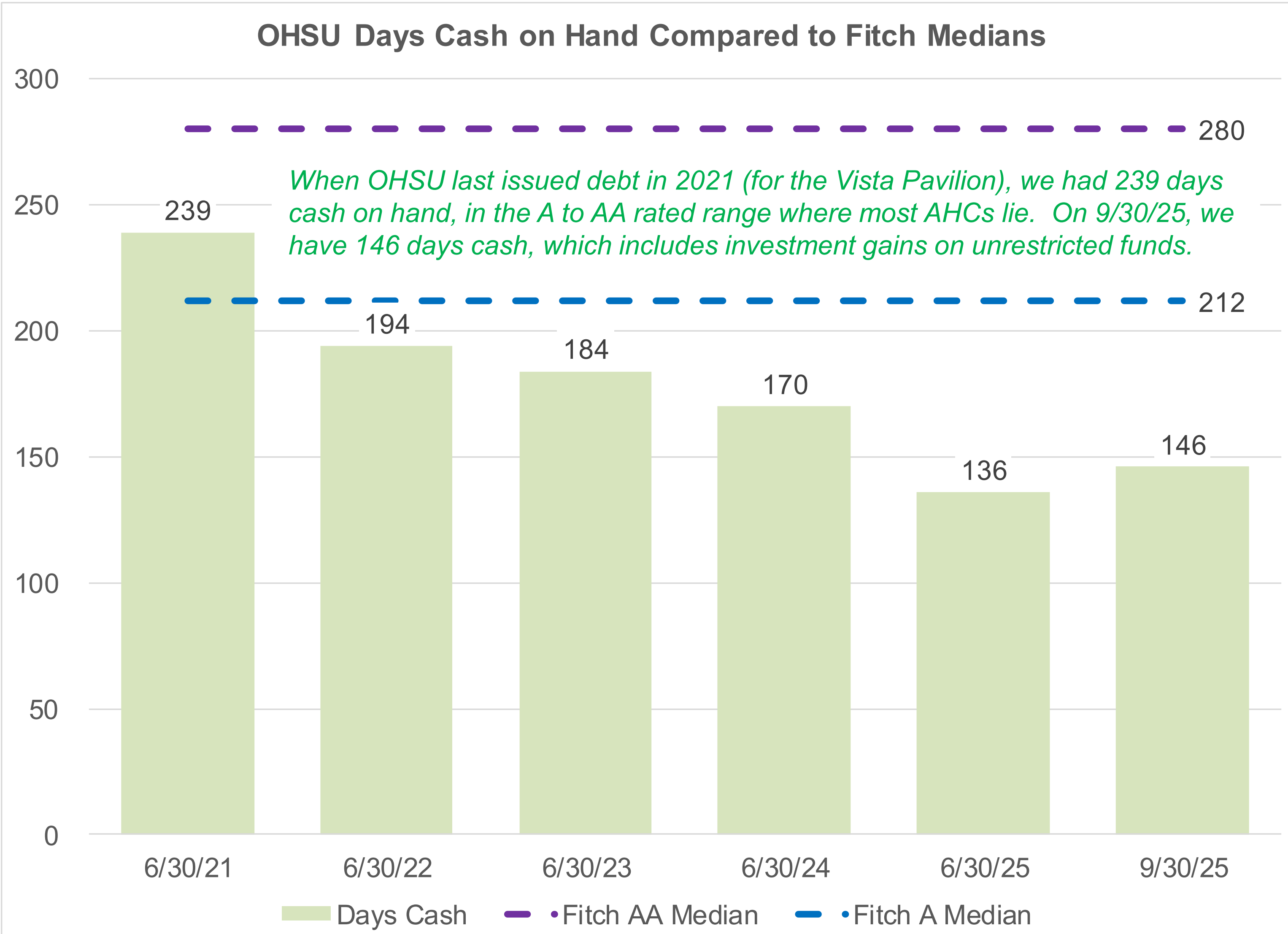
In addition to the Q1 operating gain, OHSU-held investments returned $59m, well above the long-term expectation. It is impossible for us to predict near-term moves in the financial markets. However, some commentators suggest there may be a stock “bubble” from AI enthusiasm and risk from a trade war with China.

Balance Sheet (millions)	6/30/25	9/30/25	3-Month Change
OHSU-held cash & investments	$1,210	$1,417	$207
OHEP construction fund	0	0	0
Net property, plant & equipment	2,627	2,634	7
Interest in OHSU Foundation	1,576	1,604	27
Long-term debt	(1,313)	(1,291)	21
PERS pension liability	(574)	(574)	0
Working capital & other, net	556	432	(124)
Consolidated net worth	$4,081	$4,220	$139
Oper. income (before contact increases)			53
OHSU investment return			59
Grant & gift funded capital			0
Foundation gain (loss)			27
Other non-operating items			(0)
YTD change in net worth			$139

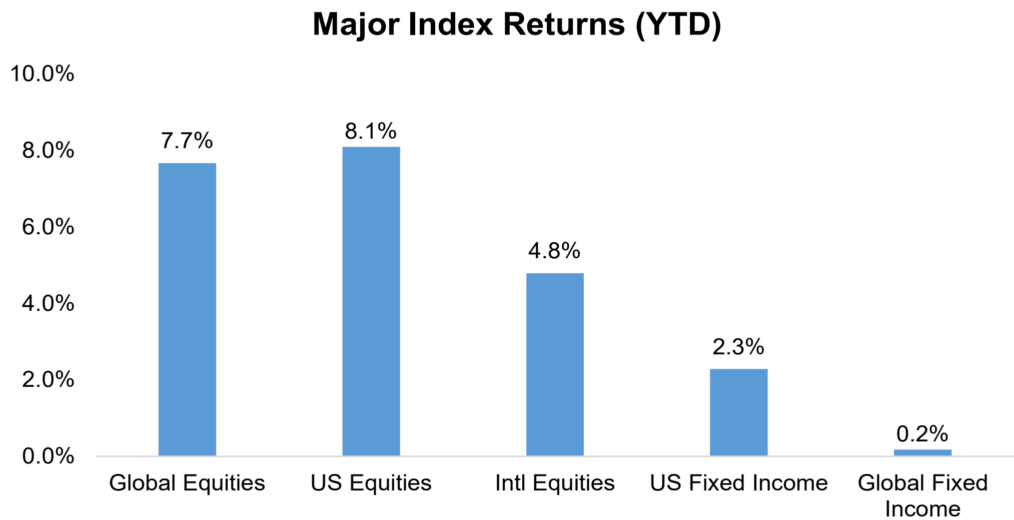
FY26 September YTD Cash Flow	(millions)
Oper. income (before contract increases)	$53
Depreciation	55
Investment return	59
Construction funds applied	0
Grant & gift funded capital	0
Sources of cash	167
Debt & capital leases repaid, net	(21)
Capital spending	(62)
Medicaid payment catch up & other, net	124
Uses of cash	40
Net cash flow	$207
6/30/25 Days cash on hand	*136*
9/30/25 Days cash on hand	*146*
Fitch Ratings AA median	*280*
Fitch Ratings A median	*212*
(August 5, 2025)	

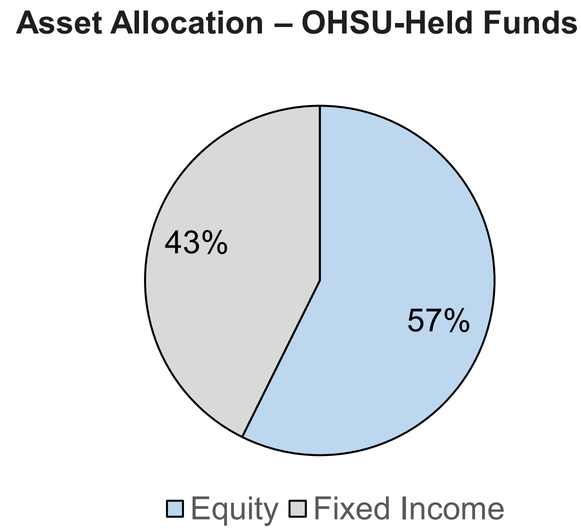
OHSU

Days Cash on Hand up 10 Days Since June 30th



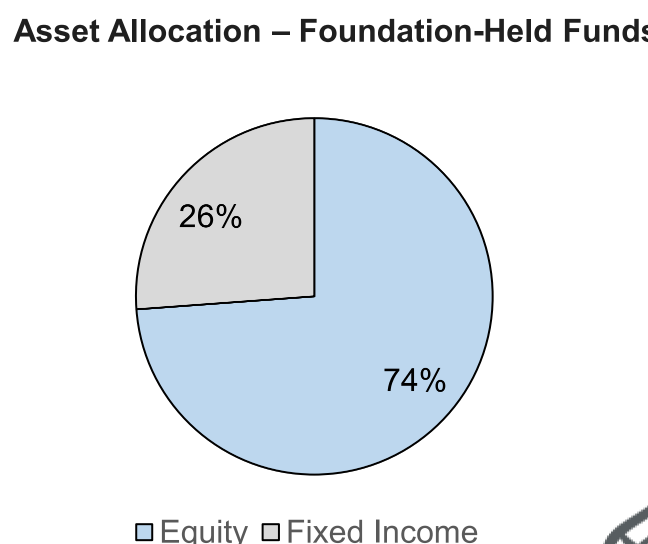
FY26 September YTD Investment Returns Up 3.7%





Asset Pool	6/30/2025 Balance	9/30/2025 Balance	FY25 YTD TR (%)	Benchmark YTD TR (%)
OHSU-Held Funds				
Short-Term Asset Pools	266,535	505,023	1.1%	1.1%
Long-Term Asset Pools	971,943	911,296	5.5%	5.8%
Mission Related Investments	124,212	129,594	4.2%	4.2%
Total OHSU Assets	**$1,362,690**	**$1,545,913**	**4.2%**	**4.3%**
Foundation-Held Funds*				
Non-Endowment Asset Pools	250,707	249,856	2.2%	2.1%
Endowment Assets	1,396,540	1,457,098	3.6%	5.8%
Total Foundation Assets	**$1,647,247**	**$1,706,954**	**3.4%**	**5.3%**
Total OHSU Investable Assets	**$3,009,937**	**$3,252,867**	**3.7%**	**4.8%**

** Foundation preliminary actual and benchmark return calculated by OHSUF staff, with NAV sourced from investment managers.*



“Core” Operating Income in Q1

- September’s report introduced the concept of “core” revenues and expenses, excluding four items that have grown significantly since the pandemic: direct margin on non-hospital pharmacy services, IGT funding, support to partner hospitals, and impact from HB3320 financial assistance to patients.
- The table on the next page shows total and core earnings, comparing Q1 this year (adjusted for estimated missing wage increases) to last year’s results and the average growth trends over the six years from FY19 (pre-pandemic) through FY25.
- Non-hospital Rx margin is up 28%, besting the 6-year average and meeting budget.
- HMC/AHC operating support is lower due to restructuring the Adventist partnership.
- HB3320 impact has been moderated by more accurate upfront assessment of financial need, while still providing every patient the opportunity to apply for aid at any stage.
- Core revenues are up nearly 10% compared to the 6-year trend of 6%, reflecting continued concentration on complex care that only OHSU can provide in Oregon (including a record Q1 casemix index of 2.65) plus beginning to see the impact of negotiating inflation-appropriate rates from commercial payers.
- Core salaries & benefits (adjusted for missing contract increases) are up 9%, slightly below the 6-year trend of 10%, due to holding FTEs flat in most areas of OHSU.
- In sum, the Q1 core operating loss grew by only 1.5% to $(170)m, compared to 45% average annual growth in the prior 6 years.

OHSU

Total & Core Earnings Compared to 6-Year Trend

Q1 Core Operating Income (millions)	Sep YTD Last Year	Sep YTD This Year	FY26 YTD Change		*FY19 - FY25 6-Year CAGR*
Total operating income	$(9)	$53			
Missing contract increases (estimated)		(18)			
Adjusted operating income	(9)	35			
Non-hospital Rx margin	115	146	27.7%		*20.1%*
IGT funding	78	85	9.7%		*17.8%*
HMC/AHP operating support	(9)	(7)	-24.0%		*24.5%*
HB3320 impact	(25)	(20)	-22.0%		
Core operating income	$(167)	$(170)	1.5%		*45.2%*
Core operating revenue	$983	$1,078	9.7%		*6.4%*
Core salaries & benefits	812	887	9.3%		*10.5%*
Core supplies & services	275	295	7.4%		*7.2%*
Core interest & depreciation	65	66	2.2%		*3.2%*
Core operating expenses	1,151	1,248	8.5%		*9.1%*
Core operating income	$(167)	$(170)	1.5%		*45.2%*

Turning to Meet Financial Imperatives in FY26 Q1

- First quarter results are not always predictive of the full fiscal year: in FY25, the final loss of $(133)m was far greater than the Q1 loss of $(9)m annualized by 4x, or $(36)m.
- However, this year's Q1 shows progress toward each of our five financial imperatives:
  - Keeping FTE growth below 2% year over year
  - Increasing productivity to meet our missions within the lower FTE growth
  - Controlling the increase in salaries & benefits per FTE
  - Achieving strategic growth in complex, higher margin services
  - Securing better payment rates that reflect the unique and complex care we provide.
- Adjusted earnings of $35m through September offset 13% of the operating losses incurred over the prior 24 months.

Cumulative Revenue & Expense 27 Months (millions)	FY24 12 Months	FY25 12 Months	FY26 Q1 3 Months	27-Month Total
Operating revenues	$5,035	$5,508	$1,512	$12,056
Operating expenses*	5,163	5,642	1,477	12,282
Operating gain (loss)	$(128)	$(133)	$35	$(226)
Operating margin	*-2.5%*	*-2.4%*	*2.3%*	*-1.9%*
**FY24 adjusted for GASB 100/101 implementation and FY26 Q1 adjusted for estimated $18m of missing contract increases.*				

OHSU

KPMG

Oregon Health & Science University

Discussion with the OHSU Finance & Audit Committee and Board of Directors

Audit results and strategy for the year ending June 30, 2025

Audit results: Overview

Outstanding matters

None

Auditors' report

There are explanatory paragraphs added related to certain supplementary information. See slide 6.

Subsequent Events and other matters

Phil and Penny Knight's $2 billion gift to OHSU will be disclosed as a subsequent event in the June 30, 2025 financials.

Corrected and Uncorrected Misstatements

None

Required communications to those charged with governance

Audit results required communications and other matters

Matters to communicate		Response
Significant unusual transactions	X	
Uncorrected audit misstatements	X	
Corrected audit misstatements	X	
Financial statement presentation and disclosure omissions	X	
Non-GAAP policies and practices	X	
Auditors' report	✓	Page 6 – 8
Changes to our risk assessment and planned audit strategy	X	
Significant accounting policies and practices	✓	Page 9
Significant accounting estimates	✓	Pages 10 – 12
Significant financial statement disclosures	✓	Page 13
Group audit engagement considerations	✓	Page 15 – 16

Matters to communicate		Response
Related parties	X	
Going concern	X	
Other information	✓	Page 17
Subsequent events	✓	Page 2
Noncompliance with laws and regulations	X	
Significant difficulties encountered during the audit	X	
Significant findings or issues discussed, or the subject of correspondence with management	X	
Management's consultation with other accountants	X	
Disagreements with management	X	
Other significant matters	X	

✓ = Matters to report X = No matters to report

KPMG

Audit results required communications and other matters

Matters to communicate	
Consultations	We consulted with a KPMG pension specialist and KPMG tax specialists regarding assumptions and disclosures used by OHSU for the Pension Plan and evaluating the tax-exempt status of the entity, respectfully.
Illegal acts or fraud	No actual or suspected fraud involving group or component management, employees with significant roles in the group's system of internal control, or where fraud results in a material misstatement in the financial statements were identified during the audit.
Written communications	Engagement letter, management representation letter, including summary of corrected misstatements, absence of material weakness letter, and required communications with those charged with governance letter under AU-C 260 to be distributed under separate covers.
Independence	KPMG is independent of OHSU and its related entities. In connection with our audit of OHSU and its related entities, KPMG and relevant KPMG professionals have complied with relevant ethical requirements regarding independence, as that term is defined by professional standards.
Inquiries	We have completed our inquiries regarding fraud risk assessment and other relevant topics.

Auditor's report

Auditor's report

Reports to be issued:

Financial Statements:

- Independent auditors' report on the financial statements of OHSU as of and for the years ended June 30, 2025 and 2024 under U.S. generally accepted auditing standards (GASB opinion), with required supplementary information (MD&A and pension information) and other supplementary information (Combining schedules)
- Independent auditors' report on the financial statements of OHSU as of and for the years ended June 30, 2025 and 2024 under U.S. generally accepted auditing standards (GASB opinion), with required supplementary information (MD&A and pension information) and other supplementary information (Combining schedules and Institute on Development and Disability (IDD) schedules)
- Independent auditors' report on the financial statements of OHSU as of and for the years ended June 30, 2025 and 2024 under government auditing standards (GAGAS opinion), with required supplementary information (MD&A and pension information).
- Independent auditor's report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.

Auditor's report (continued)

Matters affecting the form and content of the auditors' report

- There were no modifications of the standard auditors' report.
- Consistent with prior year, there are other matters paragraphs included in our audit opinions. Our opinions were not modified in respect of these matters.
- OHSU Financial Statements:
  - Other Matter paragraph on Required Supplementary Information clarifying that we do not express an opinion on MD&A or supplementary pension information.
- Financials without IDD: Other Matter paragraph on Supplementary Information clarifying that we express an opinion on the Combining Schedules appended to the financial statements, solely in their relation to the financial statements as a whole.
- Financials with IDD: Other Matter paragraph on Supplementary Information clarifying that we express an opinion on the Combining Schedules and the Institute on Development and Disability schedules appended to the financial statements, solely in their relation to the financial statements as a whole.
- Other Reporting Required by Government Auditing Standards: Other Matter paragraph clarifying that our report on our consideration of the internal control over financial reporting is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and that we do not express an opinion on the effectiveness of those controls.

Auditor’s report (continued)

Matters affecting the form and content of the auditors’ report

- Debt Compliance Letters related to:
  - The Amended and Restated Master Trust Indenture with The Bank of New York Mellon Trust Company, N.A.
  - Bondholder’s Agreement with JP Morgan Chase Bank, N.A.
  - The Bondholder’s Agreement with Wells Fargo Municipal Capital Strategies, LLC
  - The Forward Bond Purchase and Bondholder’s Agreement with U.S. Bank N.A.
  - The Credit Agreement with U.S. Bank N.A.

Significant accounting policies and practices

Description of significant accounting policies and practices	Audit findings
Patient Accounts Receivable	Significant management judgment and estimation is involved in determining contractual and bad debt allowances for patient accounts receivable. Reserves are recorded based on historical collectability data.
Investments	Investments are measured based upon quoted market prices at the reporting date. Alternative investments are valued at net asset value (NAV), which represents the fair value of the underlying investments of the fund.
Pension	The pension liability is valued at OHSU's proportionate share of the PERS fund balance over the PERS liabilities. It is recorded on a one-year lag. OHSU provides census data each pay period and PERS applies certain assumptions to determine the liability. The PERS liability is estimated by Milliman, a third-party actuary.
Litigation	KPMG sent inquiry letters to external counsel. KPMG also discussed outstanding litigation with management. No information was provided that indicated additional liabilities are required to be recorded.
Compliance with debt covenants	Management has provided support indicating compliance with its debt covenants related to financial provisions of its debt agreements at June 30, 2025.
Tax Exempt Status	A KPMG tax specialist reviewed the University's exempt tax status and identified no significant financial statement risks related to the status.

Significant accounting estimates

Description of significant accounting estimates

- Valuation of patient accounts receivable

Audit findings

Management's process used to develop the estimates

- Management calculates net accounts receivable based on the historical settlement rates (zero balance account or ZBA rates). Large claims are reviewed and reserved separately. Management uses judgment to determine if additional incremental reserves are considered necessary.

Significant assumptions used that have a high degree of subjectivity

- Significant assumptions with a high degree of subjectivity relate primarily to the applicability of historical collectability rates to current outstanding AR, related to the assumptions that current AR collectability will follow historical patterns for similar payor types.

Indicators of possible management bias

- No indicators of possible management bias.

Conclusions

- KPMG concludes that the valuation of patient accounts receivable appears reasonable as of June 30, 2025.

Significant accounting estimates (continued)

Description of significant accounting estimates

- Valuation of Investments, including Alternative Investments

Audit findings

Management's process used to develop the estimates

- The fair value of investments, other than those measured using NAV as a practical expedient for fair value, is estimated using quoted market prices multiplied by shares held or other observable inputs when quoted market prices are unavailable. Market values are provided by institutional custodians in the annual investment statements.
- The University uses net asset value a practical expedient for the estimation of the fair value of investments in funds for which the investment does not have a readily determinable fair value. NAVs are provided by underlying fund managers.

(in millions)	2025	2024
Investments at fair value	$1,029	$ 1,152
Investments at NAV (alternative investments)	1,744	1,866
Equity method investments	124	144
Total Investments	**$2,897**	**$ 3,131**

Procedures

- Priceable investments are compared against pricing services by KPMG's Centralized Pricing Desk
- Procedures over alternative investments include confirmation with investment managers and back-testing, or comparison of reported NAVs to audited financial statements of individual funds.

Conclusions

- KPMG concludes that the valuation of investments appears reasonable as of June 30, 2025.

Significant accounting estimates (continued)

Description of significant accounting estimates

- Valuation of pension (PERS)

Audit findings

Management's process used to develop the estimates

- Management uses an independent third party actuary, Milliman, to estimate the value of the obligation.
- There were no indicators of management bias.
- There were no changes to the estimation methodology.

Discussion of procedures and results

- KPMG tested valuation using a KPMG actuarial specialist who evaluated the valuation methodology and key assumptions, finding them reasonable.
- KPMG inspected the actuarial report and related disclosures in the financial statements, noting that the assumptions and disclosures are appropriate and agreed to supporting documents.
- KPMG performed test work over census data, including new hires, and contributions.

Indicators of possible management bias

- No indicators of possible management bias.

Conclusions

- Based on our audit procedures performed, pension obligations are properly supported and are properly stated as of June 30, 2025.

Significant financial statement disclosures

Description of significant financial statement disclosures
• Significant disclosures were reviewed and found to be clear, transparent, and appropriate for OHSU. • Investment disclosures address the valuation methods and inherent estimation uncertainty. • Patient accounts receivable disclosures explain the basis for estimating third-party payor allowances and the process for subsequent adjustments. • Pension disclosures describe the actuarial methods, key assumptions, and OHSU's participation in the Oregon PERS plan. • Disclosures were neutral, consistent, and clearly presented, with no indicators of management bias. • Overall, disclosures are consistent with the applicable financial reporting framework and provide users with relevant information.

New GASB Adoptions

GASB 101 – Compensated Absences

- GASB 101 provides new guidance for recognizing and measuring compensated absences (such as vacation and sick leave).
- Key changes:
    - Expands the types of leave recognized as a liability.
    - Requires accrual of both unused leave and leave used but not yet paid.
    - Updates disclosure requirements to improve clarity and comparability. Disclosure approach includes reporting net changes in liabilities rather than gross amounts to enhance clarity and comparability.
- OHSU adopted GASB 101 as of July 1, 2024.
- To estimate, management reviewed historical leave usage trends to develop usage rates applied to leave balances.
- The standard was applied retrospectively, resulting in an increase to the compensated absences liability of approximately $255 million as of June 30, 2024. The accrued liability on the balance sheet reflects the full amount under GASB 101, including both previously recognized and newly accrued components. The $255M increase as of June 30, 2024 represents the incremental impact of adopting the standard.
- The accrued liability recognized as of June 30, 2025 is $281 million.
- Disclosures include reporting net changes in liabilities rather than gross amounts, improving clarity and comparability across periods.
- Audit procedures confirmed the methodology was reasonable and aligned with GASB 101 and was supported by payroll records and related documentation.

Group audit engagement considerations

Group audit considerations

KPMG's scope included the following entities:

- Audited by the group audit team:
  - Oregon Health & Science University – Consolidated
- Audited by stand-alone audit teams:
  - Oregon Health & Science University – Family Medicine at Richmond
  - Oregon Health & Science University Foundation
  - Jasper Ridge Partners, LP
  - OHSU Insurance Company (InsCo)
  - Hillsboro Medical Center (Tuality Healthcare)

Group audit engagement considerations (continued)

Oregon Health & Science University Foundation – Discussion of results
• Jasper Ridge Investment – Valuation at NAV tested and found to be appropriate • Contribution revenue and receivable balances tested and found to be appropriate • No other significant matters to discuss
OHSU Insurance Company (InsCo) – Discussion of results
• Unpaid claims liability – Valuation tested using a KPMG actuary and found to be reasonable • No other significant matters to discuss
Hillsboro Medical Center (Tuality) – Discussion of results
• Valuation of patient accounts receivable tested and found to be appropriate • Pension assumptions and methodology reviewed by a KPMG actuary found to be appropriate • 2025 results reflected continued operation of the Management Agreement between OHSU and HMC

Other information

<table>
<tr><th>Other information</th><th>Procedures performed</th><th>Results</th></tr>
<tr><td>Required supplementary information
• MD&A
• Pension information</td><td>Perform review procedures as KPMG does not express an opinion over this information. Agree numbers to provided schedules from management and assess for reasonableness.</td><td rowspan="2">We agreed the information presented in the supplemental schedules to the audited financial statements and underlying support.

There were no material inconsistencies identified that require revision of the schedules.

We did not identify any material misstatements of fact.</td></tr>
<tr><td>Supplementary information
• Combining Schedules
• Institute on Development and Disability Supplemental Schedules</td><td>Perform limited audit procedures as KPMG expresses an opinion over this information in relation to the financial statements as a whole. Agree numbers to provided schedules from management and assess for reasonableness.</td></tr>
</table>

Required inquiries

- What are your views about fraud risks, including management override of controls, at the entity and whether you have taken any actions to respond to these risks?
- Are you aware of, or have you identified, any instances of actual, suspected or alleged fraud, including misconduct or unethical behavior related to financial reporting or misappropriation of assets?
  If so, have the instances been appropriately addressed and how have they been addressed?
- Are you aware of or have you received tips or complaints regarding the entity's financial reporting (including those received through the internal whistleblower program, if such program exists) and, if so, what was your response to such tips and complaints?
- How do you exercise oversight over management's assessment of fraud risk and the establishment of controls to address/mitigate fraud risks?
- Has the entity entered into any significant unusual transactions?
- Are you aware of any matters relevant to the audit, including, but not limited to, any instances of actual or possible violations of laws and regulations, including illegal acts (irrespective of materiality threshold)?
- Has the entity complied with all covenants during the financial statement period and before the date of the auditor's report?
  Have there been any events of default during the financial statement period and before the dates of the auditor's report?
- What is the audit committee's understanding of the entity's relationships and transactions with related parties that are significant to the entity?
- Does any member of the audit committee have concerns regarding relationships or transactions with related parties and, if so, what are the substance of those concerns?
- Have any subsequent events occurred that might affect the financial statements?
- Have there been any correspondence with regulators or licensing authorities?

Questions?

For additional information and audit committee resources, including National Audit Committee Peer Exchange series, a Quarterly webcast, and suggested publications, visit the KPMG Audit Committee Institute (ACI) at www.kpmg.com/ACI

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OREGON HEALTH & SCIENCE UNIVERSITY

(A Component Unit of the State of Oregon)

Financial Statements
and Supplementary Information

June 30, 2025 and 2024

(Dollars in thousands)

(With Independent Auditors' Report Thereon)

OREGON HEALTH & SCIENCE UNIVERSITY
(A Component Unit of the State of Oregon)

Table of Contents

Independent Auditors' Report

The Board of Directors
Oregon Health & Science University:

Opinions

We have audited the financial statements of the business-type activities and the aggregate discretely presented component units of Oregon Health & Science University (OHSU), as of and for the years ended June 30, 2025 and 2024, and the related notes to the financial statements, which collectively comprise OHSU's basic financial statements for the years then ended as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of OHSU as of June 30, 2025 and 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 OHSU and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. generally accepted accounting principles, 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 OHSU'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 auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, 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 OHSU'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 OHSU'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

U.S. generally accepted accounting principles require that the management's discussion and analysis, the schedule of OHSU's proportionate share of the net pension liability and related ratios, and schedule of defined-benefit pension plan 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 GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise OHSU's basic financial statements. The supplemental information included in schedules 1 through 5 is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

(signed) KPMG LLP

Portland, Oregon
_____ __, _____

OREGON HEALTH & SCIENCE UNIVERSITY
(A Component Unit of the State of Oregon)
Management Discussion and Analysis (Unaudited)
June 30, 2025 and 2024
(Dollars in thousands)

Introduction

Oregon Health & Science University (OHSU or the University) is Oregon’s only public academic health center and one of the only universities in the US devoted exclusively to educating physicians, dentists, nurses, pharmacists, public health professionals and others in healthcare, biology and medicine. It is a national leader in education of health professionals and scientists, advanced biomedical and healthcare research, leading edge patient care, and outreach. As part of its multifaceted public mission, OHSU strives for excellence in education, research and scholarship, clinical practice, and community service. Through its dynamic interdisciplinary environment, OHSU stimulates the spirit of inquiry, initiative, and cooperation among students, faculty, and staff.

The following discussion and analysis provide an overview of the financial activities of OHSU for the year ended June 30, 2025 and should be read in conjunction with the financial statements and related note disclosures. This discussion was prepared by management and is designed to focus on current activities, resulting changes, and current known facts with selective comparative information for the years ended June 30, 2024 and 2023.

In this reporting period, OHSU implemented a new accounting standard, GASB Statement No. 101, *Compensated Absences* (GASB 101). The standard enhances comparability across reporting periods by more comprehensively capturing employee benefit obligations. Adoption of the standard required restating balances in fiscal year 2024, which increased total liabilities by $255 million and reduced unrestricted net position by the same amount, and increased salaries, wages and benefits expense by approximately $30 million. These adjustments reflect the requirements of adopting GASB 101 only and did not materially impact cash flows or OHSU's ability to fund operations. Additional information on the adoption of GASB Statement No. 101 and its impact on OHSU’s financial statements is provided in the accompanying note disclosures. For purposes of management’s discussion and analysis, comparative balances have been adjusted to reflect the adoption of GASB 101.

Financial Highlights

To manage its operations and monitor its financial position, OHSU focuses on two key indicators: the total change in OHSU’s net position, which includes the Foundation, investment income and other nonoperating items, and the “Total University” operations component of operating income (before consolidation of the Foundation and reclassifications of state appropriations to nonoperating revenues).

The broadest measure of OHSU’s financial strength is reflected in net position, the difference between assets and deferred outflows, and liabilities and deferred inflows. OHSU’s net position totaled $4.1 billion in fiscal year 2025, compared to $4.0 billion in fiscal year 2024 (as restated) and $4.1 billion in fiscal year 2023. The $58 million increase to net position in fiscal year 2025 reflects a combination of investment returns and operating revenue growth offset by expense pressures. The fiscal year 2024 restatement reflects the implementation of GASB Statement No. 101, which reduced the unrestricted portion of net position by $255 million.

While operating revenues increased due to patient service revenue, non-hospital pharmacy services and qualified state directive payments, these gains were offset by higher levels of financial assistance to lower income patients with the introduction of Oregon House Bill 3320. Operating costs increased faster than payment rates due to rising labor and benefit expenses, pharmacy and medical supply costs, higher than planned affiliated partner hospital losses, as well as the ongoing costs of regulations such as the Safe Staffing Oregon House Bill 2697.

Large-scale capital investments are in progress, most notably the construction of the Vista Pavilion, a 14-story inpatient addition that will add new beds for high-acuity adult care, focusing on oncology, complex surgery, cancer medicine and cellular therapy. All borrowed funds designated for the project were fully expended by mid-year, with subsequent construction activity funded from operations and other internal sources. These dynamics increase fixed cash commitments in the near term and are expected to place continued pressure on net position, underscoring the importance of sustaining revenue growth, managing expense trends, and careful balance sheet management.

To maintain overall financial stability, management has focused on increasing capacity and access, especially for patients with complex conditions requiring the unique capacities of Oregon's only public academic health center, slowing the pace of hiring, and continuing to rely on income from gifts and investment returns to mitigate operating deficits and support a positive change in net position.

When measuring operating results for the University, OHSU uses a single line "equity method" for the OHSU Foundation. The "equity method" follows the "Total University" column on the combining financial statements included at the end of these financial statements, with gifts recorded when transferred from the Foundation to the University for use and state appropriations included within operating revenues.

The receipt and then spending of large gifts, and accrued expenses for Oregon Public Employees Retirement System (PERS) pension, have caused large swings in OHSU's revenues and expenses over time. Management uses the analysis of adjusted operating income on the following table to track underlying performance on a consistent basis where expenses for pension benefits are recorded on a cash basis, rather than an accrual basis, as they were prior to adoption of GASB 68.

Analysis of Total University Column of Combining Statements of Revenues, Expense, and Changes in Net Position

Years ended June 30, 2025 and 2024

(Dollars in thousands)

	2025	2024	$ Change	% Change
Patient service revenue, net	$ 4,095,300	3,668,810	426,490	11.6 %
Other revenues	1,413,142	1,366,498	46,644	3.4
Total operating revenues	5,508,442	5,035,308	473,134	9.4
Salaries, wages, and benefits, net of pension accrual	3,439,572	3,202,581	236,991	7.4
Services, supplies, and other	1,939,405	1,705,262	234,143	13.7
Depreciation and amortization, and interest	262,927	255,272	7,655	3.0
Total operating expenses, net of pension accrual	5,641,904	5,163,115	478,789	9.3
Adjusted operating income (loss)	(133,462)	(127,807)	(5,655)	4.4
Cash basis pension expense	67,830	62,243	5,587	9.0
Accrual basis pension expense	(84,433)	(75,215)	(9,218)	12.3
Operating income (loss)	(150,065)	(140,779)	(9,286)	6.6
Investment income and gain (loss) in fair value of investments	288,407	267,313	21,094	7.9
State appropriations	70,396	72,886	(2,490)	3.4
FEMA public assistance program	226	104,486	(104,260)	99.8
Other nonoperating, Foundation, and eliminations/reclasses	(176,781)	(188,968)	12,187	6.4
Total net income before contributions for capital and other	32,183	114,938	(82,755)	72.0
Other changes in net position	26,171	(188,911)	215,082	113.9
Total increase (decrease) in net position	$ 58,354	(73,973)	132,327	178.9 %

In fiscal year 2025, OHSU had an adjusted operating loss of $133 million compared to an adjusted operating loss of $128 million in fiscal year 2024. Total operating revenues increased by 9.4% compared with total operating expense growth of 9.3%, net of pension accrual. Adjusting for the PERS pension benefit, the Total University's operating loss was $150 million and $141 million in fiscal years 2025 and 2024, respectively.

OREGON HEALTH & SCIENCE UNIVERSITY
(A Component Unit of the State of Oregon)
Management Discussion and Analysis (Unaudited)
June 30, 2025 and 2024
(Dollars in thousands)

Net patient service revenue increased 11.6% to $4.1 billion in fiscal year 2025, offset by $66 million as a result of the additional financial assistance to lower-income income patients required under HB 3320, effective July 1, 2024, compared to the prior year which included a one-time $44 million Medicare settlement related to underpaid 340b funding. Patient activity increased from prior year with hospital inpatient admissions increasing by 5.2%, surgical cases by 4.1%, and ambulatory visits by 4.1%. Other revenues grew by 3.4% or $47 million, reflecting continued expansion of OHSU's non-hospital pharmacy program.

OHSU continues to receive strong support from the State of Oregon as part of the Intergovernmental Transfer (IGT) partnership with the State of Oregon, which helps secure major funding for the Oregon Health Plan and covers a percentage of the cost of care for Medicaid and other low-income patients. Reflected in operating revenues, this support was $310 million and $220 million in fiscal years 2025, and 2024, respectively. Accounts receivable at June 30, 2025, were higher than the prior year due to the timing of state-directed payment (SDP) reimbursements, with certain funds received after year-end. Overall, total operating revenue increases were driven by higher patient volumes, demand for specialized services, growth in non-hospital pharmacy services and support from the State of Oregon. However, operating expenses continue to outpace operating revenues.

Salaries, wages, and benefits, net of pension accrual, together with services, supplies and other increased by 9.6% to $5.4 billion in fiscal year 2025, compared to $4.9 billion in fiscal year 2024, which included $18 million of severance and other expenses related to reductions in force. The fiscal year 2025 increase reflects continued investment in staffing levels and compensation to support patient care, consistent with the Oregon's hospital staffing law, recent collective bargaining agreements, and current labor market conditions. Pension-related expenses were also higher, with $17 million recognized from the PERS plan in fiscal year 2025 compared to $13 million in the prior fiscal year. In addition, services, supplies, and other expenses rose due to higher patient volumes, greater case complexity, and upward pressures on medical and pharmaceutical costs. Support for OHSU's affiliated partners increased 24% from $13 million in fiscal year 2024 to $49 million in fiscal year 2025.

In addition to staffing investments, lessons from the COVID-19 pandemic highlighted the need for additional hospital space, resulting in the investment of a new 513,000-square-foot inpatient addition, Vista Pavilion, slated to open in April 2026. The $650 million project will add 128 adult beds focusing on cancer, with shelled space for future expansion. This will ease long-standing capacity constraints and expand access to advanced care such as surgical oncology, complex surgeries, and cellular therapies.

Not included within operating revenues or operating income (loss) are investment income and gain (loss) in fair value of investments and State of Oregon appropriations support. OHSU recognized investment income and gains in fair value of investments of $288 million and $267 million in fiscal years 2025 and 2024, respectively. Equity markets had strong gains, supported by steady economic growth and a resilient labor market, while fixed income markets delivered moderate returns throughout the fiscal year. State appropriations were $70 million in fiscal year 2025 and $73 million in fiscal year 2024. While nonoperating revenues have helped to offset operating pressures and contributed to the total increase in net position of $58 million in fiscal year 2025, OHSU continues to actively pursue additional sustainable revenue sources, working with public, private, and philanthropic partners to support strategic priorities and long-term financial strength.

(Continued)

During fiscal year 2025, the proposed merger with Legacy Health was mutually terminated, resulting in no change to OHSU's governance or operations. Subsequent to fiscal year-end, on August 14, 2025, Phil and Penny Knight announced a $2 billion gift to the foundation to support OHSU's Knight Cancer Institute, which will provide additional resources to expand and accelerate diagnostics, ensure access to innovative clinical trials informed by Knight research, and simplify the care experience for patients and families. See Subsequent Events in the note related disclosures for more information.

Results of Operations

The Statements of Revenues, Expenses, and Changes in Net Position present the operating results of OHSU, inclusive of the Foundation. In accordance with generally accepted accounting principles for governmental entities, revenues and expenses are classified as either operating or nonoperating. The University and the Foundation programs and operations are funded through a variety of sources that fall into both categories. Certain items, such as state appropriations, Foundation operating expenses - including transfers to the University, fundraising, and other activities supported in part by endowment investment income - and investment income and changes in fair value of investments, are reported as nonoperating activities, although they are essential in funding operating costs and supporting ongoing activities. Pension expense related to the PERS defined benefit plan is recognized as an operating activity, even though it reflects prior-year systemwide investment results.

Consequently, when evaluating OHSU's overall financial performance, management believes that the net income (loss) before contributions for capital and other, which encompasses both operating and nonoperating revenues, offers the most meaningful indicator of financial performance for the years ended June 30, 2025, 2024, and 2023.

Condensed Statements of Revenues, Expenses, and Changes in Net Position

June 30, 2025, 2024 and 2023

(Dollars in thousands)

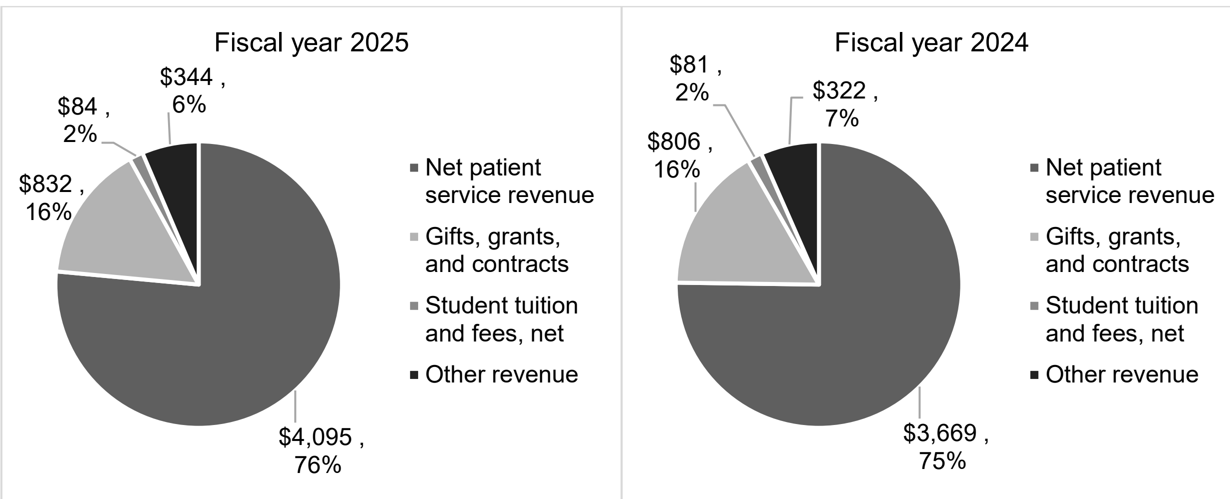
		2025	2024	2023
Patient service revenue, net	$	4,095,300	3,668,810	3,337,828
Gifts, grants, and contracts		831,670	805,564	758,380
All other operating revenues		428,114	403,451	361,094
Total operating revenues		5,355,084	4,877,825	4,457,302
Salaries, wages, and benefits		3,394,376	3,160,542	2,702,614
Defined-benefit pension		84,433	75,215	37,947
All other operating expenses		2,218,978	1,968,867	1,798,799
Total operating expenses		5,697,787	5,204,624	4,539,360
Operating income (loss)		(342,703)	(326,799)	(82,058)
Other nonoperating revenues (expenses)		304,264	264,365	120,410
State appropriations		70,396	72,886	62,690
FEMA		226	104,486	22,576
Net income before contributions for capital and other		32,183	114,938	123,618
Other changes in net position		26,171	(188,911)	25,573
Total change in net position	$	58,354	(73,973)	149,191

OHSU’s consolidated net income before contributions for capital and other was $32 million and $115 million in fiscal year 2025 and 2024, respectively. This followed a gain of $124 million in fiscal year 2023.

Revenues Supporting Core Activities

OHSU’s operating revenues for fiscal year 2025 total $5.4 billion, an increase of 9.8% from fiscal year 2024 at $4.9 billion. The increase was driven by patient service revenue, grants, gifts and contracts, and pharmaceutical services.

Operating Revenue by Source
Fiscal years 2025 and 2024
(Dollars in millions)



Increases in patient service revenue reflected an 11.5% increase in patient activity when measured by case mix index and outpatient-adjusted admissions. All-payer case mix index increased to a very strong 2.58.

Grants, gifts, and contracts recorded in fiscal year 2025 were $832 million, compared to $806 million in fiscal year 2024. The University continues to report consistent growth in federal government and industry grants, an indicator of the success of OHSU's research and other programs, along with steady increases in medical contracts over the last two fiscal years, reflecting partnerships that extend OHSU programs across the region.

Gifts are first pledged and recorded at the OHSU Foundation and then provided to the University through Foundation distributions that support program needs. Because large gifts may be promised in one year, received in cash over several years, and spent overtime, reported gift revenue can fluctuate from year to year. In fiscal year 2025, the Foundation provided $166 million in support, helping OHSU fund scholarships and student aid, support faculty, advance research, and strengthen clinical and academic programs. Foundation distributions include both endowment payouts (annual support from invested funds) and current-use gifts available for immediate needs.

Student tuition and fees were $84 million and $81 million in fiscal years 2025 and 2024, respectively. Fiscal year 2025 marks the twelfth year of the OHSU Tuition Promise. Under this initiative, students enrolled in eligible clinical degree programs pay a tuition rate that is fixed for the remainder of their studies, if they complete the degree within the normal timeframe specified by the program.

Sales, service and other revenue increased in fiscal year 2025 by $22 million, or 6.8%, from fiscal year 2024 in part from increases in outpatient pharmacy services. OHSU provides pharmaceutical treatment to patients through retail sales, as well as more advanced care where patients can obtain specialty drugs delivered at infusion sites as well as in their homes for complex conditions such as cancer, neuromuscular and autoimmune diseases, and organ transplantation.

Reported in nonoperating revenues (expenses), fiscal year 2025 and 2024 investment income and fair value of investments was a gain of $288 million and $267 million, respectively, primarily due to strong investment returns.

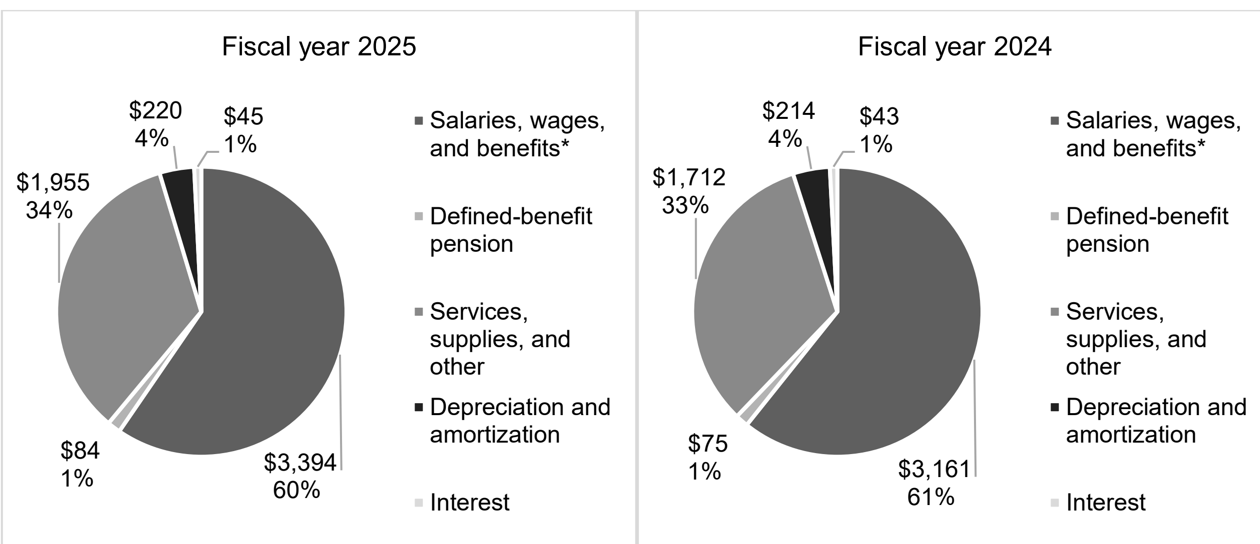
State appropriations, reported in other nonoperating revenues (expenses), totaled $70 million in fiscal year 2025 and $73 million in 2024. State appropriations support education in the Schools of Nursing, Dentistry, and Medicine, as well as operations of the Child Development and Rehabilitation Center, the Office of Rural Health, and the Poison Center.

Expenses Associated with Core Activities

OHSU’s total operating expenses on a combined basis increased by $493 million or 9.5% in fiscal year 2025 to $5.7 billion from $5.2 billion in fiscal year 2024. In fiscal year 2025, expense growth is related to salaries, wages, and benefits, services, supplies and other, and by the defined-benefit pension expense.

Operating Expenses
Fiscal years 2025 and 2024

(Dollars in millions)



* Salaries, wages, and benefits figures include OHSU’s proportionate share of the Oregon PERS’s net pension expense of $84 million and $75 million in fiscal years 2025 and 2024, respectively.

Salaries, wages, and benefits, excluding the accrued defined benefit pension expense, represents OHSU's largest expense category and accounted for approximately 60% of total operating expense in fiscal year 2025. This category increased by $234 million, or 7.4%, in fiscal year 2025 compared to the prior year driven by higher wages and benefit costs and continued impact of increased staffing required under the Oregon hospital staffing law, partially offset by slower hiring. Salaries, wages, and benefits increased by $458 million, or 17%, in fiscal year 2024, as restated. Fiscal year 2024 included $18 million of severance and other expenses related to reductions in force, and a $30 million increase related to the adoption of GASB Statement No. 101, *Compensated Absences*.

In fiscal year 2025, the defined benefit pension expense increased by $9 million, or 12.3%, from fiscal year 2024 due to cumulative 2024 and 2023 asset returns less than assumed, generating actuarial investment losses.

Services, supplies, and other expenses increased $243 million or 14.2% in fiscal year 2025 and $167 million or 10.8% in fiscal year 2024, representing the nonlabor costs associated with program growth, spending on pharmaceuticals and medical supplies, and general inflationary pressures impacting all healthcare environments.

Fiscal years 2025 and 2024 also included integrated clinical operations support for Adventist Health Portland at $30 million and $16 million, respectively, an affiliate since January 2018, and Tuality (Hillsboro Medical Center) at $15 million and $8 million, respectively, a partner since February 2016.

Depreciation and amortization represent the reduction in value of capital assets with the passage of time. In fiscal year 2025, depreciation and amortization increased by $6 million, or 2.7%, reflecting an increase from prior periods due to capital improvements put in service and acquisition of Subscription Based Technology assets, this compared to an increase of $4 million, or 1.6%, in 2024.

Interest expense increased 4.4% to $45 million in fiscal year 2025 from $43 million in fiscal year 2024. OHSU did not issue bonds in fiscal year 2025. The amount of bonds outstanding decreased due to scheduled amortization of principal, thus leading to a decrease in interest expense on bonds. This reduction, however, was offset by $1.7 million in lease-related interest expense.

Operating Expenses by Functional Classification

(Dollars in thousands)

		2025	2024	2023
Instruction, research, and public service	$	720,977	700,425	645,399
Clinical activity		3,922,692	3,520,947	3,054,744
Auxiliary activities		5,169	5,454	3,157
Internal service centers		19,961	18,381	16,805
Student services		34,993	28,937	28,394
Academic support		167,473	144,824	103,838
Institutional support		304,115	307,623	298,559
Operations, maintenance, and other		231,597	207,108	140,931
Direct foundation expenditures		54,605	44,055	52,712
Depreciation and amortization		219,602	213,898	210,435
Defined pension expense (benefit), net of contribution		16,603	12,972	(15,614)
Total operating expenses	$	5,697,787	5,204,624	4,539,360

Financial Position

The statements of net position present the assets and liabilities, deferred inflows of resources and deferred outflows of resources, and net position of OHSU as of a point in time. Net position, the difference between total assets and deferred outflows as compared to total liabilities and deferred inflows, presents the financial position at the end of the fiscal year and is one of the broadest measures of the financial condition of OHSU, while the change in net position is an indication of whether the overall financial condition has improved or worsened during the year.

OREGON HEALTH & SCIENCE UNIVERSITY
(A Component Unit of the State of Oregon)
Management Discussion and Analysis (Unaudited)
June 30, 2025 and 2024
(Dollars in thousands)

The following table summarizes OHSU's statements of net position for the past two years by major category of assets, liabilities, deferred inflows and outflows, and net position as of June 30, 2025 and 2024.

Condensed Statements of Net Position

(Dollars in thousands)

		2025	2024
Assets:			
Current assets	$	1,490,862	1,380,761
Capital assets		2,637,761	2,426,176
Other noncurrent assets		2,881,746	3,128,351
Total assets		7,010,369	6,935,288
Deferred outflows		239,328	194,460
Total assets and deferred outflows	$	7,249,697	7,129,748
Liabilities:			
Current liabilities	$	860,459	864,610
Noncurrent liabilities		2,110,281	2,031,989
Total liabilities		2,970,740	2,896,599
Deferred inflows		197,614	210,160
Net position:			
Net investment in capital assets		1,445,277	1,219,614
Restricted, expendable		611,045	599,596
Restricted, nonexpendable		388,410	369,145
Unrestricted		1,636,611	1,834,634
Total net position		4,081,343	4,022,989
Total liabilities, deferred outflows, and net position – end of year	$	7,249,697	7,129,748

Assets

The largest components of OHSU's assets are cash and investments and capital assets, or physical plant.

Cash and Investments. During fiscal year 2025, OHSU's unrestricted and restricted cash and investments decreased from $3.2 billion to $3.0 billion attributable to operating activity. Policies set by OHSU and the Foundations dictate how investments are allocated and what risk profiles are assumed. Working capital is primarily invested in short duration, liquid fixed-income assets. Long-term investment strategy, including the investment of endowment funds and the associated spending distribution policy at the OHSU Foundation, is equity oriented, aiming to maximize total return, promote diversification, preserve capital, and provide for cash flow needs of the University.

Consolidated Asset Allocation of
Unrestricted and Restricted Cash and Investments

(Dollars in thousands)

		2025	2024	2023
Unrestricted cash and investments:				
Cash and cash equivalents	$	151,734	212,654	230,519
Fixed income		834,011	611,855	663,379
Public Equity		424,514	817,176	639,976
Private Equity, Marketable Alt., and Other		592,264	582,217	543,344
Subtotal		2,002,523	2,223,902	2,077,218
Restricted cash and investments:				
Cash and cash equivalents		32,380	32,054	23,934
Fixed income		225,315	174,693	202,660
Public Equity		198,505	240,799	220,983
Private Equity, Marketable Alt., and Other		553,357	529,765	536,150
Subtotal		1,009,557	977,311	983,727
Total	$	3,012,080	3,201,213	3,060,945

The unrestricted portion of cash and investments is represented in the calculation of days cash on hand for OHSU. Days cash on hand decreased from 169 days in 2024 to 136 days in 2025, the effect of a 11.0%

decrease in unrestricted operating cash and investments and a 10.7% increase in net unrestricted operating expenses.

Days Unrestricted Cash and Investments on Hand

June 30, 2025 and 2024

(Dollars in thousands)

		2025	2024
OHSU without OHSU Foundation:			
Unrestricted cash and investments	$	1,268,053	1,497,752
Less nonoperating cash and investments		(124,183)	(113,890)
Operating cash and investments	$	1,143,870	1,383,862
Unrestricted operating expenses:			
Total operating expenses	$	5,220,389	4,738,311
Less depreciation and amortization		(218,515)	(212,752)
Net unrestricted operating expenses	$	5,001,874	4,525,559
Daily expense	$	13,704	12,399
Days cash on hand		83	112
OHSU plus OHSU Foundation:			
Unrestricted cash and investments	$	2,002,523	2,223,902
Less nonoperating cash and investments		(124,183)	(113,890)
Operating cash and investments	$	1,878,340	2,110,012
Unrestricted operating expenses:			
Total operating expenses	$	5,259,669	4,766,849
Less depreciation and amortization		(219,602)	(213,898)
Net unrestricted operating expenses	$	5,040,067	4,552,951
Daily expense	$	13,808	12,474
Days cash on hand		136	169

The following table presents the days unrestricted cash on hand for OHSU as of fiscal years ended June 30, 2025 and 2024, calculated with the removal of pension adjustments due to the adoption of GASB 68.

Days Unrestricted Cash and Investments on Hand Pre-GASB 68 Adjustment

(Dollars in thousands)

		2025	2024
OHSU plus OHSU Foundation:			
Operating cash and investments	$	1,878,340	2,110,012
Net unrestricted operating expenses	$	5,040,067	4,552,951
Pension adjustment GASB 68 [1]		(16,603)	(12,972)
Adjusted net unrestricted operating expenses	$	5,023,464	4,539,979
Daily expense	$	13,763	12,438
Days cash on hand (pre-GASB 68) [1]		136	170

[1] OHSU's proportionate share of the Oregon PERS's adjustment resulted in a net operating loss of $(16,603) and $(12,972) for fiscal years 2025 and 2024, respectively. Removing the pension adjustment results in days cash on hand of 136 and 170 on a pre-GASB 68 basis for fiscal years 2025 and 2024, respectively.

Capital Assets. Capital investments in patient care, research, education, and outreach are scaled and paced to available funding from operating earnings and philanthropy. Capital assets, net of accumulated depreciation, increased by $198 million and $194 million, respectively, during fiscal years 2025 and 2024. In fiscal year 2025, capital expenditures included the continued construction of the OHSU Hospital Expansion Project along with capital for replacement, infrastructure, right-of-use assets, and new capacities. In the 4th quarter of fiscal year 2026, the OHSU hospital expansion project, The Vista Pavillion, is scheduled to open and begin depreciating with a forty-year life. Lease and subscription-based information technology assets, net of accumulated depreciation, of $127 million and $113 million, during fiscal years 2025 and 2024, respectively, are recorded with capital assets.

Liabilities

Total liabilities, including current and noncurrent liabilities, increased by $74 million, or 2.6%, in fiscal year 2025, compared to an increase of $416 million, or 16.8%, in fiscal year 2024. The unusually large increase in fiscal year 2024 was primarily the result of a $255 million adjustment from the implementation of GASB Statement No. 101, *Compensated* Absences. In fiscal year 2025, liability growth was more moderate, driven mainly by changes in noncurrent liabilities.

Current liabilities consist of the current portion of long-term debt, long-term leases and self-funded insurance, accounts payable and accrued expenses, salaries, wages, and benefits, and unearned revenue. In fiscal year 2025, current liabilities reflected a decrease of $(4) million due primarily to current portion of self-funded insurance, accounts payable and accrued expenses, and unearned revenue, partially offset by the current portion of long-term leases.

Noncurrent liabilities consist of the long-term portion less the current portion of debt, leases, and self-funded insurance, life-income agreements, and pension liability. Noncurrent liabilities increased $78 million or 3.9% in fiscal year 2025 due to an increase of $62 in the pension liability, $38 million in other noncurrent liabilities and $13 million in self-funded insurance, offset by a reduction in long-term debt of $37 million.

Debt Management. At the close of fiscal year 2025, OHSU had approximately $1,213 million in long-term debt and $110 million in long-term leases, for a total of $1,323 million outstanding. In the previous fiscal year 2024, OHSU had approximately $1,250 million in long-term debt and $97 million in long-term leases, for a total of $1,347 million outstanding. Of the total $1,323 million in long-term debt and long-term leases outstanding at the end of 2025, $1,274 million is considered noncurrent and $49 million is considered current and due within one year. OHSU currently has a Standard & Poor’s rating of A+, a Fitch rating of AA-, and a Moody’s rating of Aa3 for its rated bonds.

One measure of the degree of leverage on the University’s statements of net position is the ratio of total long-term debt and leases to net position, shown below. Leverage, according to this metric, decreased from 0.33 in 2024 to 0.32 in 2025.

		2025	2024
		(Dollars in millions)	
Total long-term debt and leases	$	1,323	1,347
Net position		4,081	4,023
Total long-term debt and leases to net position	$	0.32	0.33

Annual Debt Service Coverage. The annual debt service coverage ratio for an entity represents the amount of cash flow available to meet the annual principal and interest payment on debt. Per bond covenants, OHSU’s Credit Group must maintain an annual debt service coverage ratio of 1.10 times or greater in accordance with its Master Trust Indenture. OHSU’s direct placement bonds have similar annual debt service coverage ratio requirements that must meet or exceed 1.0 or 1.10. The University continues to exceed these minimum requirements with ratios of 1.53 in fiscal year 2025, and 2.15 in fiscal year 2024.

Calculation of Annual Debt Service Coverage Ratio – Unrestricted

(Dollars in thousands)

		2025	2024
Total excess of revenues over expenses, before contributions for capital and other	$	32,183	114,938
Add/subtract restricted net loss/gain		(10,340)	32,153
Unrestricted excess of revenues over expenses		21,843	147,091
Adjustments:			
Depreciation and amortization	$	219,602	213,898
Interest expense		44,749	42,873
Net unrealized (gain) loss in fair value of investments		(101,840)	(167,472)
(Gain) loss on disposal of assets		(16,079)	3,526
		146,432	92,825
Income available for debt service	$	168,275	239,916
Annual debt service [(1)]	$	110,325	111,406
Annual debt service coverage		1.53	2.15

[(1)] “Annual debt service” is the aggregate amount of principal and interest scheduled to become due and payable on long-term debt and long-term leases during the fiscal year.

The following table presents the annual debt service coverage ratio for fiscal years 2025 and 2024, calculated with the removal of pension adjustments due to the adoption of GASB 68.

Calculation of Annual Debt Service Coverage Ratio – Unrestricted
Pre-GASB 68 Adjustment

(Dollars in thousands)

		2025	2024
Income available for debt service	$	168,275	239,916
Pension adjustment GASB 68		16,603	12,972
Adjusted income available for debt service	$	184,878	252,888
Annual debt service	$	110,325	111,406
Annual debt service coverage (pre-GASB 68)[(2)]		1.68	2.27

(2) OHSU's proportionate share of Oregon PERS's adjustment resulted in a net operating loss of $(16,603) and $(12,972) for fiscal years 2025 and 2024, respectively. Removing the pension adjustment results in an annual debt service coverage ratio of 1.68 and 2.27 on a pre-GASB 68 basis for fiscal years 2025 and 2024, respectively.

Deferred Inflows and Outflows

Under GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, certain deferred outflows are presented below assets and certain deferred inflows are presented below liabilities.

Deferred outflows of resources, reported on the statements of net position, represent the consumption of net assets applicable to future periods and are primarily related to OHSU's obligations for the PERS defined pension plan, other postemployment benefits and debt. Deferred outflows totaled $239 million in fiscal year 2025, an increase of $45 million from the prior year, largely due to assumption changes associated with the PERS defined pension obligation. Deferred outflows also include contributions made post measurement date, which were $69 million in fiscal year 2025 and $62 million in fiscal year 2024.

Losses and gains on refunding of debt are amortized over the shorter of the life of the new debt or the remaining life of the old debt or the mandatory tender date, when applicable. Absent any refunding activity, these numbers will slowly decline. OHSU has both deferred gains and losses. The deferred loss on refunding of debt of $18.5 million in 2025 and $21.6 million in 2024 is reported in the deferred outflows. The deferred gain on refunding of debt of $0.5 million in 2025 and $0.6 million in 2024 is reported in the deferred inflows.

Deferred inflows of resources reported on the statements of net position, represent the acquisition of net assets applicable to a future period and are associated with OHSU's obligations for the PERS defined pension plan, other postemployment benefits, pending funds, and life income agreements. Deferred inflows totaled $198 million in fiscal year 2025, a decrease of $13 million from the prior year, primarily reflecting changes in the defined pension obligation and pending funds. Pension-related deferred inflows were $53 million and $48 million, in fiscal years 2025 and 2024, respectively, driven by differences between projected and actual earnings on investments and changes in OHSU's proportionate share. These increases were offset by a

$14 million reduction in deferred inflows related to pending funds. As background, the Foundation established a pending fund to record a deposit received in 2015. Per agreement with the donors, the pending fund may only be used to either satisfy existing pledge obligations with the Foundation or to make a new gift in support of OHSU, when designated by the donors. The Foundation held $107 million and $121 million recorded as fiduciary funds for the benefit of OHSU, in the pending fund at June 30, 2025 and 2024, respectively. During fiscal year 2025 the donor applied a $25 million withdrawal from pending fund to an existing pledge commitment. During fiscal year 2024 the donor applied a $54 million withdrawal from pending fund to an existing pledge commitment.

Net Position

As mentioned previously, total net position increased by $58 million in fiscal year 2025 and decreased by $(74) million in fiscal year 2024 (as restated). In fiscal year 2025, the increase in net position occurred within net investments in capital assets. Unrestricted net position, which is 40% of OHSU's total net position, decreased by $(198) million in 2025 mostly due to the implementation of GASB 101, offset by strong investment returns. Restricted net position, which is 24.5% of OHSU's total net position, increased by $31 million in 2025 primarily due to favorable investment performance, offset by programmatic spending on research and academic programs.

When evaluating OHSU's net position, it is important to note that OHSU's Marquam Hill property is leased from the State for renewable 99-year periods, at a lease payment equal to the debt service on bonds outstanding at the time of OHSU's separation from the Oregon University System. As that debt service is relatively low, the capitalized net present value of those lease payments is significantly less than the fair value of the included land and buildings.

OHSU Missions

OHSU has been operating on a strategic plan called OHSU 2025. Six goals that span OHSU's missions formed the basis of the plan:

1. Building a diverse, equitable environment where all can thrive and excel.
2. Being the destination for transformational learning.
3. Enhancing health and healthcare in every community.
4. Discovering and innovating to advance science and optimize health worldwide.
5. Partnering with communities for a better world.
6. Ensuring a sustainable foundational infrastructure.

In July 2025, the OHSU Board of Directors appointed a new President, Dr. Shereef Elnahal, to lead OHSU's missions of education, research, clinical care and outreach, and to guide the next phase of OHSU's strategic direction.

The following sections highlight achievements by mission.

OHSU Education

A foundation of OHSU's mission is the education and training of dentists, nurses, physicians, physician assistants, other health professionals, and biomedical scientists, through a broad range of undergraduate and graduate programs that provide healthcare and biomedical workforce for Oregon and beyond. Educational programs are conducted on the OHSU campus in Portland, online, and at various locations throughout the State. Collaborative programs enable OHSU to offer a joint Doctor of Pharmacy degree through an affiliation with Oregon State University (OSU). In addition, in partnership with Oregon Institute of Technology (OIT), OHSU offers a joint BS degree in Medical Laboratory Science, a joint BS degree in Emergency Medical Services Management, a joint Associate of Applied Science degree in Emergency Medical Technology–Paramedic as well as a joint Doctor of Physical Therapy. OHSU also offers a joint Master of Business Administration in Health Care Management with Portland State University (PSU) and has also established a joint School of Public Health with PSU comprising several undergraduate and graduate programs including Bachelor degrees, Graduate Certificates, Master of Science, Master of Public Health, and PhD programs.

As of the fall 2024 term, OHSU had 2,942 students enrolled in its various programs (excluding students enrolled in the joint Doctor of Pharmacy degree program with OSU, the joint degree programs with OIT and the

(Dollars in thousands)

School of Public Health joint degree students registered by PSU). The following table sets forth the number of students enrolled in OHSU's programs for each of the past three academic years.

Fall Headcount Enrollment [a]
For Programs in the Years Indicated

	2024/2025	2023/2024	2022/2023
School of Dentistry:			
Graduate	$ 27	27	28
Professional	286	285	286
Subtotal	313	312	314
School of Medicine:			
Undergraduate	20	19	18
Graduate	695	676	666
Professional	554	549	572
Subtotal	1,269	1,244	1,256
School of Nursing:			
Undergraduate	816	769	734
Graduate	91	70	51
Professional	220	221	224
Subtotal	1,127	1,060	1,009
School of Public Health:			
Graduate	233	261	291
Total	$ 2,942	2,877	2,870

[a] This table excludes interns, residents, and trainees. This table also excludes students enrolled in the joint Pharm.D. degree program with OSU, the joint programs with OIT and the School of Public Health joint degree students registered by PSU.

OHSU Research

OHSU is a national leader in many fields of research, including neuroscience; cancer research; hearing; microbiology; ophthalmology; infectious diseases and immunology; reproductive biology; atomic, molecular, cellular, and tissue imaging; and evidence-based medicine. In the state of Oregon, OHSU research projects received 74% of the grants made by the National Institutes of Health (NIH), with the next largest recipient in Oregon receiving 11%. In fiscal year 2025, OHSU was ranked 29th out of the 2,353 entities that received funding from the NIH. Faculty members include 5 members of the National Academy of Sciences and 10 members of the National Academy of Medicine as well as a Howard Hughes Medical Institute investigator. Researchers at OHSU have developed many of the leading advances in medicine, including the first artificial heart valve, the first percutaneous angioplasty procedure, the first molecularly targeted cancer therapy (Gleevec®), and pioneering use of optical coherence tomography.

OHSU's many institutes are nationally and internationally recognized, including the Knight Cancer Institute, the only National Cancer Institute designated Comprehensive Cancer Center in Oregon; the Vollum Institute, privately endowed and dedicated to basic science research that has led to new treatments for neurological and psychiatric diseases; and the Casey Eye Institute, a world-recognized academic regional eye center that attracts top specialists from around the globe. OHSU's Pacific Northwest Cryo-EM Center is one of three NIH-designated national centers, providing technology and training for an imaging technique that is revolutionizing structural biology. OHSU's West Campus is home to the Vaccine and Gene Therapy Institute, which focuses on serious viral disease threats and programs intended to span the continuum between basic and clinical science, where discoveries are rapidly advanced from the level of molecular and cellular biology through animal models and ultimately into clinical testing, and the Oregon National Primate Research Center, one of the seven National Primate Research Centers supported by the National Institutes of Health. Their world-class translational research programs focus on current, developing, and projected high-priority human medical needs that are projected to increase in importance over the coming decades, including reproductive health, neurological sciences, metabolic health, and genetics, among others.

OHSU actively pursues private and public partnerships on important and innovative research projects to supplement federal funding, with corporate partners such as Thermo Fisher Scientific's Analytical Instrumentals Segment, a leading electronic microscopy company, and other major information technology and life sciences companies, and with academic partners such as Portland State University, Oregon State University, University of Oregon, Pacific Northwest National Laboratory, and Lawrence Berkeley National Laboratory.

Although the COVID-19 pandemic disrupted science at OHSU, as it did around the world, the institution continued to thrive in many areas and accomplished many extraordinary things. Despite the challenges, OHSU had another strong year, receiving nearly $599 million in externally sponsored awards for fiscal year 2025.

OHSU researchers made significant advances and discoveries that could have lasting impacts on the health and well-being of people across the globe. Below are a few highlights from fiscal year 2025

The Brenden-Colson Center for Pancreatic Care was recently awarded a $5 million Pre-Cancer Human Tumor Atlas Network grant (part of the Biden Moonshot initiative). OHSU Principal Investigators are collaborating with Johns Hopkins University, University of Maryland Baltimore, and Indiana University to create a comprehensive, molecular and cellular 3D atlas that depicts the key events in the progression of PanIN to PDAC. This will be the first step in identifying much needed early detection and interception strategies to get closer to the goal of accurate and timely early detection for pancreatic cancer.

Oregon Health & Science University will use $7 million in new federal research funding to study new medical treatments for chronic sinusitis with nasal polyps, a disease historically treated with steroids or surgery. Persistent inflammation of the sinuses – a condition that affects millions of people, or about 10% of the adult population in the U.S. – lasts for long periods of time. It is most common in adults ages 40 to 60, and symptoms include sinus pain, nose stuffiness and loss of smell. Traditionally, the condition has been treated with steroids or sometimes surgery. Since 2019, three new biologics, drugs made from living organisms, have been approved for treatment of the disease, giving people safer options without the side effects of long-term steroid use. The oldest of the three biologics, Dupilumab, has been on the market a relatively short time – since 2019. While all three drugs have shown effectiveness in clinical trials, there have been no direct comparisons among the drugs to see which is more effective for what type of patient, so clinicians often just pick one. The goal of the project is two-fold. First, the researchers will conduct a randomized trial of about 500 people with chronic sinusitis with nasal polyps to see if there is a difference in effectiveness among drugs. Second, the investigators will sample and analyze the mucus from participants' sinuses before they randomize them to see whether the inflammatory proteins in the mucus make it easier to predict which drug is most effective.

For the first time, scientists using cryo-electron microscopy have discovered the structure and shape of key receptors connecting neurons in the brain's cerebellum, which is located behind the brainstem and plays a critical role in functions such as coordinating movement, balance and cognition. The research, published in the journal Nature, provides new insight that could lead to the development of therapies to repair these structures when they are disrupted either by injury or genetic mutations affecting learning, memory and motor skills like sitting, standing, walking, running and jumping. The discovery by scientists at Oregon Health & Science University involves basic science research that won't immediately lead to a new pill or treatment but is an example of an American commitment to medical research sustained over decades to advance human health. Published in one of the world's most prestigious scientific journals, the new research was supported by the National Institutes of Health and the Howard Hughes Medical Institute. The study reveals the organization of a specific type of glutamate receptor — a chemical neurotransmitter that conveys signals between neurons and is considered the primary excitatory neurotransmitter in the brain — bound together with proteins clustered on synapses, or junctions, between neurons in the cerebellum.

OHSU Healthcare

OHSU is home to Oregon's only major academic health center, which serves a multistate area with tertiary and quaternary healthcare services from its campus in Portland, Oregon, where it operates two hospitals, OHSU Hospital and OHSU Doernbecher Children's Hospital (OHSU Hospital or the Hospital), with 576 licensed beds. During 2025, the OHSU Hospital represented 8.2% of the available beds and 11.6% of the filled beds for the entire State. The OHSU Hospital had an 89% occupancy rate for available beds in 2025, compared to the Oregon statewide average of 63% according to the Oregon Association of Hospitals and Health Systems' Oregon DataBank. As an academic health center, OHSU's professional staff is composed primarily of the faculty of OHSU's School of Medicine. The OHSU Practice Plan (OPP) is the largest organized clinical practice in Oregon. As of June 30, 2025, there were over 1,920 active faculty practice plan members, including physicians, nurse practitioners, physician assistants, and other licensed independent practitioners from across all medical specialties.

(Dollars in thousands)

OHSU Patient Activity		Fiscal year ended June 30 2025	2024	2023	Variance 2025 v 2024	2024 v 2023
Inpatient admissions	$	29,150	27,713	27,446	5.2 %	1.0 %
Average length of stay		6.82	7.03	7.02	(3.0)	0.1
Average daily census		502	493	487	1.8	1.2
Day/observation patients		51,612	48,538	45,954	6.3	5.6
Emergency visits		59,411	56,441	54,748	5.3	3.1
Ambulatory visits		1,260,117	1,210,547	1,139,073	4.1	6.3
Surgical cases		38,673	37,150	35,257	4.1	5.4
Casemix index		2.58	2.51	2.52	2.8	(0.4)
Outpatient share of activity		59.6 %	58.3 %	56.2 %	2.2	3.7
CMI/OP adjusted admissions		186,029	166,861	157,853	11.5	5.7

In addition to its tertiary care focus in Portland, OHSU is working with other healthcare providers noted below to leverage expertise and resources throughout Oregon.

Adventist Health. Adventist Health Portland and OHSU finalized an agreement to integrate their clinical activities and services in the Portland metropolitan area through an affiliation effective January 1, 2018. This agreement makes OHSU and Adventist Health Portland part of the same Portland metropolitan health system, bringing together Adventist's healthcare enterprise that includes a 302-licensed bed medical center, 27 medical clinics, and home care and hospice services in the Portland-Vancouver metro area. Under this affiliation, OHSU and Adventist Health will share a bottom line and operate as a unified system. The agreement does not include OHSU's research and education missions. The other 20 Adventist Health hospitals in the western United States are also excluded from the agreement. Each organization will retain its existing hospital licenses, capital assets, and employees. Each entity will continue to maintain its own mission and culture but together will seek to transform access and the delivery of health to Oregonians through a unified clinical enterprise and shared brand experience.

Tuality Healthcare. On February 1, 2016, OHSU affiliated with Tuality through the execution of a management agreement (the Tuality Agreement) between the organizations. Tuality owns and operates Hillsboro Medical Center (formally Tuality Community Hospital), a 215-licensed-bed acute care hospital located in Hillsboro, Oregon. Under the Tuality Agreement, OHSU agrees to oversee the unified and integrated clinical enterprises of OHSU and Tuality as a single, integrated economic unit. OHSU and Tuality remain as separate entities, own their own assets and continue to be the licensed operators of their own facilities. Under the Tuality Agreement, OHSU agrees to be responsible for Tuality's operating income and loss, including making cash payments to Tuality in an amount equal to any Tuality operating loss, in the manner specified in the Tuality Agreement. Tuality is a component unit of OHSU as OHSU approves Tuality's annual operating budget. Since Tuality has a separate board of directors and they do not provide services exclusively to OHSU, they are presented as a discretely presented component unit of OHSU.

Columbia Memorial Hospital. OHSU and Columbia Memorial Hospital (CMH) in Astoria, Oregon, have collaborated on programs, including cardiology and cancer, offering chemotherapy, imaging, pharmacy, and other services for individuals on the North Oregon Coast. OHSU and CMH jointly organize and operate an Oncology Collaboration, including a 19,600-square-foot comprehensive cancer treatment center and specialty clinic, with radiation therapy. CMH owns and operates the cancer treatment center, opened in October 2017, under its license while OHSU has provided the professional services and medical direction through OHSU-employed physicians.

OHSU Foundation

OHSU has one designated independent nonprofit foundation – the Oregon Health & Science University Foundation (OHSU Foundation, the Foundation). The Foundation exists to secure private philanthropic support to advance OHSU's vital missions and to invest and manage gifts responsibly to honor donors' wishes.

The Foundation is an Oregon nonprofit corporation promoting the charitable, scientific, and educational purposes of OHSU. The Foundation is a component unit of OHSU for financial reporting purposes but is not part of the OHSU Obligated Group established pursuant to the Master Indenture, which currently consists solely of OHSU. The Foundation has a self-perpetuating board of trustees, on which the OHSU president sits as an ex officio voting member. OHSU Foundation is tax-exempt under Section 501(c)(3) of the Internal Revenue Code.

As OHSU's designated foundation, all development activities conducted by the Foundation must be coordinated with OHSU. In accepting gifts, the Foundation must obtain OHSU approval for all endowments and any gifts that result in new programs. In addition, if the Foundation was dissolved or if the OHSU president were to revoke recognition of the Foundation as an OHSU-designated foundation, the assets of such foundation would, within the limits of legal and fiduciary rights, be distributed to OHSU, its successor in interest, or to another entity recognized by OHSU as an institutional foundation. These interrelated functions and requirements have been further confirmed and implemented in the articles and bylaws of the Foundation. The table below identifies major gifts, which are reported as required under the Council for Advancement and

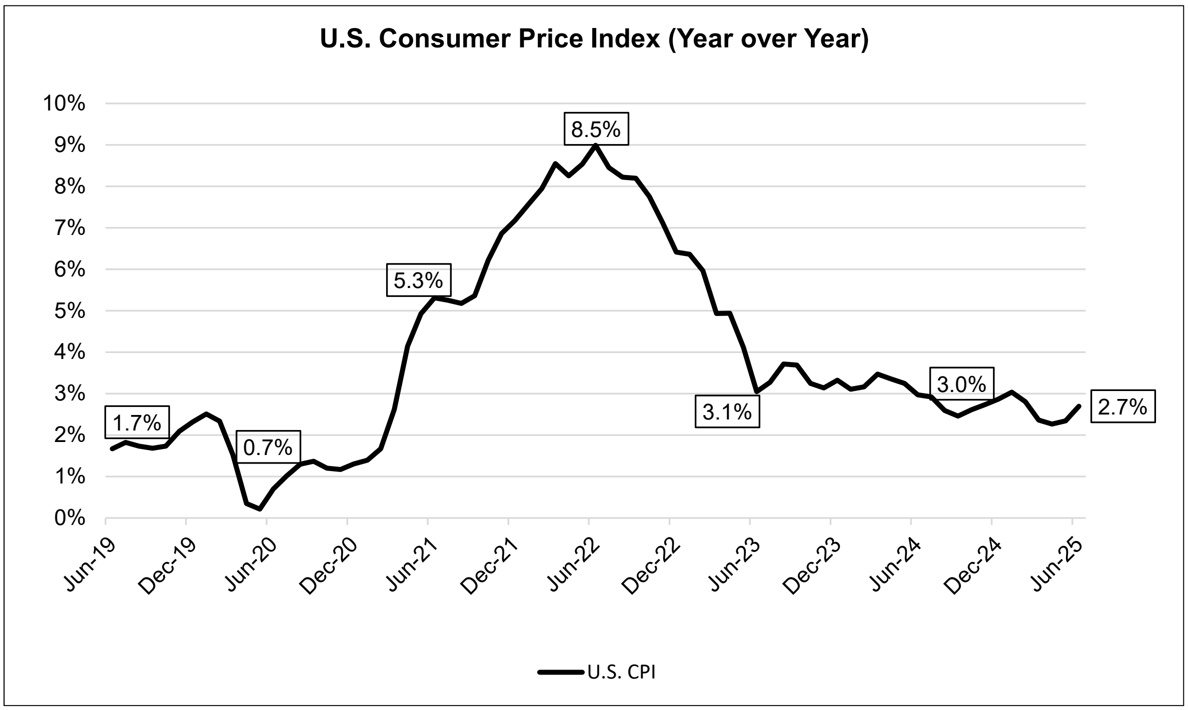
(Dollars in thousands)

Support of Education (CASE) Reporting Standards and Management Guidelines, which may differ from recognition rules under governmental accounting standards.

Amount	OHSU major gifts description	Fiscal year
$16.0 million	Pediatric Neuromuscular Disorders gift	2024–25
$10.3 million	Center for Pancreatic Health gift	2021–22
$14.2 million	HIV and TB vaccine using CMV platform grant	2020–21
$10 million	OHSU-UO Center for Biomedical Data Science gift	2019–20
$25 million	OHSU and Doernbecher Children's Hospital gift	2017–18
$14.7 million	SMMART Trials grant	2017–18
$15 million	Center for Pancreatic Health gift	2016–17
$15 million	Casey Eye Institute gift	2015–16
$12 million	Gary and Christine Rood Family Pavilion gift	2015–16
$500 million	Knight Cancer Institute gift	2014–15
$100 million	Knight Cancer Institute gift	2014–15
$38.8 million	Vaccine and Gene Therapy Institute, Oregon National Primate Research Center, and Behavioral Neuroscience grant	2014–15
$28.9 million	Knight Cancer Institute and OHSU Parkinson Center gift	2013–14
$25 million	Center for Pancreatic Health gift	2013–14
$10 million	Knight Cancer Institute gift	2013–14
$125 million	Gift to create a Cardiovascular Institute at OHSU	2012–13
$25 million	Bob and Charlee Moore Institute for Nutrition gift	2011–12
$10 million	New School of Dentistry gift	2010–11
$100 million	Knight Cancer Institute gift	2008–09

Economic Outlook

In fiscal year 2025, global economies saw continued disinflation with modest economic growth. The U.S. economy and capital markets exhibited strength even in the face of general economic and geopolitical uncertainty through fiscal year-end. The U.S. economy grew at 2.1% year-over-year and the unemployment rate remained low by historical standards at 4.1%. Inflation continued to moderate with year-over-year increases in U.S. CPI of 2.7%.



In financial markets, equity markets performed positively with U.S. Equities returning approximately 15% as represented by the S&P 500, and international equities 18% as represented by the MSCI EAFE index. In fixed income, moderating inflation, improving economic fundamentals and decreased volatility towards the end of the fiscal year supported positive returns across both geography and sector, with the benchmark US Aggregate index returning 6%.

Cost pressures from wages, pharmacy and medical supply costs continue to put downward pressure on the finances of healthcare providers in Oregon and nationally. In July, post fiscal-year end, H.R. 1 was passed by Congress and signed by President Trump. The bill includes significant changes to Medicaid funding and student loan programs going forward, among many other impacts.

The University's financial planning and budget process takes a proactive approach to the challenging economic, public policy, and healthcare environment, monitoring and adjusting as required. Financial imperatives going forward include restraining growth in full-time equivalent employees (FTEs); increasing productivity to continue to our missions within lower FTE growth; controlling the increase in salaries & benefits per FTE; investing in and achieving strategic growth in services with strong margins; and securing better payment rates that reflect the unique and complex care OHSU provides. By meeting each of these imperatives, OHSU will continue to support its people, promote health equity, improve access, and grow strategically, thereby advancing OHSU's missions that make it unique in Oregon.

OREGON HEALTH & SCIENCE UNIVERSITY

(A Component Unit of the State of Oregon)

Statements of Net Position

June 30, 2025 and 2024

(Dollars in thousands)

	2025	2024
Assets:		
Current assets:		
Cash and cash equivalents	$ 146,060	211,267
Short-term investments	23,362	22,191
Current portion of funds held by trustee	31,286	30,835
Patients accounts receivable, net of bad debt allowances of $2,720 and $1,633 – in 2025 and 2024, respectively	857,121	677,136
Student receivables	26,706	27,237
Grant and contract receivables	87,672	90,289
Current portion of pledges and estates receivable	121,333	137,777
Other receivables, net	76,969	76,886
Inventories, at cost	76,223	70,182
Prepaid expenses	44,130	36,961
Total current assets	1,490,862	1,380,761
Noncurrent assets:		
Capital assets, net of accumulated depreciation	2,637,761	2,426,176
Funds held by trustee – less current portion	—	110,829
Other long-term receivables, net of reserves	—	8,500
Long-term investments:		
Long-term investments, restricted	999,408	964,545
Long-term investments, unrestricted	1,843,250	2,003,210
Total long-term investments	2,842,658	2,967,755
Prepaid financing costs, net	700	876
Pledges and estates receivable, net – less current portion	26,656	28,243
Restricted postemployment benefit asset	10,690	10,576
Other noncurrent assets	1,042	1,572
Total noncurrent assets	5,519,507	5,554,527
Total assets	7,010,369	6,935,288
Deferred outflows:		
Loss on refunding of debt	18,452	21,588
Pension obligation	215,807	166,465
Goodwill	—	87
Other postemployment benefits (OPEB) obligation	5,069	6,320
Total deferred outflows	239,328	194,460
Total assets and deferred outflows	$ 7,249,697	7,129,748

(Continued)

OREGON HEALTH & SCIENCE UNIVERSITY

(A Component Unit of the State of Oregon)

Statements of Net Position

June 30, 2025 and 2024

(Dollars in thousands)

		2025	2024
Liabilities:			
Current liabilities:			
Current portion of long-term debt	$	14,237	14,400
Current portion of long-term leases		34,350	22,908
Current portion of self-funded insurance programs liability		56,567	61,167
Accounts payable and accrued expenses		219,328	228,059
Accrued salaries, wages, and benefits		408,436	405,144
Unearned revenue		108,081	119,359
Other current liabilities		19,460	13,573
Total current liabilities		860,459	864,610
Noncurrent liabilities:			
Long-term debt – less current portion		1,198,410	1,235,105
Long-term leases – less current portion		75,864	74,575
Liability for self-funded insurance programs – less current portion		59,245	46,656
Liability for life income agreements		25,888	24,715
Pension liability		574,339	512,611
Other noncurrent liabilities		176,535	138,327
Total noncurrent liabilities		2,110,281	2,031,989
Total liabilities		2,970,740	2,896,599
Deferred inflows:			
Deferred lease revenue		2,337	1,721
Gain on refunding of debt		480	649
Life income agreements		30,416	31,918
Pending funds		107,187	121,451
Pension obligation		52,739	48,522
Other postemployment benefits (OPEB) amounts		4,455	5,899
Total deferred inflows		197,614	210,160
Net position:			
Investments in capital assets		1,445,277	1,219,614
Restricted, expendable		611,045	599,596
Restricted, nonexpendable		388,410	369,145
Unrestricted		1,636,611	1,834,634
Total net position		4,081,343	4,022,989
Total liabilities, deferred inflows, and net position	$	7,249,697	7,129,748

See accompanying notes to consolidated financial statements.

OREGON HEALTH & SCIENCE UNIVERSITY

(A Component Unit of the State of Oregon)

Statements of Revenues, Expenses, and Changes in Net Position

Years ended June 30, 2025 and 2024

(Dollars in thousands)

		2025	2024
Operating revenues:			
Patient service revenue, net of bad debt adjustments of $13,562 and $16,901 – in 2025 and 2024, respectively	$	4,095,300	3,668,810
Student tuition and fees, net		83,986	81,293
Gifts, grants, and contracts		831,670	805,564
Other		344,128	322,158
Total operating revenues		5,355,084	4,877,825
Operating expenses:			
Salaries, wages, and benefits		3,394,376	3,160,542
Defined-benefit pension		84,433	75,215
Services, supplies, and other		1,954,627	1,712,096
Depreciation and amortization		219,602	213,898
Interest		44,749	42,873
Total operating expenses		5,697,787	5,204,624
Operating loss		(342,703)	(326,799)
Nonoperating revenues, including state appropriations:			
Investment income and gain in fair value of investments		288,407	267,313
State appropriations		70,396	72,886
Other		16,083	101,538
Total nonoperating revenues, net		374,886	441,737
Net income before contributions for capital and other		32,183	114,938
Other changes in net position:			
Contributions for capital and other		7,036	(217,718)
Nonexpendable donations		19,135	28,807
Total other changes in net position		26,171	(188,911)
Total increase (decrease) in net position		58,354	(73,973)
Net position – beginning of year, unadjusted		4,278,278	4,096,962
Restatement due to implementation of GASB Statement No. 101*		(255,289)	—
Net position – end of year	$	4,081,343	4,022,989

* Beginning year net position for year ended June 30, 2025 has been adjusted by ($255,289) to reflect the impact of implementing

See accompanying notes to consolidated financial statements.

OREGON HEALTH & SCIENCE UNIVERSITY

(A Component Unit of the State of Oregon)

Statements of Cash Flows

Years ended June 30, 2025 and 2024

(Dollars in thousands)

	2025	2024
Cash flows from operating activities:		
Receipts for patient services	$ 3,921,202	3,624,623
Receipts from students	84,517	78,091
Receipts of gifts, grants, and contracts	870,970	812,658
Other receipts	348,935	320,400
Payments to employees for services	(3,450,925)	(3,136,590)
Payments to suppliers	(1,978,489)	(1,706,082)
Net cash used in operating activities	(203,790)	(6,900)
Cash flows from noncapital financing activities:		
Federal direct loan proceeds	57,303	67,804
Federal direct loan disbursements	(64,309)	(67,496)
State appropriations	70,396	72,886
FEMA public assistance	226	104,486
Nonexpendable donations and life income agreements	33,248	21,387
Net cash provided by noncapital financing activities	96,864	199,067
Cash flows from capital and related financing activities:		
Scheduled principal payments on long-term debt	(60,072)	(62,568)
Interest payments on long-term debt	(58,667)	(58,638)
Acquisition of capital assets	(381,664)	(370,836)
Proceeds from sale of capital assets	24	—
Contributions for capital and other	7,036	7,153
Net cash used in capital and related financing activities	(493,343)	(484,889)
Cash flows from investing activities:		
Purchases of investments	(679,214)	(1,821,499)
Proceeds from sales and maturities of investments	1,088,466	2,031,290
Interest on investments and cash balances	125,810	57,568
Net cash provided by investing activities	535,062	267,359
Net decrease in cash and cash equivalents	(65,207)	(25,363)
Cash and cash equivalents, beginning of year	211,267	236,630
Cash and cash equivalents, end of year	$ 146,060	211,267

(Continued)

OREGON HEALTH & SCIENCE UNIVERSITY
(A Component Unit of the State of Oregon)

Statements of Cash Flows

Years ended June 30, 2025 and 2024

(Dollars in thousands)

	2025	2024
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	$ (342,703)	(296,381)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation and amortization	219,602	213,898
Provision for bad debts	13,562	16,901
Interest expense reported as operating expense	44,749	42,873
Noncash contribution	(1,784)	(4,822)
Defined-benefit pension	16,603	10,471
Net changes in assets and liabilities:		
Patient accounts receivable	(193,547)	(67,965)
Student receivables	531	(3,202)
Grant and contracts receivable	9,623	(7,673)
Pledges and estates receivable	18,031	56,126
Other receivables, assets and deferred outflows	4,807	(1,758)
Inventories	(6,041)	(3,490)
Prepaid expenses	(7,169)	1,187
Accounts payable and accrued expenses	(8,731)	8,317
Accrued salaries, wages, and benefits	3,292	37,849
Due to contractual agencies	5,887	6,877
Liability for life income agreements	1,173	4,212
Unearned revenue	(11,278)	(698)
Liability for self-funded insurance programs	7,989	5,898
Other non-current liabilities and deferred inflows	21,614	(25,520)
Net cash used in operating activities	$ (203,790)	(6,900)
Supplemental schedule of noncash capital and related financing and investing activities:		
Unrealized change in fair value of investments	$ 154,272	240,105
Loss on disposal capital assets	(323)	(5,134)
Obligations acquired under lease agreements	49,870	42,492
Acquisition of right-of-use assets	49,870	44,358

See accompanying notes to consolidated financial statements

OREGON HEALTH & SCIENCE UNIVERSITY

Nongovernmental Discretely Presented Component Units

Consolidated Balance Sheets

June 30, 2025 and 2024

(Dollars in thousands)

Assets		2025	2024
Current assets:			
Common stocks: Mutual funds	$	23,311	20,785
Cash and cash equivalents		35,515	39,258
Short-term investments		6,910	6,457
Patient accounts receivable, net		46,160	54,800
Other receivables		19,094	9,922
Supplies inventory		5,144	5,782
Prepaid expenses and other		2,565	3,017
Current portion of assets whose use is limited		1,398	1,074
Total current assets		140,097	141,095
Assets whose use is limited:			
Board-designated funds		38,067	34,259
Donor-restricted – specific purpose		8,726	7,519
Donor-restricted – endowment		2,759	2,759
Required for current liabilities		(1,398)	(1,075)
Total assets whose use is limited		48,154	43,462
Property and equipment:			
Property and equipment, net of accumulated depreciation and amortization		92,097	89,969
Other assets		14,021	11,415
Total assets	$	294,369	285,941

(Continued)

OREGON HEALTH & SCIENCE UNIVERSITY

Nongovernmental Discretely Presented Component Units

Consolidated Balance Sheets

June 30, 2025 and 2024

(Dollars in thousands)

Liabilities and Net Assets		2025	2024
Current liabilities:			
Accounts payable	$	59,950	55,486
Accrued payroll and employee benefits		15,569	15,813
Due to related party		18,985	16,352
Estimated liabilities for Medicare and Medicaid settlements		5,347	5,903
Long-term debt due within one year		1,025	1,034
Operating leases – current liability		2,683	2,519
Finance lease-current		373	—
Accrued bond interest payable		57	64
Total current liabilities		103,989	97,171
Long-term liabilities:			
Long-term debt, net of amount due within one year		6,820	7,830
Operating leases – long-term liability		37,248	33,760
Finance lease-long term		476	—
Liability for pension benefits		11,404	14,855
Other long-term liabilities		31,640	25,026
Total long-term liabilities		87,588	81,471
Total liabilities		191,577	178,642
Net assets:			
Net assets without donor restrictions		92,481	98,070
Net assets with donor restrictions		10,311	9,229
Total net assets		102,792	107,299
Total liabilities and net assets	$	294,369	285,941

See accompanying notes to consolidated financial statements

OREGON HEALTH & SCIENCE UNIVERSITY

Nongovernmental Discretely Presented Component Units

Consolidated Statements of Operations

Years ended June 30, 2025 and 2024

(Dollars in thousands)

		2025	2024
Net patient service revenue:			
Patient service revenue (net of contractual allowances and discounts)	$	316,876	295,176
Total net patient service revenue		316,876	295,176
Other revenue			
OHSU support		15,287	8,080
Other revenue		291,185	273,320
Total other revenue		306,472	281,400
Total revenue		623,348	576,576
Operating expenses:			
Salaries and wages		127,788	117,046
Employee benefits		33,524	31,118
Supplies and other expenses		404,280	369,391
Professional fees		55,432	48,288
Depreciation and amortization		6,929	7,268
Interest		624	728
Total operating expenses		628,577	573,839
Income from operations		(5,229)	2,737
Other nonoperating income:			
Realized income (loss) on investments whose use is limited by board designation		2,576	(776)
Gain on investments in affiliated companies		521	577
Gain (loss) on disposal of property and equipment		2	(1,929)
Change in net unrealized gains on investments		1,292	3,255
Other operating (loss) revenue		(5,821)	2,714
Total other income		(1,430)	3,841
Excess of revenue over expenses		(6,659)	6,578
Contributions for property and equipment acquisition			—
Pension-related changes		1,070	5,907
(Decrease) increase in net assets without donor restrictions	$	(5,589)	12,485

See accompanying notes to consolidated financial statements

OREGON HEALTH & SCIENCE UNIVERSITY

Nongovernmental Discretely Presented Component Units

Consolidated Statements of Changes in Net Assets

Years ended June 30, 2025 and 2024

(Dollars in thousands)

		2025	2024
Net assets without donor restrictions:			
Excess of revenue over expenses	$	(6,659)	6,578
Pension-related changes		1,070	5,907
(Decrease) increase in net assets without donor restrictions		(5,589)	12,485
Net assets with donor restrictions:			
Gifts, grants, and bequests		1,528	1,395
Investment income		1,090	902
Net assets released from restrictions		(1,536)	(1,577)
Increase in net assets with donor restrictions		1,082	720
Change in net assets		(4,507)	13,205
Net assets, beginning of year		107,299	94,094
Net assets, end of year	$	102,792	107,299

See accompanying notes to consolidated financial statements

(1) Organization and Summary of Significant Accounting Policies

(a) Organization

As the only health sciences university and major academic health center in the state of Oregon (the State), Oregon Health & Science University (OHSU or the University) is dedicated to the education and training of healthcare professionals, research, patient care, outreach, and public service. In addition to the School of Medicine, School of Nursing, School of Dentistry, the joint College of Pharmacy with Oregon State University, and the joint School of Public Health with Portland State University, OHSU comprises several other academic and research units, including the Vollum Institute, the Vaccine and Gene Therapy Institute, Oregon National Primate Research Center, OHSU Brain Institute, Oregon Institute of Occupational Health Science, Oregon Clinical and Translational Research Institute, and the Pacific Northwest Center for Cryo-EM. OHSU also comprises several clinical units, including OHSU Hospital (the Hospital), the OHSU Practice Plan (OPP), and the Institute on Development and Disability (IDD). Doernbecher Children's Hospital is a unit of the Hospital serving pediatric patients. The Knight Cancer Institute is the only National Cancer Institute designated cancer center in the State, and the Knight Cardiovascular Institute provides the State's most comprehensive clinical and heart research program. In addition, OHSU operates a captive insurance company domiciled in Arizona for self-insurance purposes, OHSU Insurance Company (INSCO), which is blended in the accompanying financial statements.

Pursuant to an act of the Oregon Legislature (the Act), on July 1, 1995, OHSU was restructured from one of seven component units of the Oregon University System (OUS) to an independent public corporation. OHSU remains a component unit of the State.

The majority of the real property that constitutes OHSU's main campus on Marquam Hill (and certain off-campus properties) in Portland is owned by the State. Pursuant to the Act, the State retained title of such real property and OHSU was granted exclusive care, custody, and control of such real property. To evidence this condition, the State and OHSU entered into a 99-year lease, dated July 1, 1995 (the State Lease), under which the State leased to OHSU all of the State's leasable interest in such real property. Under the terms of the State Lease, the State may terminate the State Lease if, prior to such termination, the State causes the defeasance or discharge of all then-outstanding obligations of OHSU that were issued to finance improvements on the property subject to the State Lease or to refinance obligations of OHSU to the State. Under the State Lease, improvements include completed and partially completed buildings, fixtures, structures, and other improvements constructed on the property subject to the State Lease. In addition, OHSU was granted ownership of all personal property of the University, as it existed prior to the enactment of the Act.

Oregon Health & Science University Foundation (the Foundation) is a separately incorporated nonprofit Foundation affiliated with OHSU. The primary purpose of the Foundation is to raise money for OHSU research, scientific, charitable, and educational purposes and to promote support for Doernbecher Children's Hospital. Consequently, the financial position and the changes in financial position of the Foundation is blended in the accompanying financial statements.

On February 1, 2016, OHSU affiliated with Tuality Healthcare and subsidiaries (Tuality), doing business as Hillsboro Medical Center, through the execution of a management agreement (the Tuality Agreement) between the organizations. Tuality owns and operates Tuality Community Hospital, a 215-licensed-bed acute care hospital located in Hillsboro, Oregon. Under the Tuality Agreement, OHSU agrees to oversee the unified and integrated clinical enterprises of OHSU and Tuality as a single, integrated economic unit. OHSU and Tuality remain as separate legal entities, own their own assets, and continue to be the licensed operators of their respective facilities. Tuality is a component unit of OHSU as OHSU approves Tuality's annual operating budget. Since Tuality has a separate board of directors and they do not provide services exclusively to OHSU, they are presented as a discretely presented component unit of OHSU.

On January 1, 2020, OHSU partnered with ODS Community Health, Inc. to form OHSU Health IDS, LLC (OHI). OHI is owned 60% by OHSU and 40% by ODS Community Health, Inc. OHI operates as an Integrated Delivery System (IDS) under Health Share of Oregon, a Coordinated Care Organization (CCO) certified by the Oregon Health Authority (OHA) to serve OHP (Medicaid) enrollees in the Portland-metro area. OHI remains a separate legal entity, own their own assets, and maintains its own direct contract with Health Share of Oregon. OHI is a component unit of OHSU as OHSU approves OHI's annual operating budget. Since OHI has a separate board of directors and they do not provide services exclusively to OHSU, they are presented as a discretely presented component unit of OHSU.

(b) Accounting Standards

The accompanying financial statements are prepared in accordance with accounting principles generally accepted in the United States of America using the accrual basis of accounting. OHSU's financial statements and note disclosures are based on all applicable Governmental Accounting Standards Board (GASB) pronouncements and interpretations. OHSU uses proprietary fund accounting.

OHSU prepares and presents its financial information in accordance with GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* (GASB 34), known as the "Reporting Model" statement. GASB 34 established the requirements and reporting model for annual financial statements. GASB 34 requires that financial statements be accompanied by a narrative introduction and analytical overview of the reporting entity in the form of "management's discussion and analysis." This reporting model also requires the use of a direct-method cash flow statement.

OHSU has also adopted GASB Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities – an amendment of GASB Statement No. 34*. This statement establishes accounting and financial reporting standards for public colleges and universities within the financial reporting guidelines of GASB 34.

(c) Adoption of New Accounting Standard, GASB Statement No. 101, Compensated Absences (GASB 101),

During fiscal year ending June 30, 2025, OHSU implemented the provisions of GASB Statement No. 101, *Compensated Absences* (GASB 101), which updates the recognition and measurement guidance for compensated absences. This Statement requires that liabilities for compensated absences are recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. GASB 101 amends the existing disclosure requirements to allow governments to disclose only the net change in the liability as long as they identify it as a net change.

(Dollars in thousands)

Implementation of GASB 101 was effective July 1, 2024, and increased OHSU's estimated obligation for compensated absences by $255,289. The adoption required reclassifications to prior year balances to conform to the current year presentation. Consequently, OHSU's net position for the year ended June 30,2024, was restated to $4,022,989, reflecting a net decrease of $255,289. The implementation also increased fiscal year 2024 salaries, wages, and benefits expense by $30,418, with the remaining $224,871 recorded as an adjustment to beginning net position.

The following table summarizes the impact of the retroactive restatement of fiscal year 2024 balances.

		As previously reported	Adjustment for GASB 101	As restated
Current liabilities	$	716,698	147,912	864,610
Noncurrent liabilities		1,924,612	107,377	2,031,989
Total liabilities		2,641,310	255,289	2,896,599
Net position - unrestricted		2,089,923	(255,289)	1,834,634
Salaries, wages and benefits		3,130,124	30,418	3,160,542

(d) Financial Reporting Entity

As defined by generally accepted accounting principles, the financial reporting entity consists of OHSU as the primary government and its component units, which are legally separate organizations for which the primary government is financially accountable. Financial accountability is defined as a) appointment of the voting majority of the component units' board, and either (1) the ability to impose will by the primary government or (2) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government, or (b) the component unit is financially dependent on and there is potential for the component unit to provide specific financial benefits to, or impose specific burdens on, the primary government.

Component units are reported as part of the reporting entity under the blended or discrete method of presentation. Blending involves merging the component unit data with the primary government. There are three situations when blending is allowed: (1) when the board of the component unit is substantially the same as that of the primary government and there is a financial benefit or burden relationship between the primary government and the component unit or management of the primary government has operational responsibility for the component unit, (2) when the component unit provides services entirely, or almost entirely, to the primary government or otherwise exclusively, or almost exclusively, benefits the primary government even though it does not provide services directly to it, or (3) the component unit's total debt outstanding, including leases, is expected to be repaid entirely or almost entirely with resources of the primary government. The Foundation and INSCO are considered to be blended component units as they serve the primary government exclusively. All transactions between OHSU and its blended component units are eliminated upon consolidation. Tuality and OHI are presented discretely since they have a separate board of directors and they do not provide services exclusively to OHSU. They are both considered a nonmajor component unit as there are no significant transactions with OHSU and there is not a significant financial benefit/burden relationship with OHSU.

Financial reports for INSCO and the Foundation that include financial statements and required supplementary information are publicly available. These reports, and those of Tuality and OHI are, may be obtained by contacting the management of OHSU.

(e) Basis of Accounting

Basis of accounting refers to the timing of when revenues and expenses are recognized in the accounts and reported in the financial statements. OHSU reports as a proprietary fund within the governmental model. OHSU's financial statements have been prepared using the accrual basis of accounting with the economic resources measurement focus. Under this method of accounting, revenue is recognized when earned and expenses are recorded when liabilities are incurred without regard to receipt or disbursement of cash.

(f) Use of Estimates

The preparation of financial statements in conformity with US generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates in OHSU's financial statements include patient accounts receivable allowances, liabilities related to self-insurance programs, and valuation of pension liabilities.

(g) Cash and Cash Equivalents

OHSU held $146,060 of cash equivalents within cash and cash equivalents at June 30, 2025 and held $211,267 at June 30, 2024.

(h) Investments

Investments are carried at fair value. The fair value of all debt and equity securities with a readily determinable fair value is based on quotations obtained from national securities exchanges. Investments in joint ventures are recorded using the equity method of accounting. Alternative investments, which are not readily marketable and lack publicly available market values, are carried at estimated fair value as provided by the investment managers. OHSU reviews and evaluates the values provided by its investment managers and considers the valuation methods and assumptions used in determining the fair value of the alternative investments to be reasonable. Those estimated fair values may differ significantly from the values that would have been used had a ready market for those securities existed. These investments may contain elements of both credit and market risk.

Net unrealized gains and losses are included in the net unrealized gain (loss) in fair value of investments in nonoperating revenues in the statements of revenues, expenses, and changes in net position. Interest, dividends, and realized gains and losses on investments are included in nonoperating revenues as investment income when earned.

(i) Inventories

Inventories consist primarily of supplies and pharmaceutical supplies in organized stores at various locations across the campus and in the Hospital. Inventories are recorded using several different methodologies dependent upon the operational use of the supplies and system capabilities. OHSU utilizes standard-cost and average-cost methodologies to record and report inventory value.

(j) Capital Assets

Capital asset acquisitions (excluding intangible right-to-use lease and subscription IT assets) are stated at cost. Donated items are recorded on the basis of fair market value at the date of donation. OHSU capitalizes equipment additions greater than $5 and capital projects greater than $25. Maintenance, repairs, and minor replacements are expensed as incurred. When properties are retired or otherwise disposed of, the related cost and accumulated depreciation are removed from the respective accounts and any gain or loss on disposition is recorded as other in nonoperating revenue.

The provision for depreciation is determined by the straight-line method at rates calculated to amortize the cost of assets over the shorter of their estimated useful lives or the related lease term as follows: buildings and other improvements, 10 to 40 years; and equipment, 3 to 20 years.

(k) Net Position Classifications

Net position is classified into four net asset categories, in accordance with donor-imposed restrictions:

- Net investment in capital assets represents the depreciated value of capital purchases, net of related debt.
- Net position restricted, expendable, carries externally imposed time or purpose restrictions that expire in the future.
- Net position restricted, nonexpendable, carries externally imposed restrictions that never expire.
- Net position unrestricted carries no externally imposed restrictions.

Investment income earned on donor-restricted endowment funds in excess of the annual spending distribution is accounted for in the expendable restricted net position category.

OHSU first applies restricted resources to an expense where an expense is incurred for a purpose for which both restricted and unrestricted funds are available.

(Dollars in thousands)

A summary of restricted funds by restriction category for fiscal years ended June 30, 2025 and 2024 is as follows:

		2025	2024
Restricted expendable:			
Research	$	266,553	287,995
Academic support		105,001	92,544
Instruction		67,087	62,844
Capital projects and planning		15,817	13,692
Student aid		71,603	65,098
Clinical support		24,506	22,037
Institutional support		6,509	5,510
Defined-benefit OPEB		10,690	10,576
Other		43,279	39,300
	$	611,045	599,596
Restricted nonexpendable:			
Research	$	52,640	50,434
Instruction		95,032	90,640
Academic support		134,106	125,483
Student aid		58,095	56,799
Other		48,537	45,789
	$	388,410	369,145

(l) Endowments

The endowment corpus is accounted for in the restricted, nonexpendable net position category and reported on the statements of net position as restricted long-term investments. The Foundation’s spending policy for endowment funds is determined by the Executive Committee of the Board of Trustees (Executive Committee) and is calculated using a weighted average methodology comprised of an eight quarter moving average of the fair value of the endowment fund adjusted for inflation, and of the previous year’s actual spending distribution adjusted for inflation. The resulting effective spending rate payout is then banded to be between 4.0% and 5.5% each year. The Executive Committee authorized a 4.5% distribution rate to calculate the effective spending rate for the years ended June 30, 2025 and 2024.

The Foundation’s management and investment of donor-restricted endowment funds are subject to the provisions of the Uniform Prudent Management of Institutional Funds Act enacted by the State in January 2008.

The endowment fund investment pool (endowment fund) held by the Foundation is the repository for funds from restricted, nonexpendable contributions where the principal amount cannot be used, but a spending distribution, described below, can be used for the designated purpose. The endowment fund also holds quasi-endowment funds, which have been designated as endowment by the Foundation's board of trustees. All interest, dividends, and changes in fair value on the endowment fund are allocated to the appropriate unrestricted or restricted net position classification as specified by the donor at the time of receipt. Endowment accounts receive spending distributions subject to the Foundation's board of trustees' approved spending policy, which provides a predetermined amount of total return that can be spent for purposes designated by the donor. All expendable income restricted by the donor is carried as restricted, expendable net position until such time as the restriction has been met. At June 30, 2025 and 2024, the fair value of investments in the endowment fund was $1,000,000. and $985,900, respectively. The fair value of the unspent portion of endowments in excess of corpus at June 30, 2025 and 2024 was $123,800 and $107,200, respectively.

At June 30, 2025 and 2024, accumulated loss of $0.2 million and $0.3 million, respectively, related to endowment accounts with market value below corpus was reflected in nonexpendable restricted net position.

(m) Federal Income Taxes

OHSU, as a division of the State, is not subject to federal income taxes of the Internal Revenue Code, except for unrelated business income.

(n) State Appropriations

The Oregon State Legislature makes an appropriation to OHSU on a biennial basis. The appropriation is recognized as nonoperating revenues over the related appropriation period as applicable eligibility requirements are met.

(o) Research Activity

Restricted grants receivable represent receivables for grant activities on which OHSU has met all applicable eligibility requirements and on which the funds are available from the granting agency. As of June 30, 2025 and 2024, the restricted grants receivable balance was $32,223 and $31,165, respectively, and was included in grant and contract receivables in the accompanying statements of net position. The unearned revenue balance at year-end reflects amounts advanced under grant agreements where certain conditions, such as incurring reimbursable costs, have not yet been met. As of June 30, 2025 and 2024, the grants unearned revenue balance was $49,492 and $49,627, respectively.

(p) Operating Revenues

OHSU includes patient service revenue, student tuition and fees, gifts, grants and contracts, and other income from sales and services in operating revenues. These revenues are key components of the operations of OHSU.

(Dollars in thousands)

(q) Net Patient Service Revenue

A summary of patient service revenues during the years ended June 30, 2025 and 2024 is as follows:

		2025	2024
Gross patient charges	$	10,767,069	8,907,123
Contractual discounts		(6,658,207)	(5,221,412)
Bad debt adjustments		(13,562)	(16,901)
Net patient service revenues	$	4,095,300	3,668,810

OHSU has agreements with third-party payors that provide for payments at amounts different from established rates. Payment arrangements include prospectively determined rates per discharge, outpatient case rates, reimbursed costs, discounted charges, and per diem payments. Net patient service revenue is reported at the estimated net realizable amounts due and determined to be collectible from patients, third-party payors, and others for services rendered and includes estimates for potential retroactive revenue adjustments under reimbursement agreements with third-party payors. Such estimates are adjusted in future periods as final settlements are determined.

A significant portion of OHSU’s services are provided to Medicare, Medicaid, and Oregon Health Plan (OHP) patients under contractual arrangements. Inpatient acute care services rendered by OHSU to Medicare, Medicaid, and OHP program beneficiaries are generally reimbursed at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors (i.e., Medicare severity diagnosis related groups or MS DRGs). Such payments include a capital cost component and may be greater or less than the actual charges for services. Most outpatient services related to Medicare beneficiaries are reimbursed prospectively under the ambulatory payment classifications methodology. Home health services related to Medicare beneficiaries are reimbursed under a prospective payment system methodology. OHSU is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after audits of OHSU’s annual cost reports by the Medicare Administrative Contractor and Medicaid.

In 2017, OHSU worked with the state legislature and the Oregon Health Authority to build a program that leverages federal funds for the state's Medicaid program, maintains historical principles of support for OHSU's missions, and simplifies the complexity of prior funding programs between OHSU and the State. The legislature approved the program in the Oregon Health Authority's 2017-2019 budget and Oregon's OHSU Intergovernmental Transfer (IGT) Program was approved by the US Centers for Medicare and Medicaid Services (CMS) and implemented on January 1, 2018, with the corresponding funding payments between entities beginning in March 2018. Under this IGT program, OHSU no longer pays the provider tax paid by other hospitals in Oregon. Instead, because OHSU is an Oregon public corporation, it transfers funds directly to the state to be used for Oregon's Medicaid program. The federal government matches funds used in the Medicaid program on approximately a three to one basis.

(Dollars in thousands)

Oregon's Medicaid coordinated care organizations (CCOs) pay OHSU an additional amount per clinical service provided to patients as Quality and Access payments. These additional payments have been approved by CMS and are funded through a combination of OHSU's IGT and federal dollars. The purpose of these funds is to maintain access to the high quality unique academic health center services OHSU provides to Medicaid patients.

During fiscal years 2025 and 2024, respectively, OHSU made IGT payments of $595,794 and $460,228 to the State of Oregon. The State of Oregon used these dollars, and the corresponding federal match, for payment of Medicaid services throughout Oregon. Oregon's Medicaid CCO's paid OHSU $817,840 and $660,775, in fiscal years 2025 and 2024, respectively, through Quality and Access payments. The Quality and Access Payments and the IGT, are included as a net reduction in the contractual discounts and represents a portion of the Medicaid payment for patient care services. A net benefit of the program, including funding from other sources, allows the University to have resources available to support OHSU's missions. During the years ended June 30, 2025 and 2024, the University was able to provide support for its missions of $310,000 and $220,200, respectively.

The laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. As a result, there is at least a reasonable possibility that estimated third-party payor settlements payable, net will change by a material amount in the near term. For the years ended June 30, 2025 and 2024, OHSU received third-party settlements of $8,676 and $4,557, respectively, as a result of final settlements of prior years' cost reports and revisions of estimates for prior years cost report settlements.

OHSU has also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations to provide medical services to subscribing participants. The basis for payment to OHSU under these agreements includes prospectively determined rates per discharge, discounts from established charges, prospectively determined fee schedules, and certain capitated per member per month payment arrangements.

Significant concentrations of gross patient accounts receivable as of June 30, 2025 and 2024 were approximately as follows:

	2025	2024
Medicare and Medicare managed care contracts	24 %	24 %
Medicaid and OHP	20	21
Commercial and managed care insurance	55	54
Nonsponsored	1	1
	100 %	100 %

(Dollars in thousands)

(r) Student Tuition and Fees Revenues

A summary of student tuition and fees revenues during the years ended June 30, 2025 and 2024 is as follows.

		2025	2024
Gross student tuition	$	105,389	99,781
Tuition discounts		(21,403)	(18,488)
Student tuition and fees revenues, net	$	83,986	81,293

(s) Charity Care

OHSU provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its published rates. Because OHSU does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue.

OHSU maintains records to identify and monitor the level of charity care it provides. These records include the amount of charges forgone for services and supplies furnished under its charity care policy. Charity care provided measured as charges forgone and based on established rates was $116,328 and $39,448 in 2025 and 2024, respectively. House Bill 3320, effective January 1, 2024, expanded financial assistance requirements for Oregon hospitals and resulted in an increased reported charity care for fiscal year 2025.

(t) Pledges and Estates Receivable

Pledges and estates receivable are recorded as receivables and revenues when all eligibility criteria are met in the appropriate net asset category based upon donor-imposed restrictions and are reported at fair value at the date the promise is received. Pledges are generally received within 5 to 10 years of the date of original commitment. The majority of estates are received within one year. Pledges and estates receivable, less reserves for estimated uncollectible amounts, are discounted to their present value using rates that range from 0.14% to 4.88%.

(u) Life Income Agreements

The Foundation has been named as remainder beneficiary for various life income agreements. Life income agreements provide for contractual payments to designated beneficiaries for a specific period, after which the remaining principal and interest revert to the Foundation. Contributions received under life income agreements are included in long-term investments, restricted, with the corresponding commitment to the beneficiary included in liability for life income agreements in the accompanying statements of net position. The Foundation has investments with a fair value of $56,400 and $58,300 as at June 30, 2025 and 2024, respectively, related to its individually managed life income agreements.

(v) Moda Note Receivable

OHSU has contracts with, and receives patient revenues from, the major health plans in Oregon. OHSU's guiding principle in developing payor provider partnerships is to ensure that Oregonians continue to have access to Oregon's public health sciences university and academic health center and its affiliates and that OHSU has access to major populations of Oregon across its missions of patient care, education, research, and outreach.

Since 2013, OHSU has partnered with Moda Health Plan, Inc. (Moda) to advance population health management. In December 2014, OHSU invested $50,000 in Moda through a 10-year surplus note to help capitalize Moda's Oregon healthcare efforts.

During the year ended June 30, 2025, the outstanding note receivable with Moda included in other long-term receivables, net of reserves on the statements of net position, in the original amount of $50,000, was fully repaid in December 2024 in accordance with the original terms of the note. As of June 30, 2025, no balance remains outstanding on this note.

(w) Leases (Lessee) and Similar Subscription-Based Information Technology (IT) Arrangements

OHSU is a lessee for various noncancelable leases of buildings and equipment. OHSU also has noncancelable subscription IT arrangements (similar to a lease) for the right-to-use information technology hardware and software (subscription IT arrangements).

Short-term Leases and Subscription IT arrangements

For leases and subscription IT arrangements with a maximum possible term of 12 months or less at commencement, OHSU recognizes expense based on the provisions of the lease contract or subscription IT arrangement, respectively.

Leases and Subscription IT arrangements other than short term

For all other leases and subscription IT arrangements (i.e., those that are not short term) whose total discounted minimum payment obligation are greater than $100, OHSU recognizes a lease or subscription IT liability, respectively, and an intangible right-to-use lease asset or subscription IT asset, respectively.

Measurement of Lease Amounts

At lease commencement, OHSU initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability plus any initial direct costs ancillary to placing the underlying asset into service, less any lease incentives received at or before the lease commencement date. Subsequently, the lease asset is amortized into depreciation expense on a straight-line basis over the lease term.

Measurement of Subscription IT Amounts

At subscription commencement, OHSU initially measures the subscription IT liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription IT liability is reduced by the principal portion of subscription payments made. The subscription IT asset is initially measured as the initial amount of the subscription IT liability less any vendor incentives received at or before the subscription commencement date, plus the capitalizable implementation costs. Subsequently, the subscription IT asset is amortized into depreciation expense on a straight-line basis over the subscription term.

Key Estimates and Judgments

Key estimates and judgments include how the OHSU determines (1) the discount rate it uses to calculate the present value of the expected lease and subscription payments, (2) lease and subscription term, and (3) lease and subscription payments.

- OHSU generally uses its estimated incremental borrowing rate as the discount rate for leases and subscription IT arrangements unless the rate that the lessor/vendor charges is known. OHSU obtains its current incremental borrowing rate from its primary banking institution on a periodic basis. OHSU's incremental borrowing rate for leases and subscription IT arrangements is based on the rate of interest it would need to pay if it issued general obligation bonds to borrow an amount equal to the lease or subscription payments, respectively, under similar terms at the commencement or remeasurement date.
- The lease or subscription term includes the noncancelable period of the lease or subscription IT arrangement, respectively, plus any additional periods covered by either an OHSU or lessor unilateral option to (1) extend for which it is reasonably certain to be exercised, or (2) terminate for which it is reasonably certain not to be exercised. Periods in which both OHSU and the lessor/vendor have an option to terminate (or if both parties have to agree to extend) are excluded from the lease or subscription term.

Remeasurement of Lease and Subscription Amounts

OHSU monitors changes in circumstances that may require remeasurement of a lease or subscription IT arrangement. When certain changes occur that are expected to significantly affect the amount of the lease or subscription IT liability, the liability is remeasured and a corresponding adjustment is made to the lease or subscription IT asset, respectively.

Presentation in Statements of Net Position

Lease and subscription IT assets are reported with capital assets and lease and subscription IT liabilities are reported with long-term leases in the statements of net position.

(2) Cash and Investments

OHSU holds substantially all of its cash, cash equivalents, and investment balances at financial institutions. OHSU's cash is insured by the Federal Deposit Insurance Corporation subject to standard limits.

(Dollars in thousands)

Additionally, a portion of cash and cash equivalents are collateralized deposits as required under the Oregon Revised Statutes (ORS).

OHSU's investment policies are approved by the board of directors and are accounted for as prescribed by GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Changes in the fair value of investments are included in nonoperating revenues. The composition of investments at fair value at June 30, 2025 and 2024 is as follows:

		2025	2024
Short-term investments:			
US government securities	$	23,362	22,191
		23,362	22,191
Funds held by trustee, current portion:			
Cash and cash equivalents		31,286	30,835
		31,286	30,835
Funds held by trustee, less current portion:			
Cash and cash equivalents		—	26,624
US government securities		—	84,205
		—	110,829
Long-term investments – less current portion:			
Cash and cash equivalents		54,122	37,427
US government securities		206,128	220,335
US agency securities		105,057	126,006
Corporate obligations		169,603	187,113
Fixed income		218,625	214,075
Equities		1,052,365	1,170,751
Alternative investments		302,643	267,934
Venture Capital and private equity		670,897	665,985
Real estate investments and other		63,218	78,129
		2,842,658	2,967,755
Total investments, all categories	$	2,897,306	3,131,610

(Dollars in thousands)

The methods used to determine the fair value of financial instruments reflect market participant objectives and are based on the application of a valuation hierarchy that prioritizes observable market inputs over unobservable inputs. The hierarchy is based on the reliability of inputs as follows:

- Level 1 – Valuation is based on quoted prices for identical financial instruments in active markets. OHSU does not adjust the quoted price for Level 1 financial instruments.
- Level 2 – Valuation is based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and independent pricing models or other model-based valuation techniques using observable inputs.
- Level 3 – Certain types of financial instruments are classified as Level 3 within the valuation hierarchy because these financial instruments trade infrequently and, therefore, have little or no price transparency.

The following table presents a categorization, based on the foregoing valuation hierarchy, of OHSU's financial instruments measured at fair value as of June 30, 2025:

	Level 1	Level 2	Level 3	Fair value
Cash and cash equivalents	$ —	44,536	—	44,536
US government securities	—	229,491	—	229,491
US agency securities	—	105,057	—	105,057
Domestic equity securities	131,688	—	134	131,822
International equity securities	47,607	—	—	47,607
US corporate securities	—	145,414	—	145,414
Non-US corporate securities	—	24,189	—	24,189
Asset-backed securities	—	59,343	—	59,343
Venture capital and private equity	—	—	26,169	26,169
Mutual funds – fixed income only	195,909	219	—	196,128
Municipal bonds	—	3,878	—	3,878
Other fixed income	—	146	—	146
Alternative Investments	—	—	648	648
Real estate investments and other	808	1,003	13,032	14,843
	$ 376,012	613,276	39,983	1,029,271
Investments measured using NAV per share or its equivalent				1,743,852
Equity method investments				124,183
Total assets				$ 2,897,306

(Dollars in thousands)

The following table presents a categorization, based on the foregoing valuation hierarchy, of OHSU's financial instruments measured at fair value as of June 30, 2024:

	Level 1	Level 2	Level 3	Fair value
Cash and cash equivalents	$ —	57,459	—	57,459
US government securities	—	326,731	—	326,731
US agency securities	—	126,006	—	126,006
Domestic equity securities	122,637	—	134	122,771
International equity securities	37,048	—	—	37,048
US corporate securities	—	155,965	—	155,965
Non-US corporate securities	—	31,148	—	31,148
Asset-backed securities	—	64,882	—	64,882
Venture capital and private equity	—	—	26,180	26,180
Mutual funds – fixed income only	183,037	—	—	183,037
Municipal bonds	—	3,483	—	3,483
Other fixed income	—	100	—	100
Alternative Investments	—	—	733	733
Real estate investments and other	1,247	1,051	13,425	15,723
	$ 343,969	766,825	40,472	1,151,266
Investments measured using NAV per share or its equivalent				1,866,454
Equity method investments				113,890
Total assets				$ 3,131,610

There were no transfers of financial instruments between Level 1 or Level 2 classifications either in 2025 or 2024. Changes in Level 3 financial instruments are as follows:

	2025	2024
Balance at beginning of year	$ 40,472	42,692
Contributions	110	110
Net realized (losses)	(56)	(39)
Net unrealized gains (losses)	79	(37)
Purchases	26,820	26,939
Sales	(529)	(303)
Transfer from (to) NAV per share, or its equivalent, classification from sales	(26,913)	(28,890)
Balance at end of year	$ 39,983	40,472

OHSU uses a practical expedient for the estimation of the fair value of investments in funds for which the investment does not have a readily determinable fair value. The practical expedient used by OHSU for certain financial instruments is the NAV per share. Valuations provided by fund administrators for these financial instruments consider variables such as the financial performance of underlying investments, recent sales prices, and other pertinent information. The valuation is adjusted when changes to inputs and assumptions are corroborated by evidence, such as completed or pending third-party transactions in the underlying security and changes in financial results, data or cash flows.

The following table presents information for investments where either the NAV per share or its equivalent was used to value the investments as of June 30, 2025 and 2024:

	Redemption frequency	Redemption notice period
Domestic equities	Weekly to every two years	3–180 days
Non-U.S. equities	Weekly to every three years	3–180 days
Global equities	Monthly to every two years	3–180 days
Venture capital/private equity	Event-driven	N/A
Marketable alternative investments – nonfixed income	Monthly to every three years	5–180 days
Marketable alternative investments – fixed income only	Monthly	15–35 days
Real estate investments and contracts	Event-driven	N/A

Domestic Equities, Non-U.S. Equities, Global Equities, and Natural Resources funds represent investments in equities, both U.S. and international, and may include investments in developed and emerging markets.

Alternative investments are defined under U.S. generally accepted accounting principles as those investments without readily determinable fair values. These investment vehicles differ by fund and can be in the form of limited partnerships, limited liability corporations, investment trusts, institutional funds, and offshore investment funds and are included primarily in the venture capital/private equity, real estate investments and contracts, and marketable alternative investment categories in the tables above. Alternative investment funds can contain certain types of financial instruments, including, among others, derivatives, futures, forward contracts, options, swaps, and securities sold not yet purchased, intended to hedge against changes in the fair value of investments or enhance potential risk-adjusted returns. The investment styles employed by the underlying managers include, but are not limited to, private equity, venture capital, buyout, absolute return, diversified arbitrage, merger arbitrage, event driven, commodities, real estate, energy, domestic long/short, global long/short, market neutral, and distressed.

These financial instruments involve varying degrees of risk. Such risks include, but are not limited to, limited liquidity, absence of regulatory oversight, dependence upon key individuals, emphasis on speculative investments (both derivatives and nonmarketable investments), and nondisclosure of full portfolio composition. Because some of these investments are not readily marketable, their estimated values are subject to uncertainty and, therefore, may differ from the value that would have been used had a ready market for such investments existed. Such difference could be material.

Alternative investments can be less liquid than other investments. When liquidity limitations are imposed on these alternative investments, the types of restrictions can include, but are not limited to, lockup provisions whereby the foundation is unable to redeem shares or invested capital of an investment for a period of time, usually one year or more after the initial investment for marketable alternative funds and ten to twelve years for private equity and venture capital funds, notice provisions whereby the foundation is required to give notice, ranging up to 180 days, to transact a redemption of an investment after the expiration of any lockup provisions, and the establishment of gates that further limit the timing and amount of a requested fund distribution beyond the specified lockup provisions.

OHSU’s university investment policy seeks to maximize total return on a risk-adjusted basis with the goal of maintaining a level of financial assets sufficient to support the organization’s strategic initiatives, capital expenditures, and maintenance of a stable credit profile.

The Foundation investment policies are established based on the investment objectives of the portfolio. The objective for the current fund is to provide a reliable source of liquidity to meet short-term working capital needs. The current fund may invest in cash, cash equivalents, fixed income securities, equity mutual funds and ETFs, and quasi-endowment within the endowment fund. The duration of the C/F 1-5 year portfolio shall be within a range of 75% to 125% of the Bloomberg 1–5 Year Government/Credit Bond Index. The objective for the endowment fund is to produce a predictable and stable payout stream that increases over time, while achieving growth of corpus. The endowment fund may invest in cash and cash equivalents, fixed-income securities, U.S. and non-U.S. equity securities, and other alternative investments. The charitable gift annuity pool seeks to produce a relatively predictable and stable payout stream that will satisfy the fund’s distribution obligations while achieving long-term capital appreciation of the overall fund balance. The charitable gift annuity pool may invest in cash and cash equivalents, U.S. and non-U.S. equities, fixed-income, and real estate. Charitable trusts are managed to provide for the distribution of a stated income payment while attempting to achieve reasonable expected total returns. Charitable trust investment objectives and asset allocation guidelines are determined based on the individual circumstances of each trust account. Allowable investments for charitable trusts include cash and cash equivalents, U.S. and non-U.S. equites, fixed-income, real estate, and commodities.

(Dollars in thousands)

(3) Investments and Related Policies

(a) Interest Rate Risk

As of June 30, 2025 and 2024, OHSU had the following investments and maturities at fair value:

	2025				
	Maturity				
	Less than 1 year	1–5 Years	6–10 Years	More than 10 years or none	Total
Cash and cash equivalents	$ 44,313	—	—	223	44,536
US government securities	5,108	147,987	47,315	29,080	229,490
US agency securities	478	6,861	12,418	85,300	105,057
Domestic equity securities	—	—	—	661,082	661,082
International equity securities	—	—	—	391,283	391,283
US corporate securities	4,499	85,312	31,134	24,469	145,414
Non-US corporate securities	1,515	11,366	7,365	3,943	24,189
Asset-backed securities	3,265	20,738	7,629	27,710	59,342
Venture capital and private equity	—	—	—	670,897	670,897
Mutual funds – fixed income only	75,462	45,003	54,818	20,847	196,130
Municipal bonds	194	1,448	1,177	1,060	3,879
Other fixed income	—	128	18	—	146
Alternative Investments	—	—	—	302,643	302,643
Real estate investments and other	—	—	—	63,218	63,218
	$ 134,834	318,843	161,874	2,281,755	2,897,306

	2024				
	Maturity				
	Less than 1 year	1–5 Years	6–10 Years	More than 10 years or none	Total
Cash and cash equivalents	$ 57,459	—	—	—	57,459
US government securities	89,783	144,497	57,749	34,702	326,731
US agency securities	1,441	6,026	12,057	106,482	126,006
Domestic equity securities	—	—	—	690,843	690,843
International equity securities	—	—	—	479,908	479,908
US corporate securities	11,256	77,841	33,483	33,385	155,965
Non-US corporate securities	2,812	14,757	7,891	5,688	31,148
Asset-backed securities	2,838	28,963	7,320	25,761	64,882
Venture capital and private equity	—	—	—	665,985	665,985
Mutual funds – fixed income only	46,138	51,319	61,243	24,337	183,037
Municipal bonds	—	1,526	1,029	928	3,483
Other fixed income	—	84	16	—	100
Alternative Investments	—	—	—	267,934	267,934
Real estate investments and other	—	—	—	78,129	78,129
	$ 211,727	325,013	180,788	2,414,082	3,131,610

(Continued)

OHSU held $59,343 and $64,882 of asset-backed securities collateralized primarily by auto loans, credit card receivables, and collateralized mortgage obligations as of June 30, 2025 and 2024, respectively. These securities are valued at their estimated fair values. The valuation of these securities is sensitive to principal prepayments, which may result from a decline in interest rates, and they are sensitive to an increase in average maturity, which may result from interest rate increases that lead to decreasing prepayments.

(b) Credit Risk

The investment policy of the short duration 1–5 year separately managed account requires minimum ratings or better from Standard & Poor's, Moody's, or Fitch as follows:

	Minimum Standard & Poor's rating	Minimum Moody's rating	Minimum Fitch rating
US and foreign corporate indebtedness	BBB- or A-2	Baa3 or P-2	BBB- or F-2
Certificates of deposit	BBB- or A-2	Baa3 or P-2	BBB- or F-2
Foreign government, foreign agency, or supranational organization debt	A or A-1	A2 or P-1	A or F-1
Agency mortgage-backed securities	AAA	Aaa	AAA
Commercial mortgage-backed securities	AAA	Aaa	AAA
Asset-backed securities	AAA	Aaa	AAA
Municipal bonds	A	A2	A

At the time of purchase, securities must be rated by at least two of the three rating agencies. If the security is rated by all three agencies, the middle rating will apply. If only two ratings are available, then the lower rating will be used.

If the credit quality of a holding in the current fund declines so that it is below the level required as stated above, a decision will be made by the Investment Committee to hold or sell the security.

Investments in the charitable gift annuity pool shall have a minimum credit quality rating of Baa/BBB or an average credit rating of Baa/BBB for mutual funds or pooled funds and a minimum rating of A-1/P-1 for investments in commercial paper. The charitable trust investments generally have a minimum credit quality rating in investment-grade Baa/BBB bond investments and a minimum rating of A-1/P-1 for investments in commercial paper. However, an individual trust may hold up to 9% of the portfolio in below-investment-grade investments.

(Dollars in thousands)

As of June 30, 2025 and 2024, OHSU had the following investments with credit rating at fair value:

Investment type	Credit rating S&P or equivalent	Total 2025	Total 2024
Cash and money market funds	AAA	$ 37,089	57,459
	Not Rated	7,447	2,964
US government securities	AAA	41,256	—
	AA+	185,471	326,059
	AA	2,764	672
US agency securities	AAA	23,202	16,890
	AA+	81,855	100,113
	BBB+	—	395
	Not rated	—	8,608
US corporate securities	AAA	1,194	3,563
	AA+	2,157	3,109
	AA	4,702	4,920
	AA-	6,728	5,230
	A+	5,922	6,401
	A	33,962	27,810
	A-	19,184	16,044
	BBB+	14,085	15,196
	BBB	38,378	36,093
	BBB-	12,010	9,366
	BB	1,717	1,742
	B	2,515	438
	Below B	154	119
	Not rated	2,706	25,934
Non-U.S. Corporate Securities	AAA	2,554	3,533
	AA	622	1,003
	AA-	599	491
	A+	2,545	1,144
	A	1,306	1,820
	A-	4,505	5,434
	BBB+	6,158	3,436
	BBB	3,072	3,929

(Dollars in thousands)

Investment type	Credit rating S&P or equivalent	Total 2025	Total 2024
Non-U.S. corporate securities	BBB-	$ 2,243	2,042
	Not rated	585	8,316
Asset-backed securities	AAA	25,492	23,977
	AA	16,098	4,340
	A+	154	—
	A	1,552	3,598
	A-	61	—
	BBB	2,413	5,135
	BBB-	—	437
	BB	756	1,226
	B	358	1,832
	Below B	1,619	1,749
	Not rated	10,839	22,588
Mutual funds – fixed income only	AAA	50,137	96,925
	AA	79,505	32,145
	A	22,024	13,195
	BBB	23,828	16,902
	BB	6,544	5,490
	B	4,374	5,350
	Below B	6,603	7,925
	Not rated	3,114	5,105
Municipal bonds	AAA	808	449
	AA	2,732	2,917
	A	312	79
	BB	27	38
Other fixed income	BBB	1	—
	BB	36	31
	B	89	55
	Below B	15	5
	Not rated	5	9
Venture capital and private equity	NA	670,897	665,985
Alternative investments	NA	302,643	267,934
Real estate investments and other	NA	63,218	78,129
Domestic equity securities	NA	661,082	690,843
International equity securities	NA	391,283	479,908
		$ 2,897,306	3,131,610

(c) Concentration of Credit Risk

The investment policy of the short duration 1-5 year separately managed account limits investments in any issue or issuer as follows:

	Maximum concentration
U.S. and foreign corporate indebtedness	No more than 3% per issuer
Certificates of deposit	No more than 5% per issuer
Foreign government, foreign agency or supranational organization debt	No more than 5% per issuer
Agency mortgage-backed securities	No more than 15% per cusip
Commercial mortgage-backed securities	No more than 5% per cusip
Asset-backed securities	No more than 5% per cusip
Municipal bonds	No more than 5% per cusip

The investment policy relating to the charitable gift annuity pool limit investments in any one issue to a maximum of 5%, except for issues of the U.S. government and its agencies or diversified mutual funds, which may be held without limitation. The investment policy for charitable trusts limits investments in any one issue to a maximum of 5%, except for issues of the U.S. government and its agencies or diversified mutual funds.

As of June 30, 2025, the foundation held no individual investments or investments with an issuer that have balances in excess of the limits described above.

(Dollars in thousands)

(d) Foreign Currency Risk

The investment policies permit investments in international equity and other asset classes, which can include foreign currency exposure. The endowment fund allows for investments in international equities and in non-U.S. dollar-denominated bonds. The current fund allows up to 20% of the portfolio to be invested in non-U.S. sovereign or supranational issues. The charitable gift annuity pool investment policy allows up to 30% of the portfolio to be invested in international equities. The charitable trust investment policy allows up to 32% of the portfolio to be invested in international equities, based on the individual circumstances of each trust account. The following table details the fair value of foreign-denominated securities by currency type as of June 30, 2025 and 2024:

Foreign currency		Value (US dollar) 2025	Value (US dollar) 2024
Euro	$	13,772	14,704
British sterling pound		11,748	11,071
Canadian dollar		99	138
Danish Krone		2,144	1,835
Total	$	27,763	27,748

(4) Due from/to Contractual Agencies

Due from contractual agencies, reflected in patient accounts receivable under current assets in the statements of net position, represents amounts receivable from the State Medicaid Program (Medicaid), the Federal Medicare Program (Medicare), and other contractual agencies. Due to contractual agencies, reflected in other current liabilities in the statements of net position, represents amounts payable to Medicaid, Medicare, and other contractual agencies. A summary of the balances as of June 30, 2025 and 2024 is as follows:

		Due from contractual agencies		Due to contractual agencies		Net, due from (to)	
		June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024
Medicaid	$	122,420	20,677	—	—	122,420	20,677
IGT		98,031	2,972	(1,731)	(2,100)	96,300	872
Medicare		3,608	5,710		—	3,608	5,710
Other contractual agencies		—	12,506	(1,082)	—	(1,082)	12,506
	$	224,059	41,865	(2,813)	(2,100)	221,246	39,765

(Dollars in thousands)

(5) Capital Assets

Capital assets for fiscal years ended June 30, 2025 and 2024 are listed by category below:

	2025	2024
Land and land improvements	$ 89,201	89,201
Buildings and other improvements	3,159,225	3,110,759
Equipment	1,180,299	1,150,242
Construction in progress	714,640	425,538
Accumulated depreciation	(2,632,912)	(2,462,877)
Total capital assets, net excluding lease and subscription IT assets	2,510,453	2,312,863
Lease and subscription IT assets, net (note 13(g))	127,308	113,313
Total capital assets, net as reported in the statement of net position	$ 2,637,761	2,426,176

(Dollars in thousands)

The following is a summary of capital assets for the fiscal years ended June 30, 2025 and 2024:

	Balance June 30, 2024	Increases	Decreases	Balance June 30, 2025
Capital assets not depreciated:				
Land and land improvements	$ 89,201	—	—	89,201
Construction in progress	425,538	357,699	(68,597)	714,640
Total capital assets not depreciated	514,739	357,699	(68,597)	803,841
Other capital assets:				
Buildings and other improvements	3,110,759	49,707	(1,241)	3,159,225
Equipment	1,150,242	42,855	(12,798)	1,180,299
Total other capital assets	4,261,001	92,562	(14,039)	4,339,524
Less accumulated depreciation:				
Buildings and other improvements	(1,562,129)	(109,258)	718	(1,670,669)
Equipment	(900,748)	(74,500)	13,005	(962,243)
Total accumulated depreciation	(2,462,877)	(183,758)	13,723	(2,632,912)
Other capital assets, net	1,798,124	(91,196)	(316)	1,706,612
Total capital assets, net	$ 2,312,863	266,503	(68,913)	2,510,453
Lease and subscription IT assets, net (note 13(g))				127,308
Total capital assets, net as reported in the statement of net position				$ 2,637,761

(Dollars in thousands)

		Balance June 30, 2023	Increases	Decreases	Balance June 30, 2024
Capital assets not depreciated:					
Land and land improvements	$	84,835	4,366	—	89,201
Construction in progress		219,524	276,258	(70,244)	425,538
Total capital assets not depreciated		304,359	280,624	(70,244)	514,739
Other capital assets:					
Buildings and other improvements		3,033,056	77,923	(220)	3,110,759
Equipment		1,222,779	82,533	(155,070)	1,150,242
Total other capital assets		4,255,835	160,456	(155,290)	4,261,001
Less accumulated depreciation:					
Buildings and other improvements		(1,455,609)	(106,520)	—	(1,562,129)
Equipment		(977,607)	(77,537)	154,396	(900,748)
Total accumulated depreciation		(2,433,216)	(184,057)	154,396	(2,462,877)
Other capital assets, net		1,822,619	(23,601)	(894)	1,798,124
Total capital assets, net	$	2,126,978	257,023	(71,138)	2,312,863
Lease and subscription IT assets, net (note 13(g))					113,313
Total capital assets, net as reported in the statement of net position				$	2,426,176

(6) Compensated Absences Payable

Vacation pay for classified employees is generally earned at 8 to 24 hours per month, depending on the length of service and classification, with a maximum accrual of up to 364 hours per employee and a maximum payment upon separation of up to 364 hours. A maximum of 96 to 288 hours of vacation can be earned per year, depending on the length of service and classification. Vacation/PTO pay for unclassified employees is earned at 14.67 to 17.33 hours per month, with a maximum accrual of 256 hours. The maximum payment of unused vacation/PTO hours for unclassified employees at termination is 80 hours at a 50% payment rate. There are a few exceptions, such as that the previous Management Service employees who transitioned to Unclassified Administrative on July 8, 1996 will be paid up to 250 hours unused accrued vacation at 100% pay rate. Eligible employees may have the opportunity to cash-out unused accrued vacation hours, up to 100 hours per year based on their representational group. Employees under the House Officers representation group are granted front-loaded vacation banks.

Sick leave is recorded as an expense when paid. Sick leave for employees is generally earned at the rate of 8 hours per month and a maximum of 96 hours per year, with no restrictions on maximum hours accrued. Employees in the following groups earn sick leave at the rate of 1 hour for 30 hours worked: resource, flex, temporary, unclassified below 0.5FTE, OHSU student, non-OHSU student, and graduate assistant.

There are two representational groups setup with time off accruals based on the academic year: Graduate Researchers United (GRU) and House Officers Union (HOU). PTO for GRU represented employees is earned at the rate of 13.33 hours per month, with a maximum of 160 hours per year. These hours can be used for time off and sick leave. No cash-out of unused PTO GRU is available. GRU represented employees can carryover 10 days from one academic year to another. House Officers are granted 160 hours of vacation and 120 hours sick leave, front-loaded at the beginning of the academic year. Sick leave hours unused by the HOU represented employees during the academic year will carry over to the following appointment year. Vacation cash-out is not allowed for HOU represented employees and sick leave hours are not paid at separation.

(7) Retirement Plans

The University, excluding blended component units, offers various pension plans to all qualified employees: the State's Public Employees Retirement System (PERS), which includes a cost-sharing, defined-benefit plan, and defined-contribution plans (individual account plan – IAP), the University Pension Plan (UPP), and the Clinical Retirement Plan (CRP).

(a) Defined-Benefit Pension Plan Descriptions

PERS is a cost-sharing, multiemployer retirement system available to units of state government, political subdivisions, community colleges, and school districts, containing multiple actuarial pools. Plan assets may be used to pay the benefits of the employees of any employer that provides pensions through the plan. As of the June 30, 2024 measurement date, there were 904 participating employers.

PERS is administered in accordance with ORS Chapter 238, Chapter 238A, and Internal Revenue Code Section 401(a). The State's legislature has delegated authority to the Public Employees Retirement Board (PERS Board) to administer the system. The PERS Board is composed of five trustees who administer retirement (service and disability), death, and retiree health insurance benefits. All members of the PERS Board are appointed by the governor and confirmed by the state senate. The governor designates the chairperson. Statute specifies PERS Board membership must be three people with experience in business management, pension management, or investing who are not members of the PERS system; one person who is either an employee of the state in a management position or a person who holds an elective office in the governing body of a participating public employer other than the state; and one person representing public employees and retirees.

The State's PERS issues a publicly available financial report that includes financial statements and required supplementary information, including a 10-year historical trend information showing the accumulation of sufficient assets to pay benefits when due. Copies of the State's PERS's Annual Comprehensive Financial Report (ACFR) and Actuarial Valuations may be obtained from the PERS website at *https://www.oregon.gov/pers/EMP/Pages/Actuarial-Financial-Information.aspx.*

PERS comprises three separate defined-benefit groups: PERS Tier 1, PERS Tier 2, and Oregon Public Service Retirement Plan (OPSRP).

(i) Benefits Provided

The following describes the benefits provided through the PERS plan:

(1) PERS Tier 1/PERS Tier 2

(a) The Tier 1/Tier 2 plans are closed to new members hired on or after August 29, 2003.

(b) Members are provided retirement, disability, and death benefits.

(c) Vesting occurs if either of the following conditions are met, unless the account is withdrawn:

1. An active member in each of 5 calendar years

2. Reached at least 55 years of age while working in a qualifying position (age 50 for police and fire members).

(d) The retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options. These options include survivorship benefits and lump-sum refunds.

(e) The basic benefit is based on years of service and final average salary. A percentage (2.00% for police and fire employees, 1.67% for general employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under either a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefit results.

(f) Normal retirement age for general members is age 58 for Tier 1 and age 60 for Tier 2, or any age with 30 years or more of retirement credit. Normal retirement age for police and fire members is age 55, or age 50 with 25 years or more of retirement credit. Benefits are reduced if normal retirement age is not attained.

(g) Annual Cost of Living Adjustments (COLA) of up to 2% annually for service time accrued before October 1, 2013; COLA for service time after that date uses a lower rate. Service time accrued in both periods is "blended."

(2) PERS OPSRP

(a) The OPSRP plan is open to members hired on or after August 29, 2003.

(b) Members are provided retirement, disability, and death benefits.

(c) Vesting occurs if either of the following conditions are met, unless the account is withdrawn:

1. Completion of at least 600 hours of service in each of five calendar years

2. Reached normal retirement age as an active member on that date.

(d) The retirement allowance is payable monthly for life.

(e) The basic benefit is based on years of service and final average salary. A percentage (1.8% for police and fire employees, 1.5% for general employees) is multiplied by the number of years of service and the final average salary.

(f) Normal retirement age for general members is age 65, or age 58 with 30 years or more of retirement credit. Normal retirement age for police and fire members is age 60, or age 53 with 25 years or more of retirement credit. Benefits are reduced if normal retirement age is not attained.

(g) Annual COLA of up to 2% annually for service time accrued before October 1, 2013; COLA for service time after that date uses a lower rate. Service time accrued in both periods is "blended."

(ii) Contributions

PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. This funding policy applies to the PERS defined-benefit plan and the other postemployment benefits (OPEB) plans.

The employer contribution rate for active employees is established by the PERS Board based upon actuarial valuations, which are performed once every two years to determine the level of employer contributions. Employer contribution rates during the period were based on the December 31, 2022 actuarial valuation. The rates were based on a percentage of payroll and first became effective July 1, 2023. The employer contribution rate for PERS Tier 1 and Tier 2 was 17.40% from July 1, 2024 to June 30, 2025. The employer contribution rate for OPSRP was 13.58% (OPSRP Police and Fire, 18.37%) from July 1, 2024 to June 30, 2025.

All members contribute 6.0% of their salary to the Individual Account Program (IAP), an individual account-based program under the PERS tax-qualified governmental plan for all PERS members, established in 2004. Beginning July 1, 2020, Senate Bill 1049 required a portion of most members' contributions to their IAP accounts to be redirected to their new Employee Pension Stability Account (EPSA) to help fund the cost of their future pension benefits. For Oregon Public Service Retirement Plan (OPSRP) members, the redirected amount is 0.75% of their IAP contribution, and for Tier One and Tier Two members, the redirected amount is 2.5% of their IAP contribution. In 2024, only members who earned more than $3,688 a month were subject to a portion of their IAP contributions being redirected to the EPSA.

The State and certain schools, community colleges, and political subdivisions have made lump-sum payments to establish side accounts and their rates have been reduced. OHSU made no lump-sum payments to PERS during fiscal years 2025 and 2024. For fiscal year 2024 OHSU participated in the Employer Incentive Fund (EIF), a program that provided a 25% match on qualifying employer lump-sum payments. OHSU recognized the $2,500 match payment as state appropriations.

Amounts contributed post measurement date are recorded as deferred outflows in the amount of $68,931 and $61,583, for the years ended June 30, 2025 and 2024, respectively.

The defined-benefit pension plan contributions can be found in the required supplementary information.

(iii) Net Pension Liability

OHSU's proportionate share of the net pension liability for PERS as of June 30, 2025 and 2024 is $574,339 and $512,611, respectively, utilizing a June 30, 2024 and 2023 measurement date, respectively. The net pension liability for the June 30, 2025 and 2024 fiscal year-end was determined based on the results of the December 31, 2022 and 2021 actuarial valuation rolled forward to the respective measurement dates using standard actuarial procedures.

The basis for OHSU's proportion is actuarially determined by comparing OHSU's projected long-term contribution effort to the PERS cost-sharing, multiple-employer defined-benefit pension plan with the total projected long-term contribution effort of all participating employers. OHSU's proportionate share was 2.58% for the June 30, 2024 measurement date and 2.74% for the June 30, 2023 measurement date.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of PERS, and additions to/deductions from PERS' fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

(iv) Proportionate Share of Pension Expense and Deferrals Related to Pensions

OHSU's pension expense for the years ended June 30, 2025 and 2024 was $84,433 and $75,215, respectively. The pension expense, which is considered period interest cost, service cost, amortization of deferred outflows and inflows, and changes in benefit terms, has increased since prior year and is included in salaries, wages, and benefits in the statements of revenues, expenses, and changes in net position.

(Dollars in thousands)

In July 2021, the assumed rate of return on investments was reduced from 7.20% to 6.90%. The new assumed rate was also used in the actuarial valuation, which established the employer contribution rates for the 2023-25 biennium.

Deferred outflows of resources and deferred inflows of resources for pensions were related to the following sources as of the fiscal years ended June 30, 2025 and 2024:

	Deferred outflow of resources		Deferred inflow of resources	
	2025	2024	2025	2024
Differences between expected and actual experience	$ 34,024	25,068	(1,371)	(2,033)
Changes of assumptions	57,744	45,537	(74)	(340)
Net difference between	36,487			
projected and actual earnings on pension plan investments	16,432	9,214		—
Changes in proportionate share		21,522	(28,838)	(20,043)
Differences between contributions and OHSU's proportionate share of system contributions	2,189	3,541	(22,456)	(26,106)
Total (prior to post-MD contributions)	146,876	104,882	(52,739)	(48,522)
Contributions subsequent to the measurement date	68,931	61,583	—	—
Gross deferred outflow (inflow) of resources	$ 215,807	166,465	(52,739)	(48,522)

The contributions made subsequent to the measurement date of $68,931 will be recognized as a reduction in the net pension liability during the year ending June 30, 2025.

(Dollars in thousands)

Remaining amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Fiscal year ending	Deferred outflow (inflow) of resources
2026	$ (8,487)
2027	58,058
2028	29,548
2029	13,128
2030	1,891
Total	$ 94,138

(v) Actuarial Methods and Assumptions

The following methods and assumptions were used in developing total pension liability reported as of June 30, 2025 and 2024:

Actuarial methods and Assumptions	2025	2024
Valuation date	December 31, 2022	December 31, 2021
Measurement date	June 30, 2024	June 30, 2023
Experience study report	2022, published July 2023 Based on data for the experience period January 1, 2017 to December 31, 2022	2020, published July 2021 Based on data for the experience period January 1, 2017 to December 31, 2020
Actuarial assumptions:		
Actuarial cost method	Entry age normal	Entry age normal
Inflation rate	2.40%	2.40%
Long-term expected rate of return	6.90	6.90
Discount rate	6.90	6.90
Projected salary increases	3.40	3.40
Cost of Living Adjustments (COLA)	Blend of 2% COLA and graded COLA (1.25%/0.15%) in accordance with *Moro* case decision; blend based on service	Blend of 2% COLA and graded COLA (1.25%/0.15%) in accordance with *Moro* case decision; blend based on service

(Dollars in thousands)

Actuarial methods and Assumptions	2025	2024
Mortality	***Healthy retirees and beneficiaries:*** Pub-2010 Healthy annuitant, sex-distinct, generational with Unsex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation ***Active members:*** Pub-2010 Employees, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and setbacks as described in the valuation ***Disabled retirees:*** Pub-2010 Disabled retirees, sex-distinct, generational with Unsex, Social Security Data Scale, with job category adjustments and set-backs as described in the valutaion.	***Healthy retirees and beneficiaries:*** Pub-2010 Healthy annuitant, sex-distinct, generational with Unsex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation ***Active members:*** Pub-2010 Employees, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and setbacks as described in the valuation ***Disabled retirees:*** Pub-2010 Disabled retirees, sex-distinct, generational with Unsex, Social Security Data Scale, with job category adjustments and set-backs as described in the valutaion.

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The 2022 experience study, used in developing total pension liability measured as of June 30, 2024, was based on the data for the experience period January 1, 2017 to December 31, 2022.

(vi) Discount Rate

The discount rate used to measure the total pension liability for the fiscal years ended June 30, 2025 and 2024 was 6.90% and 6.90%, respectively. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for PERS was applied to all periods of projected benefit payments to determine the total pension liability. The impact of a 1.00% decrease and increase in the discount rate on the net pension liability is as follows:

Discount Rate Sensitivity – Net Pension Liability

(Dollars in thousands)

OHSU's proportionate share		1% Decrease	Current discount rate	1% Increase
June 30, 2025	$	905,996	574,339	296,560
June 30, 2024		846,737	512,611	232,983

(vii) Investments

The Oregon State Treasury is the investment officer for the State. Investment standards are established in ORS 293.726 and require funds to be managed as a prudent investor would do. The Oregon Investment Council (OIC) establishes policies for the investment and reinvestment of moneys in the Oregon Public Employees Retirement Fund (OPERF).

ORS 293.701 defines the investment funds over which OIC has responsibility. Included is the OPERF, which comprises the defined-benefit pension plan, the individual account program, and the other postemployment benefit plans. OIC establishes policies for the investment and reinvestment of moneys in the investment funds as well as the acquisition, retention, management, and disposition of investments in the investment funds. OIC is also responsible for providing an examination of the effectiveness of the investment program.

(Dollars in thousands)

(1) *Assumed Asset Allocation*

The following table illustrates both the assumed and actual asset allocation. Deferred outflows of resources and deferred inflows of resources for pensions were related to the following sources as of the measurement date June 30, 2024:

OIC Target and Actual Investment Allocation as of June 30, 2024

Asset class/strategy	OIC policy low range	OIC policy high range	OIC target allocation	Asset class/strategy	Actual allocation
Debt securities	20.0 %	30.0 %	25.0 %	Debt securities	19.1 %
Public equity	22.5	32.5	27.5	Public equity	23.0
Real estate	9.0	16.5	12.5	Real estate	13.2
Private equity	17.5	27.5	20.0	Private equity	26.9
Real assets	2.5	10.0	7.5	Real Assets	10.1
Diversifying strategies	2.5	10.0	7.5	Diversifying Strategies	5.0
Opportunity portfolio[1]	—	5.0	—	Opportunity portfolio[1]	2.7
Total			100.0 %	Total	100.0 %

[1] Opportunity Portfolio is an investment strategy. Up to 5% of total Fund assets may be invested in it.

(Dollars in thousands)

The following table illustrates both the assumed and actual asset allocation. Deferred outflows of resources and deferred inflows of resources for pensions were related to the following sources as of the measurement date June 30, 2023:

OIC Target and Actual Investment Allocation as of June 30, 2023

Asset class/strategy	OIC policy low range	OIC policy high range	OIC target allocation	Asset class/strategy	Actual allocation[2]
Debt securities	20.0 %	30.0 %	25.0 %	Debt securities	20.0 %
Public equity	22.5	32.5	27.5	Public equity	23.3
Real estate	9.0	16.5	12.5	Real estate	13.6
Private equity	17.5	27.5	20.0	Private equity	26.5
Real assets	2.5	10.0	7.5	Real Assets	9.1
Diversifying strategies	2.5	10.0	7.5	Diversifying Strategies	5.0
Opportunity portfolio[1]	—	5.0	—	Opportunity portfolio[1]	2.5
Total			100.0 %	Total	100.0 %

[1] Opportunity Portfolio is an investment strategy. Up to 5% of total Fund assets may be invested in it.

[2] The target allocation of Debt Securities is increased by 5% and Public Equity is reduced by 2.5% from FY2022, and the allocation to Risk Parity is eliminated.

(2) Long-Term Expected Rate of Return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, the PERS Board reviews long-term assumptions developed by the consulting actuary's capital market assumptions team and the OIC investment advisers. The table below shows the actuary's assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

(Dollars in thousands)

Asset class	2025 Target allocation[1]	2025 Compound annual return (Geometric)[2]	Asset class	2024 Target allocation[1]	2024 Compound annual return (Geometric)[2]
Global Equity	27.50 %	7.07 %	Global Equity	27.50 %	7.07 %
Private Equity	25.50	8.83	Private Equity	25.50	8.83
Core Fixed Income	25.00	4.50	Core Fixed Income	25.00	4.50
Real Estate	12.25	5.83	Real Estate	12.25	5.83
Master Limited Partnerships	0.75	6.02	Master Limited Partnerships	0.75	6.02
Infrastructure	1.50	6.51	Infrastructure	1.50	6.51
Hedge Fund of Funds – Multistrategy	1.25	6.27	Hedge Fund of Funds – Multistrategy	1.25	6.27
Hedge Funds Equity – Hedge	0.63	6.48	Hedge Funds Equity – Hedge	0.63	6.48
Hedge Funds – Macro	5.62	4.83	Hedge Funds – Macro	5.62	4.83
Assumed Inflation – Mean		2.35	Assumed Inflation – Mean		2.35
	100.00 %			100.00 %	

[1] Based on the OIC Statement of Investment Objectives and Policy Framework for the Oregon Public Employees Retirement Fund, revised as of January 25, 2023.

[2] The arithmetic mean is a component that goes into calculating the geometric mean. Expected rates of return are presented using the geometric mean, which the Board uses in setting the discount rate.

(b) Other Retirement Plans

In addition to the PERS defined-benefit retirement plan, OHSU has two defined-contribution plans – the University Pension Plan (UPP) and Clinical Retirement Plan (CRP). OHSU also offers employees the opportunity to supplement their retirement income through pre-tax and/or post-tax Roth contributions to the Voluntary Retirement Savings Plans.

(i) University Pension Plan (UPP)

Effective July 1, 1996, OHSU established the UPP. The UPP is a defined-contribution plan, which is available as an alternate to PERS for employees who are not eligible for the CRP. Employees become fully vested in employer contributions over a three- to four-year period (depending on collective bargaining agreements) or upon reaching age 50. Contribution levels are determined by the collective bargaining agreements for union represented employees and the board of directors of OHSU for noncollective bargaining employees.

401(a) UPP contributions are made at 6% for AFSCME represented, Research and Unclassified Administrative employees. This contribution is employer paid and is fully vested at the time of the contribution. For ONA-represented employees contribution begins at 5%, increasing to 6% contribution after three years. Non-Clinical Faculty contributions are made at 12%, half of which is vested immediately.

(Dollars in thousands)

403(b) Matching Plan is offered to eligible employees enrolled in the 401(a) University Pension Plan (UPP), with contributions stopping once the annual IRS elective contribution limit is reached each year. ONA employees enrolled into the UPP are automatically defaulted into the 403b for a 6% pre-tax deduction. 403(b) match contributions are always 100% vested.

457(b) is available for House Officers and Postdoctoral Scholars. Eligible participants receive an annual retirement plan contribution from OHSU, currently at 3%, which is fully vested immediately. This contribution reduces the employee elective deferral limit for the 457(b) voluntary retirement savings plan.

(ii) *Clinical Retirement Plan (CRP)*

For employees who are members of OHSU Practice Plan (OPP) who work in a qualifying position, OHSU offers participation in the CRP. The CRP is an employer-paid, defined-contribution plan, and contributions to this plan are fully vested at the time of the contribution. A variable contribution rate is used for employees enrolled prior to January 1, 2009. After January 1, 2009, a 12% contribution rate is used, with an annual earning cap.

		2025	2024
UPP:			
Employer contribution	$	81,575	70,706
Employee contribution [1]		26,452	24,812
	$	108,027	95,518
CRP:			
Employer contribution	$	49,704	46,225
	$	49,704	46,225
Other:			
Employer contribution	$	13,669	11,024
	$	13,669	11,024

(1) Of the employees' share, the employer paid $26,452 and $24,812 related to noncollective bargaining employees and ONA-represented employees in fiscal years 2025 and 2024, respectively.

(iii) *Voluntary Savings Plans*

OHSU offers all eligible employees, full and part time, an option to participate in one of two tax-deferred savings plans through the University Voluntary Savings Program. The 403(b) Plan is often referred to as a tax-deferred investment plan while the 457(b) Plan is referred to as a deferred compensation plan. Both plans offer a variety of investment options. The contribution and investment earnings under these plans are tax deferred, which may be accumulated by the employee for distribution at a future date. ONA-represented, research and unclassified administrative employees hired July 1, 2017 or later, and enrolled in the UPP, are eligible for a 403(b) match paid by the employer, otherwise, all other contributions to these plans are made by the employee and are fully vested at the time of the contribution. The IRS sets the contribution limit for the voluntary retirement plans each year.

(Dollars in thousands)

The Foundation has defined-contribution plans available for substantially all employees. The plans are funded through the purchase of a group annuity contract with an insurance company at a discretionary amount equal to 12% of eligible compensation. Contributions are fully vested after five years. The Foundation contributed $1,700 and $1,500 for the purchase of retirement annuities during the fiscal years ended June 30, 2025 and 2024, respectively.

(8) Postemployment Benefits Other than Pensions (OPEB)

OHSU administers a single-employer, defined-benefit healthcare plan for qualified employees and postemployment healthcare for retiring employees eligible to receive medical coverage. Additionally, for eligible PERS members, PERS administers the Retirement Health Insurance Account (RHIA) cost-sharing, multiple-employer defined-benefit OPEB plan.

(a) Single-Employer, Defined-Benefit Plan

(i) Plan Description

OHSU provides retiree health program coverage to current and future retirees of OHSU who qualify for retirement. Members who terminate prior to retirement eligibility or are not participating in the plan at retirement are not eligible to participate in the program. The employee must be actively enrolled in an OHSU medical plan at the time of separation from OHSU.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

(ii) Employees Covered by Benefit Terms

The plan provides access for retiring employees to OHSU's employee medical plans at the same premium rates assessed to active employees. As of the measurement date of October 1, 2024, the following employees were covered by the benefit terms.

	October 1	
	2024	2023
Active employees	18,644	18,644
Retired members and others, receiving benefits	106	106
Total participants	18,750	18,750

(Dollars in thousands)

(iii) Benefit Payments

Benefit payments made for the fiscal years ended June 30, 2025 and 2024 were $776 and $764, respectively.

(iv) Total OPEB Liability

The total OPEB liability as of the reporting date June 30, 2025 and 2024 is $24,582 and $22,363, respectively. The total OPEB liability was determined by an actuarial valuation as of October 1, 2024, calculated based on the discount rate and actuarial assumptions below, and was then projected forward to the measurement date. The liability is included in other noncurrent liabilities in the accompanying statements of net position.

(v) Actuarial Assumptions and Other Inputs

The following methods and assumptions were used in developing the total OPEB liability.

Fiscal year ended	June 30, 2025	June 30, 2024
Valuation date	October 1, 2023	October 1, 2023
Measurement date	October 1, 2024	October 1, 2023
Reporting date	June 30, 2025	June 30, 2024
Experience study report	2022 Oregon PERS Experience Study Based on January 1, 2017 to December 31, 2022	2020 Oregon PERS Experience Study Based on January 1, 2017 to December 31, 2020
Inflation	2.40 %	2.40 %
Discount rate*	3.81 %	4.09 %

* The discount rate was based on the Bond Buyer General Obligation 20-Bond Municipal Index.

(vi) Expense and Deferred (Inflows)/Outflows of Resources Related to OPEB

The OPEB expense, which is considered concurrent period interest cost, service cost, amortization of deferred outflows and inflows, and effect of plan changes, was $3,440 and $2,811 for the fiscal year ended June 30, 2025 and 2024, respectively.

(Continued)

(Dollars in thousands)

As of June 30, 2025 and 2024, the deferred inflows and outflows of resources were as follows:

		Deferred outflow of resources		Deferred inflow of resources	
		2025	**2024**	**2025**	**2024**
Differences between expected and actual experience	$	1,624	2,231	—	—
Changes of assumptions		1,749	2,563	(4,110)	(5,330)
Total (prior to post-MD contributions)		3,373	4,794	(4,110)	(5,330)
Contributions subsequent to the measurement date		776	765	—	—
Gross deferred outflow (inflow) of resources	$	4,149	5,559	(4,110)	(5,330)

The contributions made subsequent to the measurement date of $776 will be recognized as a reduction in the total OPEB liability during the year ending June 30, 2025.

(b) Cost-Sharing, Multiple-Employer Defined-Benefit Plan

(i) Plan Description

ORS 238.420 established the RHIA. RHIA is a cost-sharing, multiple-employer OPEB plan for 904 participating employers. The plan was closed to new entrants hired on or after August 29, 2003.

The State's PERS issues a publicly available financial report that includes financial statements and required supplementary information, including a 10-year historical trend information showing the accumulation of sufficient assets to pay benefits when due. Copies of the Oregon Public Employees Retirement System's Comprehensive Annual Financial Report and Actuarial Valuations may be obtained from the PERS Web site at:
www.oregon.gov/pers/Pages/Financials/Actuarial-Financial-Information.aspx.

(ii) Benefits Provided

The plan authorizes a payment of up to sixty dollars from RHIA toward the monthly cost of health insurance for eligible PERS members.

(iii) Contributions

Contributions are advance-funded on an actuarially determined basis. The contractually required contributions for retiree healthcare liabilities for the period July 1, 2023 through June 30, 2025 are

0.04% for Tier One and Tier Two member-covered salaries to amortize the unfunded actuarial accrued liability. A (0.04)% unfunded actuarial liability (UAL) rate was assigned for the RHIA program as it was funded over 100% as of December 31, 2021. Consequently, PERS employers had an effective contribution rate of 0.00% for the RHIA program.

Contributions to the OPEB plan from OHSU were $2 and $4 for the years ended June 30, 2025 and 2024, respectively. Employees are not required to contribute to the OPEB plan.

(iv) OPEB Asset, OPEB Expense (Income), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At fiscal years ended June 30, 2025 and 2024, OHSU reported an asset of $10,690 and $10,576 for its proportionate share of the net OPEB asset, respectively. The net OPEB asset was measured as of June 30, 2024 and 2023 and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2022 and 2021, respectively. OHSU's proportion of the net OPEB asset was based on a projection of OHSU's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating members, actuarially determined. At the June 30, 2024 and 2023 measurement date, OHSU's proportionate share was 2.65% and 2.89%, respectively.

The OPEB expense (income), which is considered concurrent period interest cost, service cost, amortization of deferred outflows and inflows, and effect of plan changes, was ($492) and ($1,450), for the years ended June 30, 2025 and 2024, respectively. As of June 30, 2025 and 2024, the deferred inflows and outflows of resources were as follows:

(Dollars in thousands)

	Deferred outflow of resources		Deferred inflow of resources	
	2025	**2024**	**2025**	**2024**
Differences between expected and actual experience	$ —	—	(209)	(266)
Changes of assumptions	302	30	(135)	(114)
Net difference between projected and actual earnings on investments	616	729	—	(189)
Changes in proportionate share	—	—	—	—
Total (prior to post-MD contributions)	918	759	(344)	(569)
Contributions subsequent to the measurement date	2	4	—	—
Gross deferred outflow (inflow) of resources	$ 920	763	(344)	(569)

The contributions made subsequent to the measurement date of $2 will be recognized as a reduction in the total OPEB liability during the year ending June 30, 2025.

(Dollars in thousands)

(v) Actuarial Assumptions and Other Inputs

The total OPEB asset (liability) in the December 31, 2022 and 2021 actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurement.

Fiscal year ended	June 30, 2025	June 30, 2024
Valuation date	December 31, 2022	December 31, 2021
Measurement date	June 30, 2024	June 30, 2023
Reporting date	June 30, 2025	June 30, 2024
Experience study report	2022, published July 24, 2023 Based on data for the experience period January 1, 2017 to December 31, 2022	2020, published July 20, 2021 Based on data for the experience period January 1, 2017 to December 31, 2020
Actuarial assumptions:		
Actuarial cost method	Entry age normal	Entry age normal
Inflation rate	2.40%	2.40%
Long-term expected rate of return	6.90%	6.90%
Discount rate	6.90%	6.90%

(Dollars in thousands)

(9) Long-Term Debt, Bonds, and Right-to-Use Lease Liabilities

Long-term debt and long-term leases at June 30, 2025 and 2024 is as follows:

		2025	2024
Revenue bonds:			
Series 2015C	$	100,000	100,000
Series 2016B		199,835	199,835
Series 2017A		65,460	65,460
Series 2019A		102,275	110,255
Series 2019B-2		—	150
Series 2019C		61,120	63,115
Series 2021A		338,380	338,380
Series 2021B-1		45,990	45,990
Series 2021B-2		45,970	45,970
Series 2021C		11,585	11,585
Direct placement and direct purchase revenue bonds:			
Series 2017B		50,000	50,000
Series 2019D		45,445	46,915
Series 2022A		24,970	35,595
Other debt:			
State of Oregon DSPA and TIC Agreements		22,530	23,430
City of portland local improvement district agreements		3,976	5,831
Line of credit		—	—
Unamortized bond premiums and discounts		94,304	104,517
Financed purchases		807	2,477
Long-term leases*		110,214	97,483
		1,322,861	1,346,988
Less: Current portion of long-term debt and long-term leases		(48,587)	(37,308)
Noncurrent long-term debt and long-term leases	$	1,274,274	1,309,680

* The Foundation's portion of Long-term lease liabilities were $10,045 and $10,546 as of June 30, 2025 and 2024, respectively.

(a) Revenue Bonds

2015C Revenue Bonds

OHSU Series 2015C Revenue Bonds (2015C Bonds) are taxable fixed rate bonds with an outstanding principal amount of $100,000 as of June 30, 2025. The 2015C Bonds have a maturity date of July 1, 2045, and require semiannual interest payments at a coupon rate of 5.0%. Proceeds from the 2015C Bonds were used for general public corporation or other public purposes, including, but not limited to, financing capital expenses, noncapital expenses, and costs related to the issuance of the bonds. The 2015C Bonds are limited obligations of OHSU and are secured by OHSU's gross revenues. The 2015C Bonds are not general obligation bonds and are payable solely from revenue pledged.

2016B Revenue Bonds

OHSU Series 2016B Revenue Bonds (2016B Bonds) are tax-exempt fixed rate bonds with an outstanding principal amount of $199,835 as of June 30, 2025. The 2016B Bonds have maturities due beginning July 1, 2028 through July 1, 2046 requiring semiannual interest payments with coupon rates ranging from 2.5% to 5.0%. The 2016B Bonds were issued to advance refund the Series 2009A Bonds and for capital improvements related to the construction of an ambulatory care tower and as a prerequisite to the receipt of state matching grant funds for the construction of a new Knight Cancer Research Building. The 2016B Bonds are limited obligations of OHSU and are secured by OHSU's gross revenues. The 2016B Bonds are not general obligation bonds and are payable solely from revenue pledged.

2017A Revenue Bonds

OHSU Series 2017A Revenue Bonds (2017A Bonds) are tax-exempt fixed rate bonds with an outstanding principal amount of $65,460 as of June 30, 2025. The 2017A Bonds have maturities due beginning July 1, 2033 through July 1, 2046 requiring semiannual interest payments with coupon rates ranging from 3.5% to 5.0%. The Series 2017A Bonds were issued for capital improvements related to the construction of an ambulatory care tower and as a prerequisite to the receipt of State matching grant funds for the construction of a new Knight Cancer Research Building. The 2017A Bonds are limited obligations of OHSU and are secured by OHSU's gross revenues. The 2017A Bonds are not general obligation bonds and are payable solely from revenue pledged.

2019A Revenue Bonds

OHSU Series 2019A Revenue Bonds (2019A Bonds) are tax-exempt fixed rate bonds with an outstanding principal amount of $102,275 as of June 30, 2025. The 2019A Bonds have remaining maturities due July 1, 2025 through July 1, 2049, requiring semiannual interest payments with coupon rates ranging from 3.0% to 5.0%. The 2019A Bonds were issued as part of a financing transaction used to refund several prior bond series, to pay for capital improvements for the University, and to pay for costs of issuance for the bonds. The 2019A Bonds are limited obligations of OHSU and are secured by OHSU's gross revenues. The 2019A Bonds are not general obligation bonds and are payable solely from revenue pledged.

2019B-2 Revenue Bonds (Tendered and Refunded)

OHSU made its final debt service payment for the remaining OHSU Series 2019B-2 Revenue Bonds (2019B-2 Bonds) pursuant to the bonds mandatory purchase date on February 1, 2025. Immediately prior to February 1, 2025, there was an outstanding principal amount of $150. OHSU had previously refunded a portion of the 2019B-2 bonds on December 21, 2021 for a total principal amount of $48,970, following acceptance of stated amounts in a bond tender offer and exchange. The 2019B-2 Bonds required semiannual debt service payments at a coupon rate of 5.0%. The 2019B-2 Bonds were issued as part of a financing transaction used to refund several prior bond series and to pay for capital improvements for the University, and to pay for costs of issuance for the bonds. The 2019B-2 Bonds are limited obligations of OHSU and are secured by OHSU's gross revenues. The 2019B-2 Bonds are not general obligation bonds and are payable solely from revenue pledged.

2019C Revenue Bonds

OHSU Series 2019C Revenue Bonds (2019C Bonds) are taxable fixed rate bonds with an outstanding principal amount of $61,120 as of June 30, 2025. The 2019C Bonds have remaining maturities due July 1, 2025 through July 1, 2032, and require semiannual interest payments with coupon rates ranging from 2.5% to 3.0%. The 2019C Bonds were issued as part of a financing transaction used to refund several prior bond series, to pay for capital improvements for the University, and to pay for costs of issuance for the bonds. The 2019C Bonds are limited obligations of OHSU and are secured by OHSU's gross revenues. The 2019C Bonds are not general obligation bonds and are payable solely from revenue pledged.

2021A Revenue Bonds

OHSU Series 2021A Revenue Bonds (2021A Bonds) are tax-exempt fixed rate bonds with an outstanding principal amount of $338,380 as of June 30, 2025. The 2021A Bonds have maturities due beginning July 1, 2033 through July 1, 2051, and require semiannual interest payments with coupon rates ranging from 3.0% to 5.0%. The 2021A Bonds were issued as part of a financing transaction used to refund several prior bond series, to pay for capital improvements for the University including acquisition of an office building, and to pay for costs of issuance for the bonds. The 2021A Bonds are limited obligations of OHSU and are secured by OHSU's gross revenues. The 2021A Bonds are not general obligation bonds and are payable solely from revenue pledged.

2021B-1 Revenue Bonds

OHSU Series 2021B-1 Revenue Bonds (2021B-1 Bonds) are tax-exempt long-term rate bonds with an outstanding principal amount of $45,990 as of June 30, 2025. The 2021B-1 Bonds have maturities due beginning July 1, 2040 through July 1, 2046, and require semiannual interest payments with coupon rates of 5.0%. The 2021B-1 Bonds have a first optional redemption date of November 1, 2029, and an initial long-term rate mandatory purchase date of February 1, 2030. The 2021B-1 Bonds were issued as part of a financing transaction used to refund several prior bond series, to pay for capital improvements for the University including acquisition of an office building, and to pay for costs of issuance for the bonds. The 2021B-1 Bonds are limited obligations of OHSU and are secured by OHSU's gross revenues. The 2021B-1 Bonds are not general obligation bonds and are payable solely from revenue pledged.

2021B-2 Revenue Bonds

OHSU Series 2021B-2 Revenue Bonds (2021B-2 Bonds) are tax-exempt long-term rate bonds with an outstanding principal amount of $45,970 as of June 30, 2025. The 2021B-2 Bonds have maturities due beginning July 1, 2040 through July 1, 2046, and require semiannual interest payments with coupon rates of 5.0%. The 2021B-2 Bonds have a first optional redemption date of November 1, 2031, and an initial long-term rate mandatory purchase date of February 1, 2032. The 2021B-2 Bonds were issued as part of a financing transaction used to refund several prior bond series, to pay for capital improvements for the University including acquisition of an office building, and to pay for costs of issuance for the bonds. The 2021B-2 Bonds are limited obligations of OHSU and are secured by OHSU's gross revenues. The 2021B-2 Bonds are not general obligation bonds and are payable solely from revenue pledged.

2021C Revenue Bonds

OHSU Series 2021C Revenue Bonds (2021C Bonds) are tax-exempt long-term rate bonds with an outstanding principal amount of $11,585 as of June 30, 2025. The 2021C Bonds have maturities due beginning July 1, 2040 through July 1, 2042, and require semiannual interest payments with coupon rates of 4.0%. The 2021C Bonds have a first optional redemption date of November 1, 2028, and an initial long-term rate mandatory purchase date of February 1, 2029. The 2021C Bonds were issued as part of a financing transaction used to refund several prior bond series, to pay for capital improvements for the University including acquisition of an office building, and to pay for costs of issuance for the bonds. The 2021C Bonds are limited obligations of OHSU and are secured by OHSU's gross revenues. The 2021C Bonds are not general obligation bonds and are payable solely from revenue pledged.

(b) Direct Placement and Direct Purchase Bonds

2017B Revenue Bonds

OHSU Series 2017B Revenue Bonds (2017B Bonds) are tax-exempt fixed rate direct placement bonds with an outstanding principal amount of $50,000 as of June 30, 2025. The 2017B Bonds were issued for capital improvements related to the construction of an ambulatory care tower and as a prerequisite to the receipt of state matching grant funds for the construction of a new Knight Cancer Research Building. The 2017B Bonds are subject to event of default provisions that may cause the full outstanding amount to become immediately due and payable at the discretion of the bondholder representative. Event of default provisions are extensive with certain provisions subjective in nature based on materiality. Some notably event of default provisions included, but not limited to, are if the University fails to pay principal or interest on any bond when due, if the University makes any material misrepresentation in connection to the agreement, and if the University fails to meet the debt covenants requiring financial disclosures. The 2017B Bonds are limited obligations of OHSU and are secured by OHSU's gross revenues. The 2017B Bonds are not general obligation bonds and are payable solely from revenue pledged.

2019D Revenue Refunding Bonds

OHSU Series 2019D Revenue Bonds (2019D Bonds) were converted to tax-exempt fixed rate direct purchase rate bonds from taxable fixed rate direct purchase rate bonds on April 5, 2022. The 2019D Bonds have an outstanding principal amount of $45,445 as of June 30, 2025. The 2019D Bonds were originally issued to refund a portion of the OHSU Series 2012E Revenue Bonds on an advance refunding basis. The 2019D Bonds are subject to event of default provisions that may cause the full outstanding amount to become immediately due and payable at the discretion of the bondholder representative. Event of default provisions are extensive with certain provisions subjective in nature based on materiality. Some notably event of default provisions included, but not limited to, are if the University fails to pay principal or interest on any bond when due, if the University makes any material misrepresentation in connection to the agreement, and if the University fails to meet the debt covenants requiring financial disclosures. The 2019D Bonds are limited obligations of OHSU and are secured by OHSU's gross revenues. The 2019D Bonds are not general obligation bonds and are payable solely from revenue pledged.

2022A Revenue Refunding Bonds

OHSU Series 2022A Revenue Bonds (2022A Bonds) were issued on April 5, 2022 as tax-exempt direct purchase rate bonds with a par amount of $56,495. The 2022A Bonds have an outstanding principal amount of $24,970 as of June 30, 2025. The 2022A Bonds were issued to refund on a current basis a portion of the OHSU Series 2012A Revenue Bonds. The 2022A Bonds are subject to event of default provisions that may cause the full outstanding amount to become immediately due and payable at the discretion of the bondholder representative. Event of default provisions are extensive with certain provisions subjective in nature based on materiality. Some notably event of default provisions included, but not limited to, are if the University fails to pay principal or interest on any bond when due, if the University makes any material misrepresentation in connection to the agreement, and if the University fails to meet the debt covenants requiring financial disclosures. The 2022A Bonds are limited obligations of OHSU and are secured by OHSU's gross revenues. The 2022A Bonds are not general obligation bonds and are payable solely from revenue pledged.

(c) Other Debt

OHSU Portion of State of Oregon Article XI-F(1) Debt (Pursuant to DSPA and TIC Agreements)

OHSU has agreements with the Oregon State Board of Higher Education (on behalf of the State of Oregon) pursuant to which OHSU makes semiannual payments to the State in amounts sufficient to pay, when due, principal, interest, and other charges with respect to debt incurred by the State for the benefit of OHSU. This debt is commonly referred to as Article XI-F(1) debt and the agreements between OHSU and the State are commonly referred to as the Debt Service Payment Agreement (DSPA) and the Tenancy in Common Agreement (TIC).

In 1995, OHSU became an independent public corporation pursuant to an act of the Oregon Legislative Assembly (the Act). Pursuant to the Act, OHSU assumed liability for outstanding indebtedness of the State previously incurred for the benefit of OHSU. To evidence this obligation, OHSU and the Oregon State Board of Higher Education (on behalf of the State of Oregon) entered into the DSPA.

In 2011, OHSU entered into a joint construction project with the Oregon State Board of Higher Education to build the Robertson Life Sciences Building (previously referred to as the Collaborative Life Sciences Building) on OHSU's Schnitzer Campus located in Portland's South Waterfront to be jointly owned, developed, and operated collaboratively with Portland State University and Oregon State University. As partial consideration for OHSU's receipt of 50% undivided percentage interest in the tenancy in common of the Robertson Life Sciences Building, OHSU entered into the TIC in which OHSU agreed to pay to the State for a portion of the debt issued by the State to fund the construction of the project.

Pursuant to the DSPA and TIC, OHSU has an obligation to the State, and the State is the bond issuer. From time to time, the State has refinanced its bonds, some of which has affected the underlying bonds that were assigned to the DSPA and TIC. The total amount outstanding for the State of Oregon Article XI-F(1) debt assigned to OHSU under the DSPA and TIC as of June 30, 2025 and 2024 are $22,530 and $23,430. These balances are included in long-term debt in the statements of net position. Payments under the terms of the DSPA and TIC by OHSU represents full satisfaction of any legal obligation related to such outstanding indebtedness.

City of Portland Local Improvement District Agreements

OHSU initially entered into various local improvement district agreements (LIDs) with the City of Portland, Oregon during fiscal years 2007 and 2008 for real improvements to Portland's South Waterfront District. During fiscal year 2012, OHSU entered into additional LIDs with the City of Portland for real improvements to the same Portland South Waterfront District. All outstanding LIDs debt is scheduled to be repaid in semiannual installments, with maturities through fiscal year 2029 and interest rates ranging between 4.19% and 4.71%. The total outstanding amount of principal as of June 30, 2025 and 2024 are $3,976 and $5,831, respectively, and have been included in long-term debt in the statements of net position.

(d) Line of Credit

OHSU has a single line of credit available with U.S. Bank National Association for an aggregate principal amount not to exceed $100,000. Interest is payable on a monthly basis and interest rates are variable based on the monthly SOFR rate and an applicable margin. As of June 30, 2025, OHSU has not drawn on its line of credit.

Pursuant to the Fifth Amendment to Credit Agreement (Fifth Amendment) dated as of April 30, 2025, the Fifth Amendment made changes, including, without limitation, extending the Maturity Date of the Line of Credit to April 29, 2026.

The line of credit is subject to event of default provisions that would cause the full outstanding amount to become immediately due and payable. Event of default provisions are extensive with certain provisions subjective in nature based on materiality. Some notably event of default provisions included, but not limited to, are if the University fails to pay principal or interest on the loan when due, if the University makes any material misrepresentation in connection to the agreement, and if the University fails to meet the debt covenants requiring financial disclosures.

(e) Unamortized Bond Premiums and Discounts

OHSU has issued bonds at a premium and bonds at a discount. The premium and discount are amortized over the original life of the bond or through the bond mandatory tender date as applicable. The unamortized balances are included in long-term debt in the statements of net position. The unamortized net premium balances as of June 30, 2025 and 2024 are $94,304 and $104,517, respectively.

(Dollars in thousands)

(f) Summary of Principal and Interest Payments

Principal and interest payments under the outstanding long-term debt and long-term lease obligations are as follows:

	Principal	Interest	Total
Year(s) ending June 30:			
2026	$ 48,587	49,045	97,632
2027	54,451	47,436	101,887
2028	41,083	45,393	86,476
2029	37,856	43,660	81,516
2030	36,171	42,279	78,450
2031–2035	171,864	191,821	363,685
2036–2040	177,265	154,199	331,464
2041–2045	213,701	110,707	324,408
2046–2050	324,063	47,148	371,211
2051–2055	123,520	4,474	127,994
	$ 1,228,561	736,162	1,964,723

(g) Changes in Long-Term Liabilities

Changes in OHSU's total long-term liabilities during the fiscal years ended June 30, 2025 and 2024 is summarized below:

	June 30, 2024 balance	Increases	Decreases	June 30, 2025 Current portion	June 30, 2025 Noncurrent portion	Total
Liability for self-funded insurance programs	$ 107,823	47,861	(39,872)	56,567	59,245	115,812
Liability for life income agreements	24,715	4,259	(3,086)	—	25,888	25,888
Long-term debt	1,247,028	—	(35,188)	13,425	1,198,415	1,211,840
Long-term financed purchase	2,477	—	(1,670)	812	(5)	807
ROU lease liability	97,483	37,092	(24,361)	34,350	75,864	110,214
Compensated Absences*	354,006	39,872	(1,778)	246,627	145,473	392,100
Other noncurrent liabilities	30,950	2,264	(2,152)	—	31,062	31,062
Pension liability	512,611	280,932	(219,204)	—	574,339	574,339
	$ 2,377,093	412,280	(327,311)	351,781	2,110,281	2,462,062

*Restated for GASB 101-Compensated absences

(Dollars in thousands)

	June 30, 2023 balance	Increases	Decreases	June 30, 2024 Current portion	June 30, 2024 Noncurrent portion	Total
Liability for self-funded insurance programs	$ 101,925	36,179	(30,281)	61,167	46,656	107,823
Liability for life income agreements	20,503	6,293	(2,081)	—	24,715	24,715
Long-term debt	1,284,140	—	(37,112)	12,730	1,234,298	1,247,028
Long-term financed purchase	4,059	—	(1,582)	1,670	807	2,477
ROU lease liability	92,761	34,673	(29,951)	22,908	74,575	97,483
Compensated Absences*	309,056	44,950		246,629	107,377	354,006
Other noncurrent liabilities	29,250	147,795	(146,095)	—	30,950	30,950
Pension liability	396,378	321,136	(204,903)	—	512,611	512,611
	$ 2,238,072	591,026	(452,005)	345,104	2,031,989	2,377,093

*Restated for GASB 101-Compensated absences

(10) Life Income Fund – Annuities

Assets contributed as life income agreements are recorded at their fair value. The present value of estimated future payments to beneficiaries of annuity agreements is recorded as a liability. The present values of these estimated payments were determined on the basis of published actuarial factors for the ages of the respective annuity beneficiaries. Differences between the assets contributed and the expected payments to be made to beneficiaries have been recorded as donations in the year established.

Life income contributions, including gifts, grants, and contracts in the accompanying statements of revenues, expenses, and changes in net position, are as follows for the fiscal years ended June 30, 2025 and 2024:

2025	Agreements	Asset	Liability
Charitable gift annuities	10	$ 1,421	783
Total	10	$ 1,421	783

2024	Agreements	Asset	Liability
Charitable remainder unitrusts	3	$ 658	1
Charitable gift annuities	12	4,677	2,472
Total	15	$ 5,335	2,473

(Dollars in thousands)

The assets and corresponding liabilities related to life income agreements are included in long-term investments, restricted, and the liability for life income agreements in the accompanying statements of net position.

Total life income instruments held at June 30, 2025 and 2024 are as follows:

	2025		
	Agreements	Asset	Liability
Charitable remainder unitrusts	28	$ 14,559	4,603
Charitable lead unitrusts	2	23,888	11,893
Charitable gift annuities	168	16,574	8,578
Life estate agreements	3	1,655	814
Total	201	$ 56,676	25,888

	2024		
	Agreements	Asset	Liability
Charitable remainder unitrusts	34	$ 17,128	5,203
Charitable lead unitrusts	2	23,364	10,708
Charitable gift annuities	167	14,817	8,032
Life estate agreements	3	1,568	772
Total	206	$ 56,877	24,715

Ten charitable gift annuities, included above, with a total gift value of $3.0 million, have been reinsured with insurance carriers in order to reduce liability exposure. Under the reinsurance contracts, the insurance carrier pays the future beneficiary payments. To the extent, the insurance carriers are unable to perform under the contract, the foundation would be responsible for payment.

(11) Funds Held in Trust by Others

The Foundation is the named beneficiary 38 trusts held by outside trustees as of June 30, 2025 and 2024, respectively. The reported fair market value of trust assets held by others was $58,800 and $55,600 for the years ended June 30, 2025 and 2024, respectively. The Foundation records contributions as trust distributions occur. Trust distributions of $2,100 and $1,900 were recorded as contributions during the fiscal years ended June 30, 2025 and 2024, respectively.

(Dollars in thousands)

(12) Pledges and Estates Receivables

The Foundation had the following pledges and estates receivable as of June 30, 2025 and 2024:

		2025	2024
Pledges maturing within 1 year	$	115,429	144,607
Pledges maturing within 2–10 years		25,855	14,168
		141,284	158,775
Less allowance for uncollectible pledges		(707)	(519)
		140,577	158,256
Less discount for net present value (rates of 0.16% to 4.88%)		(2,062)	(1,677)
Total net pledges receivable		138,515	156,579
Estates receivable		10,269	10,475
Less allowance for uncollectible estates		(7)	(18)
Less discount for net present value (rates of 0.98% to4.88%)		(788)	(1,016)
Total net estates receivable		9,474	9,441
Total pledges and estates receivable	$	147,989	166,020

(13) Commitments and Contingencies

(a) Liability for Self-Funded Insurance Programs

Coverage for professional liability, patient general liability, and automobile liability is provided through OHSU's solely owned captive insurance company, OHSU Insurance Company. Current coverage limits are $5,200 per claim with an annual aggregate of $22,000 for professional liability and $3,000 per claim for general liabilities.

Coverage for the directors' and officers' liability and employment practices liability deductible is also provided through OHSU Insurance Company. Current coverage limits for D&O claims are $1,000, $2,000 for claims brought by a Physician or Medical Director and $5,000 for anti-trust claims. Current coverage limits for EPLI claims are $1,250 or $2,000 for Mass/Class Action Claims and claims brought by a Physician or Medical Director.

Coverage for the cyber liability deductible is also provided through OHSU Insurance Company. The coverage limit for cyber liability is $1,000 for each and every claim.

Excess coverage and reinsurance is provided by a variety of insurers for claims that may exceed these limits. Coverage is written on a claims-made basis.

(Dollars in thousands)

OHSU has contracted with independent actuaries to estimate the ultimate costs of settlement related to the coverage provided by OHSU Insurance Company. The liabilities are discounted at 3.5% in 2025 and 3.5% in 2024 and, in management's opinion, provide an adequate reserve for loss contingencies.

In December 2007, the Oregon Supreme Court found unconstitutional certain provisions of the Oregon Tort Claims Act (OTCA) that limited OHSU's liability for the acts of its employees and agents in large damages cases.

Effective July 1, 2009, the OTCA was amended by Senate Bill 311 for events occurring on or after December 28, 2007. The new OTCA limits are as follows:

Date of event		New OTCA limit (per claim)	Occurrence aggregate
07/01/2010–06/30/2011	$	1,600	3,200
07/01/2011–06/30/2012		1,700	3,400
07/01/2012–06/30/2013		1,800	3,600
07/01/2013–06/30/2014		1,900	3,800
07/01/2014–06/30/2015		2,000	4,000
07/01/2015–06/30/2016		2,048	4,096
07/01/2016–06/30/2017		2,074	4,147
07/01/2017–06/30/2018		2,118	4,236
07/01/2018–06/30/2019		2,182	4,363
07/01/2019–06/30/2020		2,247	4,494
07/01/2020–06/30/2021		2,308	4,615
07/01/2021–06/30/2022		2,348	4,695
07/01/2022–06/30/2023		2,418	4,836
07/01/2023–06/30/2024		2,491	4,981
07/01/2024–06/30/2025		2,565	5,131

The impact of this decision has been included in the liability for self-funded insurance programs in the accompanying financial statements.

In September 2013, a judgment was awarded against OHSU in a professional liability case that was in excess of the OTCA, which limits OHSU's and other Oregon public body's liability for the acts of its employees and agents. OHSU disbursed the sum of $3,000 the amount of the tort cap in place at the date of the event. In May 2016, the Oregon Supreme Court affirmed the OTCA in this case.

Effective January 1, 2017, OHSU Insurance Company affiliated with a newly formed Oregon limited liability company called OHSU Project Co., LLC (a controlled affiliate of OHSU), which comprises OHSU and other nonaffiliated healthcare providers and systems, referred to as members. The operating agreement of OHSU Project Co., LLC asserts that OHSU's membership interest or voting power with respect to OHSU Project Co., LLC may not constitute less than ten percent (10%) of the outstanding membership interests. OHSU's membership interest was 37.4% and 37.4% as of June 30, 2025 and 2024, respectively.

The OHSU Project Co., LLC's sole purpose is to purchase casualty stop-loss insurance from OHSU Insurance Company for the benefit of its members. Each provider is entitled to coverage equal to its percentage membership interest in the limited liability company. The contracted payor effectuated the health insurance products entering into a provider-networking contract with OHSU Project Co., LLC. OHSU Project Co., LLC was dissolved effective January 1, 2025.

INSCO provides to OHSU Project Co., LLC medical aggregate excess of loss coverage for its share of the medical loss ratio (MLR) risk and cedes a portion of the risk to Swiss Re. Should MLR deteriorate sufficiently so as to trigger the risk ceded to Swiss Re, then Swiss Re will be liable for 90% of OHSU Project Co., LLC's risk share, subject to a maximum liability of $1,500 with the 10% retention staying with OHSU Insurance Company. The policy was not renewed in 2025. The final date to report claims for this line of coverage is November 30, 2025.

On January 1, 2006, workers compensation coverage for all employees was placed with the SAIF Corporation in accordance with statutory requirements. The State Accident Insurance Fund also provides Employers Liability coverage in the amount of $500 without retention. The State Accident Insurance Fund policy was written as a paid loss retrospective plan until July 1, 2017 at which time it converted its coverage to a guaranteed cost plan. This paid premium is an estimate and varies with audited payroll. In addition, the State Accident Insurance Fund bills monthly for the prior year's claims paid losses (2006 to June 2017), adding a 16.5% loss conversion factor to the paid loss costs. Six months after the policy term, and every 12 months thereafter, a retrospective evaluation is completed (for years 2006 to June 2017) to determine any additional amounts to be paid, including outstanding reserves, for claims relating to the policy year.

(b) Unemployment Compensation

Unemployment compensation claims are administered by the Oregon Employment Division pursuant to Oregon Revised Statutes. The estimated amount of future benefits payments to claimants and the resulting liability to OHSU have been reflected as accrued salaries, wages, and benefits in the accompanying statements of net position.

(c) Employee Health Programs

OHSU is self-insured for its risk of loss related to costs to insure its employees for medical, dental, and vision coverage. OHSU has utilized a third-party actuary to assist in the estimation of its liability for the employee health programs related to claims payable and those claims incurred but not yet paid or reported of approximately $39,682 and $37,953 as of June 30, 2025 and 2024, respectively. These amounts are included in current portion of self-funded insurance program liabilities in the accompanying statements of net position.

(Dollars in thousands)

(d) Labor Organizations

As of fiscal year-end June 30, 2025, approximately 64.1% of OHSU's employees were represented by labor organizations:

Union Represented Employees	Percentage	Contract Expiraton
AFSCME Local 328	39.0%	June 30, 2025
Oregon Nurses Association	18.0%	June 30, 2026
AFSCME Graduate Researchers United	2.0%	June 30, 2027
AFSCME House Officers Union	5.0%	June 30, 2027
OHSU Police Association	.1%	June 30, 2027

AFSCME Local 328 collective bargaining agreement expired on June 30, 2025; negotiations for successor agreements are ongoing as of the issuance of these financial statements.

(e) Construction Contracts

OHSU had outstanding commitments on unexpended construction contracts totaling approximately $19,182 and $12,063 at June 30, 2025 and 2024, respectively. These commitments will be primarily funded from gifts, grants, funds held by trustee, and other investment accounts.

(f) Legal Proceedings

The healthcare industry and academic medical centers are subject to numerous laws and regulations of federal, state, and local governments. These laws and regulations include, but are not limited to, laws and regulations related to licensure, accreditation, government health program participation, reimbursement for patient services, Medicare and Medicaid fraud and abuse, and laws and regulations governing the conduct of federally funded research, research involving human and animal subjects, and other facets of research. Government monitoring and enforcement activity continues with respect to possible violations of fraud and abuse laws and regulations and other laws and regulations applicable to healthcare providers and healthcare institutions, including academic medical centers. Violations of these laws and regulations could result in expulsion from government healthcare programs, together with the imposition of significant fines and penalties and repayments for patient services previously billed. Management believes OHSU is in compliance with applicable fraud and abuse laws and regulations, as well as other applicable government laws and regulations.

OHSU's compliance with the referenced laws and regulations may be subject to current or future government review and interpretation, as well as regulatory actions unknown or unasserted at this time.

OHSU is involved in litigation and is periodically the subject of regulatory inquiries in the normal course of its business. OHSU has been subject to several federal healthcare audits as a part of national initiatives targeting large numbers of hospitals and academic medical centers and was the subject of government-issued subpoenas and post payment reviews concerning specific OHSU billing practices. OHSU responds to these audits, subpoenas, and reviews as required by law, and these matters were resolved or are expected to be resolved without material adverse effect on OHSU's financial position, changes in financial position, or liquidity.

(Dollars in thousands)

(g) Leases (lessee) and Similar Subscription Based Information Technology Arrangements

As discussed in note 1(w), OHSU is a lessee for various noncancelable leases of buildings and equipment. OHSU also has noncancelable subscription arrangements (similar to a lease) for the right-to-use various information technology hardware and software (subscription IT arrangements).

Intangible right-to-use lease and subscription IT assets

A summary of lease and subscription IT asset activity during the year ended June 30, 2025 is as follows:

		Balance June 30, 2024	Additions	Remeasurements	Deductions	Balance June 30, 2025
Lease assets:						
Buildings and equipment	$	118,952	3,691	2,297	—	124,940
Less accumulated amortization:						
Buildings and equipment		(48,549)	(8,974)	(2,716)	—	(60,239)
Total lease assets, net		70,403	(5,283)	(419)	—	64,701
Subscription IT assets		85,598	36,635	7,247	(3,648)	125,832
Less accumulated amortization:						
Subscription IT assets		(42,688)	(31,073)	7,332	3,204	(63,225)
Subscription IT assets, net		42,910	5,562	14,579	(444)	62,607
Total lease and subscription IT assets, net	$	113,313	279	14,160	(444)	127,308

(Dollars in thousands)

A summary of lease and subscription IT asset activity during the year ended June 30, 2024 is as follows:

	Balance June 30, 2023	Additions	Remeasurements	Deductions	Balance June 30, 2024
Lease assets:					
Buildings and equipment	$ 107,512	21,077	(8,396)	(1,241)	118,952
Less accumulated amortization:					
Buildings and equipment	(38,422)	(9,751)	(1,584)	1,208	(48,549)
Total lease assets, net	69,090	11,326	(9,980)	(33)	70,403
Subscription IT assets	62,132	16,585	13,226	(6,345)	85,598
Less accumulated amortization:					
Subscription IT assets	(26,320)	(17,950)	(558)	2,140	(42,688)
Subscription IT assets, net	35,812	(1,365)	12,668	(4,205)	42,910
Total lease and subscription IT assets, net	$ 104,902	9,961	2,688	(4,238)	113,313

Lease and subscription IT liabilities

A summary of changes in the related lease and subscription IT liabilities during the year ended June 30, 2025 is as follows:

	Balance June 30, 2024	Additions	Remeasurements	Deductions	Balance June 30, 2025	Amounts Due within one year
Lease liabilities and subscription IT liabilities	$ 97,483	37,092	7,897	(32,258)	110,214	34,350

A summary of changes in the related lease and subscription IT liabilities during the year ended June 30, 2024 is as follows:

	Balance June 30, 2023	Additions	Remeasurements	Deductions	Balance June 30, 2024	Amounts Due within one year
Lease liabilities and subscription IT liabilities	$ 92,761	34,673	3,934	(33,885)	97,483	22,908

(Dollars in thousands)

Future annual lease payments are as follows:

	Principal amount	Interest amount	Total
Year ending June 30:			
2026	$ 34,350	4,861	39,211
2027	28,066	3,334	31,400
2028	15,577	2,115	17,692
2029	11,326	1,283	12,609
2030	4,881	947	5,828
2031–2035	12,524	1,728	14,252
2036–2040	3,310	222	3,532
2041–2045	146	15	161
2046–2050	34	—	34
	$ 110,214	14,505	124,719

Future annual subscription IT payments are as follows:

	Principal amount	Interest amount	Total
Year ending June 30:			
2026	$ 20,023	2,699	22,722
2027	15,389	1,698	17,087
2028	7,022	852	7,874
2029	4,582	444	5,026
2030	1,090	191	1,281
2031–2035	944	132	1,076
	$ 49,050	6,016	55,066

Variable Lease and Subscription Payments

Variable lease and subscription payments, other than those payments that depend on an index or rate or are fixed in substance, are excluded from the measurement of the lease and subscription IT liability. Such amounts are recognized as lease expense or subscription expense, respectively, in the period in which the obligation for those payments is incurred.

OHSU makes variable lease payments related to maintenance, support, utility, and insurance costs to its lessors. The amounts recognized as outflows (expense) for variable lease payments not included in the measurement of the lease liabilities were $2,617 and $2,926 during the years ended June 30, 2025 and 2024, respectively.

Lease and Subscription Commitments

As of June 30, 2025, OHSU had committed to one IT subscription not yet commenced with payments due, on an undiscounted basis, of $3,800 over the respective lease term. The lease will commence in 2027 with a term of 3 years.

(h) Tuality Health Affiliation

On February 1, 2016, OHSU affiliated with Tuality Healthcare (Tuality) through the execution of a management agreement (the Tuality Agreement) between the organizations. Under the Tuality Agreement, OHSU agrees to oversee the unified and integrated clinical enterprises of OHSU and Tuality as a single, integrated economic unit. OHSU and Tuality remain as separate entities, own their own assets, and continue to be the licensed operators of their own facilities. Per the agreement, OHSU has guaranteed Tuality's operating income and will provide operating cash flow support. The initial term of the Tuality Agreement is 20 years and it may be renewed or extended by written agreement of the parties. The Tuality Agreement is subject to termination in the event of material breaches of the agreement or for certain other reasons specified in the Tuality Agreement.

After February 1, 2016, OHSU guarantees operating income support in the following manner: to the extent Tuality incurs an operating loss for any fiscal year, OHSU will provide operating support in the form of a cash payment to Tuality in an amount equal to the operating loss, which will result in Tuality's operating income being equal to zero. OHSU may recoup prior payments for operating support from Tuality's positive operating cash flow generated in future fiscal years as specified in the Tuality Agreement. For fiscal years 2025 and 2024, operating income support amounted to $15,287 and $8,080, respectively.

During the first five years of the agreement, if Tuality's operating cash flow, defined in the Tuality Agreement as operating income plus depreciation less regular principal payments on long-term debt and less capital spending, was negative, OHSU provided Tuality a capital advance in the form of a cash payment to bring Tuality's operating cash flow to a balance of zero. The capital advance was recorded on Tuality's financial statements as a payable to OHSU, and on OHSU's financial statements as a receivable from Tuality, subject to any required reserves for estimates of collectability. Such capital advances do not bear interest and are repayable by Tuality to OHSU from positive operating cash flow generated in future fiscal years under general guidelines specified in the Tuality Agreement. The total note receivable as of June 30, 2025 was $19,591. In light of uncertain operating income, in the near term and the likelihood that cash flow available for repayment will be deferred into future years, OHSU recorded a valuation reserve of $19,591 against the note receivable under other noncurrent assets as of June 30, 2021.

(i) Adventist Health

On January 1, 2018, OHSU and Adventist Health entered into a Health System agreement, an operating agreement and an academic affiliation agreement. Under this affiliation, OHSU and Adventist Health will operate as a unified clinical system with a shared bottom line. The affiliation applies to OHSU's Portland-area clinical services and activities and Adventist Health Portland, which includes the 302-bed Adventist Health Portland Medical Center and its 34 affiliated clinics and home care and hospice services in the Portland-Vancouver metro area. The other 19 Adventist Health hospitals in the western United States are excluded from the agreements. Each organization will retain its existing hospital licenses, capital assets, and employees and will not join each other's master trust indenture obligated group or otherwise guarantee each other's outstanding debt.

Each entity will continue to maintain its individual mission and culture but will together strive to transform access and the delivery of healthcare to Oregonians through a unified clinical enterprise and shared brand experience. A board of managers comprising representatives from each organization has been created to oversee the system.

The initial term of the Adventist agreement is 20 years and it may be renewed or extended by written agreement of the parties, and the agreement is subject to termination in the event of material breaches or for certain other reasons specified in the agreement.

OHSU and Adventist Health's allocation amount is determined by multiplying the consolidated Metro Health System net operating results by such party's proportional allocation percentage, including the amount of such party's total capital charges (for the same period for which such allocation amount is determined). The result shall equal the party's net share of the Metro Health System earnings before interest, depreciation, and amortization (EBIDA).

OHSU and Adventist's net share for each period shall be compared to each party's actual metro clinical enterprise adjusted EBIDA for the same period. OHSU and Adventist Health agree that if a party's net share for a period is less than such party's metro clinical enterprise adjusted EBIDA for such period, such party shall pay to the other party the amount of the difference (net share payment). OHSU and Adventist agree that if a party's net share for a period is more than such party's metro clinical enterprise adjusted EBIDA for the same period, such party shall receive from the other party a payment in the amount of the difference (net share receivable).

For fiscal years 2025 and 2024, support payments to/(from) Adventist amounted to $29,806 and $15,543, respectively reflected in services, supplies, and other on the statements of revenues, expenses, and changes in net position. In order to optimize healthcare provider coverage and accessibility within the Portland metropolitan area, OHSU also paid $3,549 and $2,113 for physician recruitments.

(14) Subsequent Events

On August 14, 2025, Phil and Penny Knight announced a $2 billion gift to OHSU to support OHSU's Knight Cancer Institute. The funds will be used to expand and accelerate diagnostics, ensure access to innovative clinical trials informed by Knight research, and simplify the experience for patients and families. Every patient will have access to a full range of much-needed support resources, including support resources for nutrition, mental health, insurance guidance, and symptom management, along with survivorship care and other complementary therapies. The OHSU foundation will record the Knights' gift when the gift agreement is fully executed, which as of the date of this report remains outstanding.

(Dollars in thousands)

(15) Blended Component Units

Condensed combining statements for OHSU and its blended component units are shown below:

	2025				
	University	INSCO	OHSU Foundation	Eliminations/ reclassifications	Total combined
Assets:					
Current assets	$ 1,386,121	23,935	159,137	(78,331)	1,490,862
Noncurrent assets:					
Capital assets, net of accumulated depreciation	2,626,806	—	10,955	—	2,637,761
Other noncurrent assets	1,110,074	100,800	1,670,872	—	2,881,746
Total noncurrent assets	3,736,880	100,800	1,681,827	—	5,519,507
Total assets	5,123,001	124,735	1,840,964	(78,331)	7,010,369
Deferred outflows	239,328	—	—	—	239,328
Total assets and deferred outflows	$ 5,362,329	124,735	1,840,964	(78,331)	7,249,697
Liabilities:					
Current liabilities	$ 847,100	597	91,093	(78,331)	860,459
Noncurrent liabilities	2,016,659	57,485	36,137	—	2,110,281
Total liabilities	2,863,759	58,082	127,230	(78,331)	2,970,740
Deferred inflows	60,011	—	137,603	—	197,614
Net position:					
Net investment in capital assets	1,444,367	—	910	—	1,445,277
Restricted, expendable	—	—	611,045	—	611,045
Restricted, nonexpendable	—	—	388,410	—	388,410
Unrestricted	994,192	66,653	575,766	—	1,636,611
Total net position	2,438,559	66,653	1,576,131	—	4,081,343
Total liabilities, deferred inflows, and net position	$ 5,362,329	124,735	1,840,964	(78,331)	7,249,697

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	2024				
	University	INSCO	OHSU Foundation	Eliminations/ reclassifications	Total combined
Assets:					
Current assets	$ 1,272,289	23,213	157,535	(72,276)	1,380,761
Noncurrent assets:					
Capital assets, net of accumulated depreciation	2,414,389	—	11,787	—	2,426,176
Other noncurrent assets	1,395,144	83,265	1,649,942	—	3,128,351
Total noncurrent assets	3,809,533	83,265	1,661,729	—	5,554,527
Total assets	5,081,822	106,478	1,819,264	(72,276)	6,935,288
Deferred outflows	194,460	—	—	—	194,460
Total assets and deferred outflows	$ 5,276,282	106,478	1,819,264	(72,276)	7,129,748
Liabilities:					
Current liabilities	$ 853,482	1,007	82,397	(72,276)	864,610
Noncurrent liabilities	1,944,301	50,003	37,685	—	2,031,989
Total liabilities	2,797,783	51,010	120,082	(72,276)	2,896,599
Deferred inflows	56,791	—	153,369	—	210,160
Net position:					
Net investment in capital assets	1,218,373	—	1,241	—	1,219,614
Restricted, expendable	—	—	599,596	—	599,596
Restricted, nonexpendable	—	—	369,145	—	369,145
Unrestricted	1,203,335	55,468	575,831	—	1,834,634
Total net position	2,421,708	55,468	1,545,813	—	4,022,989
Total liabilities, deferred inflows, and net position	$ 5,276,282	106,478	1,819,264	(72,276)	7,129,748

(Continued)

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Condensed combining information related to revenues, expenses, and changes in net position for the years ended June 30, 2025 and 2024 is as follows:

	2025				
	University	INSCO	OHSU Foundation	Eliminations/ reclassifications	Total combined
Operating revenues:					
Patient service revenue	$ 4,095,300	—	—	—	4,095,300
Student tuition and fees, net	83,986	—	—	—	83,986
Gifts, grants, and contracts	912,873	—	79,261	(160,464)	831,670
Other revenue	346,337	22,912	2,652	(27,773)	344,128
Total operating revenues	5,438,496	22,912	81,913	(188,237)	5,355,084
Operating expenses:					
Salaries, wages, and benefits	3,371,948	—	22,428	—	3,394,376
Defined-benefit pension	84,433	—	—	—	84,433
Services, supplies, and other	1,943,460	18,971	174,891	(182,695)	1,954,627
Depreciation and amortization	218,515	—	1,087	—	219,602
Interest	44,749	—	—	—	44,749
Total operating expenses	5,663,105	18,971	198,406	(182,695)	5,697,787
Operating income (loss)	(224,609)	3,941	(116,493)	(5,542)	(342,703)
Nonoperating revenues (expenses):					
Investment income and change in fair value of investments	153,059	7,244	128,104	—	288,407
State appropriations	70,396	—	—	—	70,396
Other	16,305	—	(222)	—	16,083
Total nonoperating revenues (expenses), net	239,760	7,244	127,882	—	374,886
Net income (loss) before other changes in net position	15,151	11,185	11,389	(5,542)	32,183
Other changes in net position:					
Contributions for capital and other	1,494	—	—	5,542	7,036
Nonexpendable donations	—	—	19,135	—	19,135
Total other changes in net position	1,494	—	19,135	5,542	26,171
Total increase in net position	16,645	11,185	30,524	—	58,354
Net position – beginning of year	2,421,914	55,468	1,545,607	—	4,022,989
Net position – end of year	$ 2,438,559	66,653	1,576,131	—	4,081,343

OREGON HEALTH & SCIENCE UNIVERSITY
(A Component Unit of the State of Oregon)
Notes to Financial Statements
June 30, 2025 and 2024
(Dollars in thousands)

	2024				
	University	INSCO	OHSU Foundation	Eliminations/ reclassifications	Total combined
Operating revenues:					
Patient service revenue	$ 3,668,810	—	—	—	3,668,810
Student tuition and fees, net	81,293	—	—	—	81,293
Gifts, grants, and contracts	885,505	—	64,182	(144,124)	805,563
Other revenue	326,002	23,003	2,940	(29,786)	322,159
Total operating revenues	4,961,610	23,003	67,122	(173,910)	4,877,825
Operating expenses:					
Salaries, wages, and benefits	3,140,131	—	20,411	—	3,160,542
Defined-benefit pension	75,215	—	—	—	75,215
Services, supplies, and other	1,712,830	14,269	157,778	(172,781)	1,712,096
Depreciation and amortization	212,752	—	1,146	—	213,898
Interest	42,873	—	—	—	42,873
Total operating expenses	5,183,801	14,269	179,335	(172,781)	5,204,624
Operating income (loss)	(222,191)	8,734	(112,213)	(1,129)	(326,799)
Nonoperating revenues:					
Investment income and change in fair value of investments	170,782	4,570	91,961	—	267,313
State appropriations	72,886	—	—	—	72,886
Other	100,960	—	579	—	101,539
Total nonoperating revenues, net	344,628	4,570	92,540	—	441,738
Net income (loss) before other changes in net position	122,437	13,304	(19,673)	(1,129)	114,939
Other changes in net position:					
Contributions for capital and other	(218,847)	—	—	1,129	(217,718)
Nonexpendable donations	—	—	28,806	—	28,806
Total other changes in net position	(218,847)	—	28,806	1,129	(188,912)
Total increase (decrease) in net position	(96,410)	13,304	9,133	—	(73,973)
Net position – beginning of year	2,518,324	42,164	1,536,474	—	4,096,962
Net position – end of year	$ 2,421,914	55,468	1,545,607	—	4,022,989

(Dollars in thousands)

Condensed combining information related to cash flows for the years ended June 30, 2025 and 2024 is as follows:

	2025				
	University	**INSCO**	**OHSU Foundation**	**Eliminations/ reclassifications**	**Total combined**
Net cash provided by (used in) operating activities	$ (125,678)	16,785	(94,897)	—	(203,790)
Net cash provided by noncapital financing activities	79,207	—	17,657	—	96,864
Net cash used in capital and related financing activities	(492,587)	—	(756)	—	(493,343)
Net cash provided by (used in) investing activities	444,759	(6,278)	96,581	—	535,062
Net change in cash and cash equivalents	(94,299)	10,507	18,585	—	(65,207)
Cash and cash equivalents, beginning of year	193,671	1,484	16,112	—	211,267
Cash and cash equivalents, end of year	$ 99,372	11,991	34,697	—	146,060

	2024				
	University	**INSCO**	**OHSU Foundation**	**Eliminations/ reclassifications**	**Total combined**
Net cash provided by (used in) operating activities	$ 45,749	9,040	(61,689)	—	(6,900)
Net cash provided by noncapital financing activities	168,424	—	30,643	—	199,067
Net cash used in capital and related financing activities	(483,862)	—	(1,027)	—	(484,889)
Net cash provided by (used in) investing activities	286,350	(7,904)	(11,087)	—	267,359
Net change in cash and cash equivalents	16,661	1,136	(43,160)	—	(25,363)
Cash and cash equivalents, beginning of year	177,010	348	59,272	—	236,630
Cash and cash equivalents, end of year	$ 193,671	1,484	16,112	—	211,267

OREGON HEALTH & SCIENCE UNIVERSITY
(A Component Unit of the State of Oregon)
Notes to Financial Statements
June 30, 2025 and 2024
(Dollars in thousands)

Required Supplementary Information (Unaudited)
Schedule of Proportionate Share of the Net Pension Liability and Related Ratios

(Dollar amounts in thousands)

Defined-benefit pension plan	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
OHSU's proportion of the net pension liability (rounded)	2.58 %	2.74 %	2.59 %	2.56 %	2.73 %	2.91 %	3.01 %	3.15 %	3.51 %	3.98 %
OHSU's proportionate share of the net pension liability	$ 574,339	512,611	396,378	305,955	595,311	503,720	456,006	424,000	526,200	228,337
Covered payroll	416,454	369,176	346,723	330,673	340,369	330,868	323,343	337,473	326,959	345,363
OHSU's proportionate share of the net pension liability as a percentage of covered payroll	137.91 %	138.85 %	114.32 %	92.52 %	174.90 %	152.24 %	141.03 %	125.64 %	160.94 %	66.12 %
Plan fiduciary net position as a percentage of the total pension liability	79.30 %	81.70 %	84.50 %	87.60 %	75.80 %	80.20 %	82.10 %	83.10 %	80.50 %	91.90 %

Required Supplementary Information (Unaudited)
Schedule of Defined-Benefit Pension Plan Contributions

(Dollars in thousands)

Year ended June 30	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contributions	$ 68,931	61,583	53,913	53,754	48,333	50,841	37,919	37,087	30,809	31,353
Contributions in relation to the contractually required contributions	68,931	61,583	63,913	63,754	58,333	60,841	47,919	47,087	30,809	31,353
Contribution excess	$ —	—	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	—	—
OHSU's covered payroll	$ 457,144	416,454	369,176	346,723	330,673	340,369	330,868	323,343	337,473	326,959
Contributions as a percentage of covered payroll	15.08 %	14.79 %	17.31 %	18.39 %	17.64 %	17.88 %	14.48 %	14.56 %	9.13 %	9.59 %

See accompanying independent auditors' report.

Schedule 1

OREGON HEALTH & SCIENCE UNIVERSITY

Combining Schedules of Net Position

June 30, 2025 with comparative totals for June 30, 2024

(Dollars in thousands)

Assets	Hospital	Other University	Total University	Foundation	Eliminations/ Reclassifications	2025	2024
Current assets:							
Cash and cash equivalents	$ 310,293	(198,930)	111,363	34,697	—	146,060	211,267
Short-term Investments	—	23,362	23,362	—	—	23,362	22,191
Current portion of funds held by trustee	22,949	8,337	31,286	—	—	31,286	30,835
Patients accounts receivable, net of bad debt allowances of $2,720 and $1,633 – in 2025 and 2024, respectively	853,252	3,869	857,121	—	—	857,121	677,136
Student receivables	—	26,706	26,706	—	—	26,706	27,237
Grant and contract receivable	—	87,672	87,672	—	—	87,672	90,289
Current portion of pledges and estates receivable	—	—	—	121,333	—	121,333	137,777
Other receivables, net	59,475	93,107	152,582	2,037	(77,650)	76,969	76,886
Inventories, at cost	72,833	3,390	76,223	—	—	76,223	70,182
Prepaid expenses	21,183	21,877	43,060	1,070	—	44,130	36,961
Total current assets	1,339,985	69,390	1,409,375	159,137	(77,650)	1,490,862	1,380,761
Noncurrent assets:							
Capital assets, net of accumulated depreciation	1,608,403	1,018,403	2,626,806	10,955	—	2,637,761	2,426,176
Funds held by trustee – less current portion	—	—	—	—	—	—	110,829
Other long-term receivables, net of reserves	—	—	—	—	—	—	8,500
Long-term investments:							
Long-term investments, restricted	—	56,008	56,008	943,400	—	999,408	964,545
Long-term investments, unrestricted	953,621	189,855	1,143,476	699,774	—	1,843,250	2,003,210
Total long-term investments	953,621	245,863	1,199,484	1,643,174	—	2,842,658	2,967,755
Prepaid financing costs, net	503	197	700	—	—	700	876
Pledges and estates receivable – less current portion	—	—	—	26,656	—	26,656	28,243
Restricted postemployment benefit asset	—	10,690	10,690	—	—	10,690	10,576
Other noncurrent assets	—	—	—	1,042	—	1,042	1,572
Interest in the Foundations	—	1,576,131	1,576,131	—	(1,576,131)	—	—
Total noncurrent assets	2,562,527	2,851,284	5,413,811	1,681,827	(1,576,131)	5,519,507	5,554,527
Total assets	3,902,512	2,920,674	6,823,186	1,840,964	(1,653,781)	7,010,369	6,935,288
Deferred outflows:							
Loss on refunding of debt	16,302	2,150	18,452	—	—	18,452	21,588
Pension obligation	—	215,807	215,807	—	—	215,807	166,465
Goodwill	—	—	—	—	—	—	87
Other postemployment benefits (OPEB) obligation	—	5,069	5,069	—	—	5,069	6,320
Total deferred outflows	16,302	223,026	239,328	—	—	239,328	194,460
Total assets and deferred outflows	$ 3,918,814	3,143,700	7,062,514	1,840,964	(1,653,781)	7,249,697	7,129,748

(Continued)

Schedule 1

OREGON HEALTH & SCIENCE UNIVERSITY

Combining Schedules of Net Position

June 30, 2025 with comparative totals for June 30, 2024

(Dollars in thousands)

Liabilities	Hospital	Other University	Total University	Foundation	Eliminations/ Reclassifications	2025	2024
Current liabilities:							
Current portion of long-term debt	$ 7,941	6,296	14,237	—	—	14,237	14,400
Current portion of long-term leases	22,012	11,650	33,662	688	—	34,350	22,908
Current portion of self-funded insurance programs liability	—	56,567	56,567	—	—	56,567	61,167
Accounts payable and accrued expenses	147,431	57,645	205,076	14,252	—	219,328	228,059
Accrued salaries, wages, and benefits	150,980	257,456	408,436	—	—	408,436	405,144
Unearned revenue	14,104	93,977	108,081	—	—	108,081	119,359
Other current liabilities	19,824	1,133	20,957	76,153	(77,650)	19,460	13,573
Total current liabilities	362,292	484,724	847,016	91,093	(77,650)	860,459	864,610
Noncurrent liabilities:							
Long-term debt – less current portion	932,857	265,553	1,198,410	—	—	1,198,410	1,235,105
Long-term leases – less current portion	41,101	25,406	66,507	9,357	—	75,864	74,575
Liability for self-funded insurance programs – less current portion	—	59,245	59,245	—	—	59,245	46,656
Liability for life income agreements	—	—	—	25,888	—	25,888	24,715
Pension liability	—	574,339	574,339	—	—	574,339	512,611
Other noncurrent liabilities	56,504	119,139	175,643	892	—	176,535	138,327
Total noncurrent liabilities	1,030,462	1,043,682	2,074,144	36,137	—	2,110,281	2,031,989
Total liabilities	1,392,754	1,528,406	2,921,160	127,230	(77,650)	2,970,740	2,896,599
Deferred inflows:							
Deferred lease revenue	2,237	100	2,337	—	—	2,337	1,721
Gain on refunding of debt	280	200	480	—	—	480	649
Life income agreements	—	—	—	30,416	—	30,416	31,918
Pending funds	—	—	—	107,187	—	107,187	121,451
Pension obligation	—	52,739	52,739	—	—	52,739	48,522
Other postemployment benefits (OPEB) obligation	—	4,455	4,455	—	—	4,455	5,899
Total deferred inflows	2,517	57,494	60,011	137,603	—	197,614	210,160
Net position:							
Investments in capital assets	642,408	802,869	1,445,277	—	—	1,445,277	1,219,614
Restricted, expendable	—	611,045	611,045	526,731	(526,731)	611,045	599,596
Restricted, nonexpendable	—	388,410	388,410	388,410	(388,410)	388,410	369,145
Unrestricted	1,881,135	(244,524)	1,636,611	660,990	(660,990)	1,636,611	1,834,634
Total net position	2,523,543	1,557,800	4,081,343	1,576,131	(1,576,131)	4,081,343	4,022,989
Total liabilities, deferred inflows, and net position	$ 3,918,814	3,143,700	7,062,514	1,840,964	(1,653,781)	7,249,697	7,129,748

See accompanying independent auditors' report.

Schedule 2

OREGON HEALTH & SCIENCE UNIVERSITY

Consolidated Statements of Revenues, Expenses, and Changes in Net Position

Years ended June 30, 2025 and 2024

(Dollars in thousands)

	Hospital	Other University	Total University	Foundation	Eliminations/ Reclassifications	2025	2024
Operating revenues:							
Patient service revenue, net of bad debt adjustments of $13,562 and $16,901 – in 2025 and 2024, respectively	$ 3,484,340	610,960	4,095,300	—	—	4,095,300	3,668,810
Student tuition and fees, net	—	83,986	83,986	—	—	83,986	81,293
Gifts, grants, and contracts	52,634	860,239	912,873	79,261	(160,464)	831,670	805,564
Sales, service, and other	282,118	63,769	345,887	2,652	(4,411)	344,128	322,158
State support – appropriations	4,706	65,690	70,396	—	(70,396)	—	—
State support – directed payment, net of OHSU transfer	(310,000)	310,000	—	—	—	—	—
Total operating revenues	3,513,798	1,994,644	5,508,442	81,913	(235,271)	5,355,084	4,877,825
Operating expenses:							
Salaries, wages, and benefits	1,627,690	1,744,052	3,371,742	22,634	—	3,394,376	3,160,542
Defined-benefit pension	—	84,433	84,433	—	—	84,433	75,215
Services, supplies, and other	1,925,500	13,905	1,939,405	174,554	(159,332)	1,954,627	1,712,096
Depreciation and amortization	121,825	96,690	218,515	1,087	—	219,602	213,898
Interest	33,357	11,055	44,412	337	—	44,749	42,873
Total operating expenses	3,708,372	1,950,135	5,658,507	198,612	(159,332)	5,697,787	5,204,624
Operating income (loss)	(194,574)	44,509	(150,065)	(116,699)	(75,939)	(342,703)	(326,799)
Nonoperating revenues, incl. state appropriations:							
Investment income and gain in fair value of investments	140,450	19,853	160,303	128,104	—	288,407	267,313
State appropriations	—	—	—	—	70,396	70,396	72,886
Other	51	16,254	16,305	(222)	—	16,083	101,538
Total nonoperating revenues, net	140,501	36,107	176,608	127,882	70,396	374,886	441,737
Net income (loss) before contributions for capital and other	(54,073)	80,616	26,543	11,183	(5,543)	32,183	114,938
Other changes in net position:							
Contributions for capital and other	95	1,399	1,494	—	5,542	7,036	(217,718)
Change in interest in the Foundations	—	30,317	30,317	—	(30,317)	—	—
Nonexpendable donations	—	—	—	19,135	—	19,135	28,807
Total other changes in net position	95	31,716	31,811	19,135	(24,775)	26,171	(188,911)
Total increase (decrease) in net position	(53,978)	112,332	58,354	30,318	(30,318)	58,354	(73,973)
Net position – beginning of year, unadjusted	2,648,886	1,629,392	4,278,278	1,545,813	(1,545,813)	4,278,278	4,096,962
Restatement due to implementation of GASB Statement No. 101	(71,365)	(183,924)	(255,289)	—	—	(255,289)	—
Net position – end of year	$ 2,523,543	1,557,800	4,081,343	1,576,131	(1,576,131)	4,081,343	4,022,989

See accompanying independent auditors' report.

Schedule 3

OREGON HEALTH & SCIENCE UNIVERSITY

Nongovernmental Discretely Presented Component Units

Consolidated Balance Sheets

June 30, 2025 and 2024

(Dollars in thousands)

Assets	Tuality Healthcare and Subsidiaries	OHSU Health IDS	Combined 2025	Combined 2024
Current assets:				
Common stocks: Mutual funds	$ —	23,311	23,311	20,785
Cash and cash equivalents	17,160	18,355	35,515	39,258
Short-term investments	—	6,910	6,910	6,457
Patient accounts receivable, net	46,160	—	46,160	54,800
Other receivables	8,173	10,921	19,094	9,922
Supplies inventory	5,144	—	5,144	5,782
Prepaid expenses and other	2,565	—	2,565	3,017
Current portion of assets whose use is limited	1,398	—	1,398	1,074
Total current assets	80,600	59,497	140,097	141,095
Assets whose use is limited:				
Board-designated funds	38,067	—	38,067	34,259
Donor-restricted – specific purpose	8,726	—	8,726	7,519
Donor-restricted – endowment	2,759	—	2,759	2,759
Required for current liabilities	(1,398)	—	(1,398)	(1,075)
Total assets whose use is limited	48,154	—	48,154	43,462
Property and equipment:				
Property and equipment, net of accumulated depreciation and amortization	92,097	—	92,097	89,969
Other assets	13,964	57	14,021	11,415
Total assets	$ 234,815	59,554	294,369	285,941

(Continued)

Schedule 3

OREGON HEALTH & SCIENCE UNIVERSITY

Nongovernmental Discretely Presented Component Units

Consolidated Balance Sheets

June 30, 2025 and 2024

(Dollars in thousands)

Liabilities and Net Assets		Tuality Healthcare and Subsidiaries	OHSU Health IDS	Combined 2025	Combined 2024
Current liabilities:					
Accounts payable	$	8,719	51,231	59,950	55,486
Accrued payroll and employee benefits		15,569	—	15,569	15,813
Due to related party		18,461	524	18,985	16,352
Estimated liabilities for Medicare and Medicaid settlements		5,347	—	5,347	5,903
Long-term debt due within one year		1,025	—	1,025	1,034
Operating leases – current liability		2,683	—	2,683	2,519
Finance lease-current		373	—	373	—
Accrued bond interest payable		57	—	57	64
Total current liabilities		52,234	51,755	103,989	97,171
Long-term liabilities:					
Long-term debt, net of amount due within one year		6,820	—	6,820	7,830
Finance lease-long term		476	—	476	
Operating leases – long-term liability		37,248	—	37,248	33,760
Liability for pension benefits		11,404	—	11,404	14,855
Other long-term liabilities		31,640	—	31,640	25,026
Total long-term liabilities		87,588	—	87,588	81,471
Total liabilities		139,822	51,755	191,577	178,642
Net assets:					
Net assets without donor restrictions		84,682	7,799	92,481	98,070
Net assets with donor restrictions		10,311	—	10,311	9,229
Total net assets		94,993	7,799	102,792	107,299
Total liabilities and net assets	$	234,815	59,554	294,369	285,941

See accompanying independent auditors' report.

Schedule 4

OREGON HEALTH & SCIENCE UNIVERSITY

Nongovernmental Discretely Presented Component Units

Consolidated Statements of Operations

Years ended June 30, 2025 and 2024

(Dollars in thousands)

		Tuality Healthcare and Subsidiaries	OHSU Health IDS	Combined 2025	Combined 2024
Patient service revenue	$	316,876		316,876	295,176
Other revenue:					
OHSU support		15,287	—	15,287	8,080
Other revenue		17,812	273,373	291,185	273,320
Total other revenue		33,099	273,373	306,472	281,400
Total revenue		349,975	273,373	623,348	576,576
Operating expenses:					
Salaries and wages		127,788	—	127,788	117,046
Employee benefits		33,524	—	33,524	31,118
Supplies and other expenses		125,720	278,560	404,280	369,391
Professional fees		55,432	—	55,432	48,288
Depreciation and amortization		6,929	—	6,929	7,268
Interest		624	—	624	728
Total operating expenses		350,017	278,560	628,577	573,839
Income from operations		(42)	(5,187)	(5,229)	2,737
Other nonoperating income:					
Realized income (loss) on investments whose use is limited by board designation		2,576	—	2,576	(776)
Gain on investments in affiliated companies		521	—	521	577
Gain (loss) on disposal of property and equipment		2	—	2	(1,929)
Change in net unrealized gains on investments		1,292	—	1,292	3,255
Other operating revenue (loss)		—	(5,821)	(5,821)	2,714
Total other income		4,391	(5,821)	(1,430)	3,841
Excess of revenue over expenses		4,349	(11,008)	(6,659)	6,578
Contributions for property and equipment acquisition		—	—	—	—
Pension-related changes		1,070	—	1,070	5,907
Increase in net assets without donor restrictions	$	5,419	(11,008)	(5,589)	12,485

See accompanying independent auditors’ report.

Schedule 5

OREGON HEALTH & SCIENCE UNIVERSITY

Nongovernmental Discretely Presented Component Units

Consolidated Statements of Changes in Net Assets

Years ended June 30, 2025 and 2024

(Dollars in thousands)

		Tuality Healthcare and Subsidiaries	OHSU Health IDS	Combined 2025	Combined 2024
Net assets without donor restrictions:					
Excess of revenue over expenses	$	4,349	(11,008)	(6,659)	6,578
Contributions for property and equipment acquisition		—	—	—	—
Pension-related changes		1,070	—	1,070	5,907
Increase (decrease) in net assets without donor restrictions		5,419	(11,008)	(5,589)	12,485
Net assets with donor restrictions:					
Gifts, grants, and bequests		1,528	—	1,528	1,395
Investment income		1,090	—	1,090	902
Net assets released from restrictions		(1,536)	—	(1,536)	(1,577)
Increase in net assets with donor restrictions		1,082	—	1,082	720
Change in net assets		6,501	(11,008)	(4,507)	13,205
Net assets, beginning of year		88,492	18,807	107,299	94,094
Net assets, end of year	$	94,993	7,799	102,792	107,299

See accompanying independent auditors’ report.