UNIVERSITY HOSPITALS AUTHORITY AND UNIVERSITY HOSPITALS TRUST

Basic Financial Statements

June 30, 2026 and 2025

(With Independent Auditors' Report Thereon)

UNIVERSITY HOSPITALS AUTHORITY AND
UNIVERSITY HOSPITALS TRUST

Management's Discussions and Analysis

June 30, 2026 and 2025

Management's Discussion and Analysis

This section of the University Hospitals Authority (Authority) and University Hospitals Trust (Trust) (together referred to as UHAT) Annual Financial Statements presents our discussion and analysis of performance during the fiscal years ended June 30, 2026 and 2025. For comparative purposes, fiscal year 2024 information is also provided. Please read the discussion and analysis in conjunction with the combined financial statements, which follow this section.

The purpose of management's discussion and analysis (MD&A) is to help state leaders and other readers understand what the financial statements and notes in this financial report say about UHAT's financial health and why it changed since last year. It contains information drawn from those other parts of the report, accompanied by explanations informed by the finance staff's knowledge of the UHAT finances.

If you have questions regarding this report or require further information, contact the UHAT executive offices at (405) 271-4962.

Financial Statements Overview

The Authority and Trust report financial results on a combined basis because the Trust is a blended component unit of the Authority. Both the Authority and the Trust are statutorily mandated with the same mission and the financial resources of both entities are expended to accomplish our mission of Indigent Care, Education, and Research. The Authority is a component unit of the State of Oklahoma and the Trust is a blended component unit of the Authority.

The financial statements of the Authority and Trust are prepared on a proprietary basis as a business-like entity. The accrual basis of accounting is utilized and the measurement focus is on economic resources. All short-term and long-term assets and liabilities of the Authority and Trust, both financial and capital, are provided. All revenues and expenses earned during the year are recorded regardless of when cash is received or paid.

The financial statements and information presented include:

Statement of Net Position is the financial report that displays the Authority and Trust assets and deferred outflows of resources and liabilities and deferred inflows of resources and the difference between them (Net Position). Changes in net position, increases or decreases, is one way to measure the financial health of the entity and whether its financial position is improving or deteriorating.

Statement of Revenues, Expenses, and Changes in Net Position is the financial report that displays the operating results of the Authority and Trust.

Statement of Cash Flows is the financial report that provides relevant information regarding the Authority's and Trust's sources of cash receipts and purposes for its cash disbursements. It demonstrates our ability to generate cash flows and our ability to pay our debts and obligations.

The cash flow statements presented utilize the direct method of cash reporting, that is, cash receipts and disbursements reported are not netted or combined with other categories presented in the cash flow statements.

The next section of this financial report contains notes to financial statements, which delve deeper into the UHAT finances as reported in the financial statements. The information in the notes is as important to understanding UHAT's finances as the information in the financial statements. UHAT uses notes to (1) present information in greater detail than is possible within the financial statements themselves, (2) explain the nature of amounts reported in the financial statements and how those amounts are determined, and (3) report certain information that does not meet the requirements for inclusion in the financial statements.

Analysis of UHAT's Finances

Table A-1
Statement of Net Position

	2026	2025	2024	2026–2025 Percentage change
		(Dollars in thousands)		
Current assets	$ 297,224	242,867	203,167	22 %
Restricted assets	224	224	224	—
Capital assets, net	416,949	357,560	308,580	17
Other assets	59,840	58,200	66,301	3
Total assets	$ 774,237	658,851	578,272	18
Total deferred outflows of resources	1,373	1,411	1,388	(3)
Current liabilities	$ 19,733	25,655	13,638	(23)
Total liabilities	$ 19,733	25,655	13,638	(23)
Total deferred inflows of resources	1,059	295	—	259
Net investment in capital assets	$ 416,949	357,560	308,580	17
Restricted for donated purposes	224	224	224	—
Unrestricted	337,645	276,528	257,218	22
Total net position	$ 754,818	634,312	566,022	19 %

Table A-1 shows that as of June 30, 2026, UHAT's total net position—assets and deferred outflows minus liabilities and deferred inflows—was nearly $755 million, an increase of $120.5 million over 2025. This increase is primarily due to increased capital additions in 2026 as well as increased cash and receivables related to capital projects reimbursements and saving of cash for future projects.

Current assets increased approximately $54.4 million in 2026 from 2025. This increase is due to a build-up of cash and accounts receivable for capital projects due to timing of payments on major capital expenditures that were underway in 2026 but will require significant resources in 2027, 2028 and 2029. Current assets increased approximately $39.7 million in 2025 from 2024. This increase is due to two elements. The first is the reclassification of interest due on sub-debt that was historically classified as noncurrent. The interest was paid during 2026. In addition, there is a build-up of cash for capital projects due to timing of payments on major capital expenditures that were underway in 2025 but will require significant resources in future years. Restricted assets remained consistent in 2026, 2025, and 2024.

Capital assets, net increased approximately $59.4 million in 2026 due to major capital projects undertaken in 2026. Capital assets, net increased approximately $49 million in 2025 due to major capital projects undertaken in 2025. See table A-2 below for additional detail.

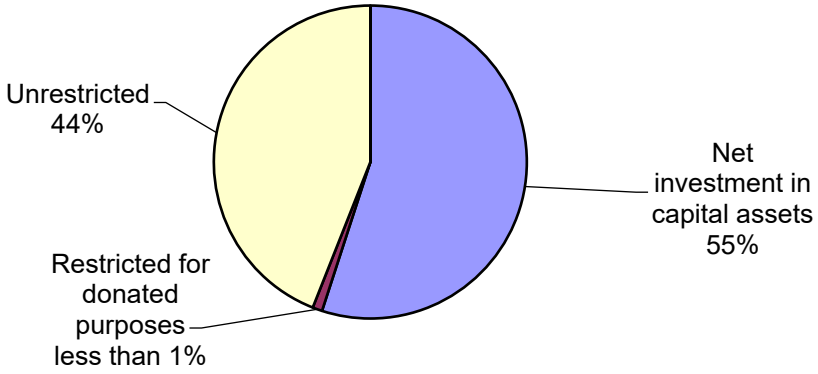
Other assets increased $1.6 million in 2026 from 2025 resulting from increases in pension assets. These increases were driven primarily by market earnings on pension funds. Other assets decreased $8.1 million in 2025 from 2024 resulting from interest earned on the subordinate debt loan made to OUMI being transferred from noncurrent to current.

Current liabilities decreased $5.9 million between 2026 and 2025 due primarily to $7 million in unearned revenue received in fiscal 2025 used for state share in 2026. UHAT had no similar unearned revenue at the end of 2026. prior to year-end relating to 2025 Trauma funds that were used for state share during 2026 and had no liability associated at the end of 2026. The noted increase was netted by slight increases in amounts due to the Oklahoma Health Care Authority and other vendors. Current liabilities increased $12 million between 2025 and 2024 due primarily to $7 million in unearned revenue received prior to year-end relating to 2026 Trauma funds that will be used for state share as well as the timing of payments to the Oklahoma Health Care Authority, the OU Health Science Center, and other vendors.

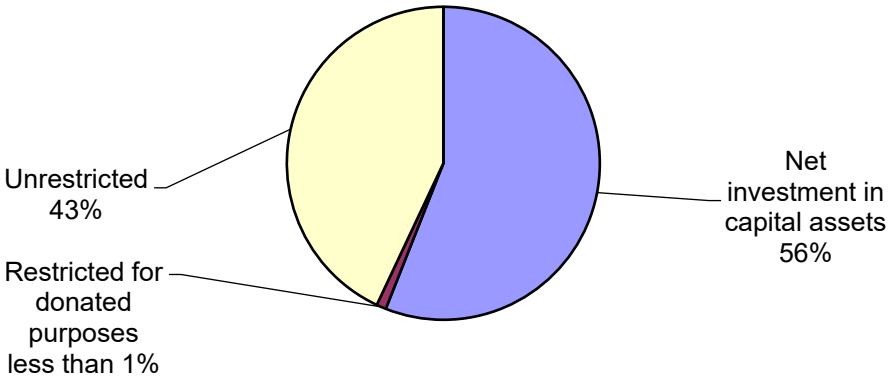
There were zero long-term liabilities in 2026, 2025, or 2024. Typically, long-term liabilities would be related to the Oklahoma Public Employees Retirement System (OPERS). However, the asset values at OPERS have increased in recent years resulting in a pension asset rather than a pension liability and the resulting pension asset is included in other assets.

Composition of Net Position (%) as of June 30

2026



2025



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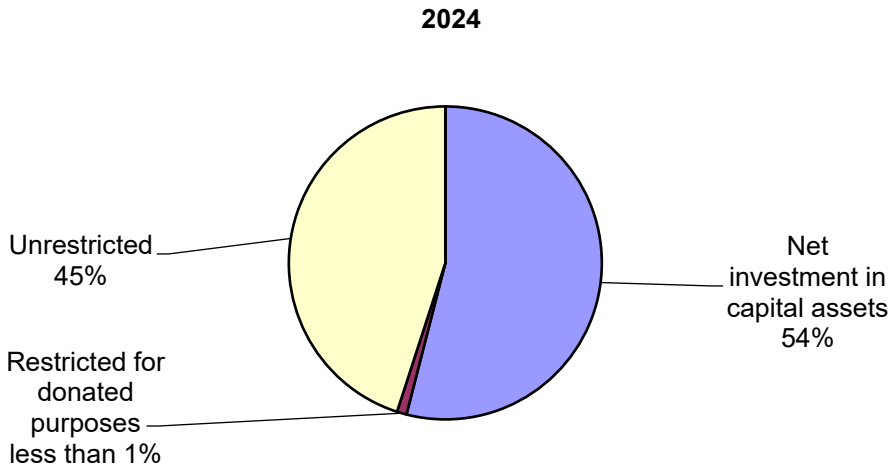

Significant Capital Asset Activity

Capital assets net of depreciation increased approximately $59.4 million in 2026 from 2025. This increase was due to the capital projects undertaken by UHAT in 2026. Several of the major capital projects that are driving these increases include the construction of a Pediatric Behavioral Health Center which will be completed in 2027, a new Stephenson Cancer Center building located in Tulsa, OK, which will be completed in 2028, and finally, a new Pediatric Heart Center which will be completed in early 2030. Annual depreciation was approximately $11.2 million in 2026. Capital assets net of depreciation increased approximately $49 million in 2025 from 2024. This increase was due to the capital projects undertaken by UHAT in 2025. Annual depreciation was approximately $10.8 million in 2025.

Table A-2
Capital Assets
(Net of depreciation, dollars in thousands)

		2026	2025	2024	2026 to 2025 Change amount
Land	$	16,213	16,215	16,338	(2)
Building and improvements		222,006	217,704	216,560	4,302
Equipment		21,326	23,495	25,223	(2,169)
Infrastructure		11,643	9,092	7,324	2,551
Construction-in-progress		145,761	91,054	43,135	54,707
Total	$	416,949	357,560	308,580	59,389

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Changes in Net Position

Table A-3
Statement of Revenues, Expenses, and Changes in Net Position

	2026	2025*	2024*	2026–2025 percentage change
	(Dollars in thousands)			
Operating revenues:				
Joint operating agreement revenue	$ 40,000	40,000	40,000	—
Rental income and other services	25,026	23,426	22,903	7
Other revenue	451	108	(57)	318
Total operating revenues	65,477	63,534	62,846	3
Operating expenses:				
Compensation and benefits	11,602	6,646	4,751	75
Professional services	5,089	4,821	4,869	6
Depreciation	11,236	10,813	10,471	4
Supplies, services, and other	15,279	15,867	15,025	(4)
Total operating expenses	43,206	38,147	35,116	13
Operating income	22,271	25,387	27,730	(12)
Noncapital subsidies (expenses):				
State Appropriations	249,267	255,899	245,817	(3)
Teaching Hospital Reimbursement/ Level 1 Trauma revenue	131,632	107,493	280,402	22
Grant and program revenue	14,297	13,988	14,049	2
Contributions	4,842	75	307	6,356
Indigent care and intergovernmental subsidies	(268,101)	(246,055)	(406,625)	9
Grants and contributions	(7)	(4,050)	(6,000)	(100)
Children's services	(3,101)	(3,101)	(3,101)	—
Education and research support	(53,000)	(58,000)	(50,000)	(9)
Federal grants revenue	1,347	2,522	4,489	(47)
Federal grants expense	(1,347)	(2,522)	(4,489)	(47)
OUHC and OHCA expense	(56,888)	(58,969)	(61,888)	(4)
Total noncapital subsidies	18,941	7,280	12,961	160
Operating income and noncapital subsidies	41,212	32,667	40,691	26
Other nonoperating revenues (expenses):				
Federal grants capital	67,242	23,790	23,995	183
Dividend income	2,148	1,667	1,402	29
Investment and interest income	9,501	9,555	8,362	(1)
Miscellaneous income, net	403	611	711	(34)
Total nonoperating revenues	79,294	35,623	34,470	123
Change in net position	$ 120,506	68,290	75,161	76 %

** Certain 2025 and 2024 amounts have been remapped to reflect the implementation of GASB Statement No. 103. See Note 9 for full disclosure of the restatement and reclassification impacts.*

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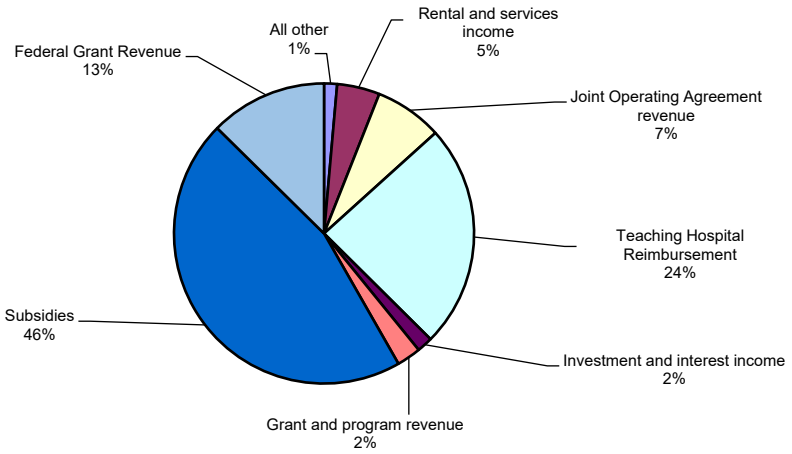
Changes in Net Position

The Authority and Trust total revenues (operating revenues, Noncapital subsidies, and net non-operating revenues) increased approximately $67 million in 2026 from 2025 and decreased $163.2 million in 2025 from 2024. Total revenues for 2026 and 2025 were approximately $546.1 million and $479.1 million with 46% and 54% of the total revenues from appropriations for indigent care subsidies (appropriations or subsidies), respectively. Subsidies in 2026 of $249.3 million decreased from fiscal year 2025 by approximately $6.6 million. Subsidies in 2025 of $255.9 million increased from fiscal year 2024 by approximately $10.1 million

Approximately 24% of total revenues were from Teaching Hospital Reimbursement and Level I Trauma programs in 2026 and approximately 22.4% in 2025. These receipts increased approximately $24 million in 2026 from 2025 and decreased approximately $172.9 million in 2025 from 2024. The increase between 2026 and 2025 was a result of an increase in the number of Medicaid services provided which increases the Level 1 Trauma program amounts. The decrease between 2025 and 2024 was a result of the State of Oklahoma's movement of part of the Medicaid population into a Medicaid Managed Care structure during the fourth quarter of fiscal year 2024.

Sources of Revenue

2026



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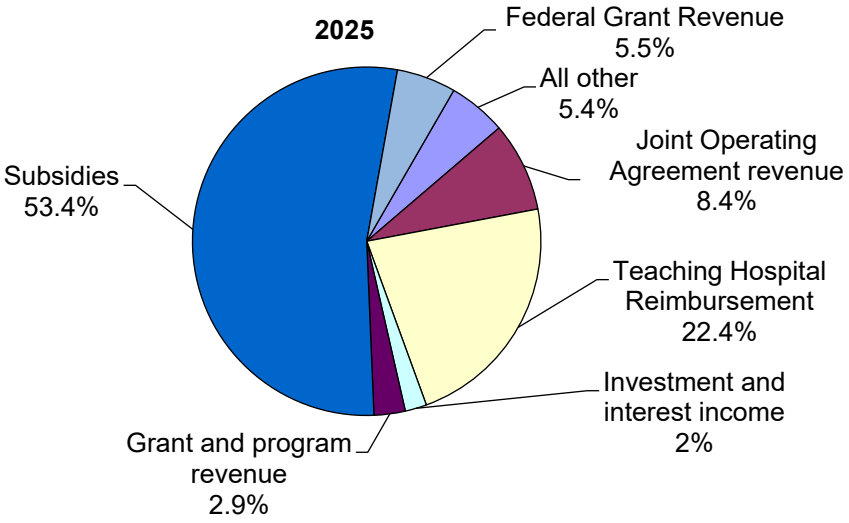
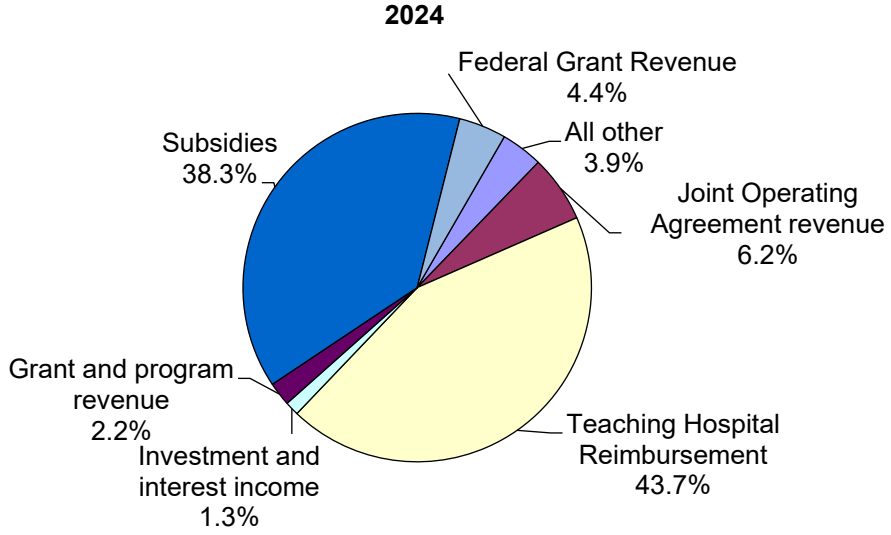




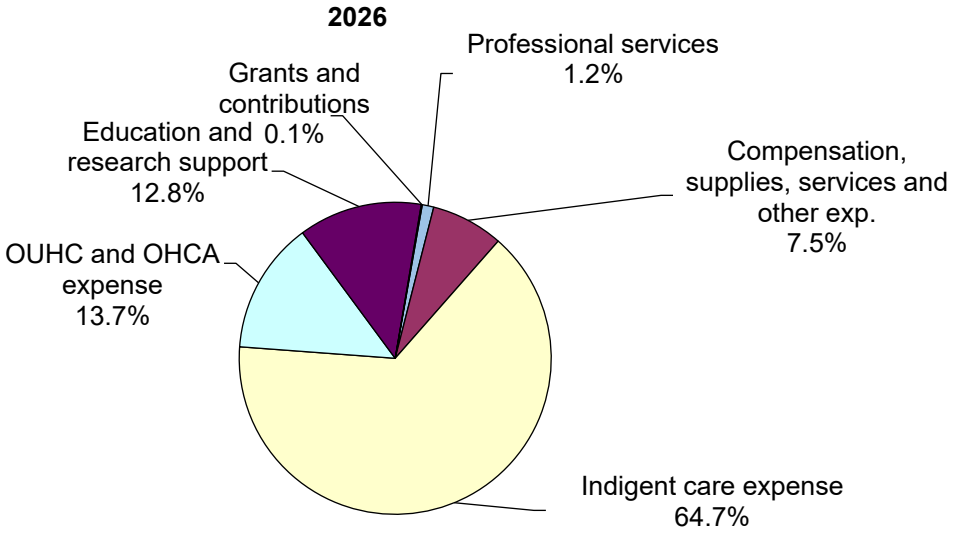
The University Hospitals Authority and Trust combined sources of revenues are from the following sources:

- *Subsidies* are appropriated for indigent care, education, and research programs.
- *Teaching Hospital Reimbursement*, known as Teaching Hospital Reimbursement Payment (THRP) program payments from the Oklahoma Health Care Authority (OHCA), reimburse the costs of providing

care to Medicaid patients. This payment is based on OU Medical Center's Level I Trauma designation. This also includes Level I Trauma receipts from the Oklahoma State Department of Health that were authorized by the State Legislature to reimburse hospitals for the cost of Level I Trauma centers.

- Federal grant revenue is comprised of Coronavirus State and Local Recovery Funds that were awarded to the State of Oklahoma. UHAT is a subrecipient to the State of Oklahoma for five projects. Federal grant revenues totaled $68.6 million during 2026.
- *Grant and program revenues* relate to the Medicaid Indirect Medical Education (IME) program, which is a state and federal matching program paid to major teaching hospitals with approved resident and intern programs to offset costs associated with such teaching programs and resultant increased Medicaid and indigent volumes. The Trust provided the state matching share and received a net IME revenue available of approximately $14.3 million in 2026 and approximately $14 million in 2025.
- *Joint Operating Agreement (JOA) revenue* relates to the Joint Operating Agreement between the Trust and OUMI. Trust earns $20 million semi-annually or $3.33 million per month through the OUMI JOA for a total of $40 million annually.
- *Investment and interest income* accounted for approximately 1.7% of total revenues in 2026 and approximately 2% of total revenues in 2025.
- *Rental income and other services* accounted for approximately 4.6% of total revenues in 2026 and approximately 4.9% in 2025.
- *All other operating and non-operating revenues* are normally income associated projects that were reimbursed by rental tenants and donations. These revenues are reported net of miscellaneous non-operating expense. In 2026, 2025, and 2024 they accounted for less than 1.5% of total revenues.

Expenses



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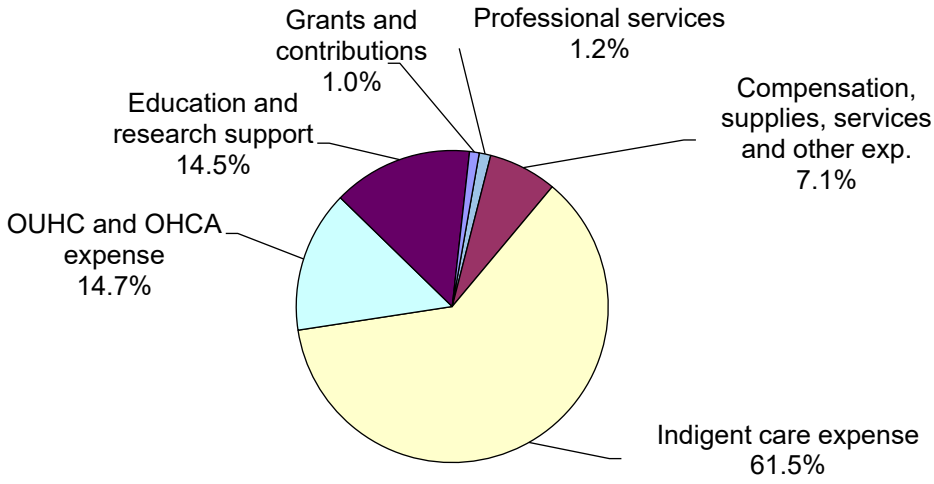
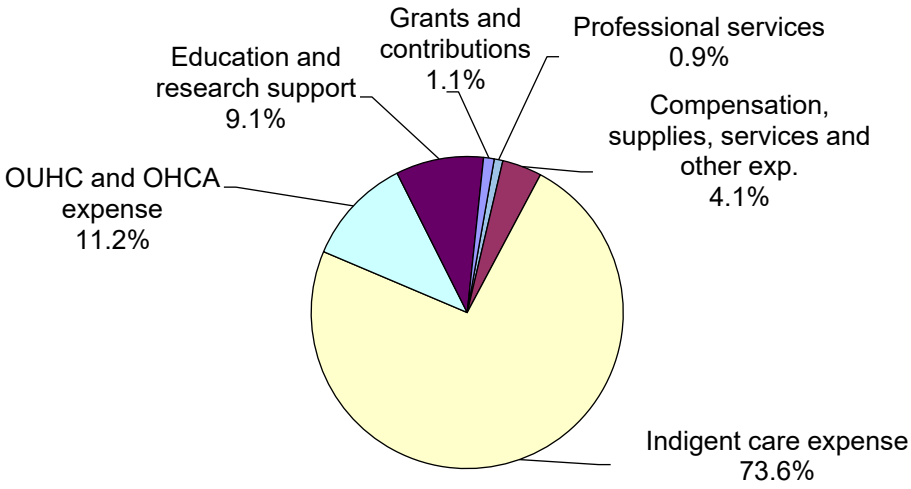
2025



2024



- *Total expenses* including depreciation increased approximately $14.8 million in 2026 from 2025 primarily due to increases in indigent care expenditures through the THRP program. These increases were driven by the increased amounts of Medicaid care provided which drove increases in supplemental payments. *Total expenses* including depreciation decreased approximately $156.3 million in 2025 from 2024 primarily due to change to Medicaid managed care that was only in effect for one quarter in 2024 but for the full year of 2025.

- *OUHC and OHCA* expenses are state match amounts paid to the OHCA for Hospital GME and other similar programs of approximately $4.8 million in 2026 and $4.8 million in 2025 and OUHC program expenses of approximately $52.1 million in 2026 and approximately $54.1 million in 2025.
- *Indigent care and intergovernmental subsidies expense* represents certain amounts of state subsidies and Medicaid program receipts from the OHCA paid to OUMI for services to patients based on the terms of the Indigent Care Agreement.
- *Education and research support* is provided to the University of Oklahoma in support of various workforce development initiatives that are focused on engineering, biosciences, and other STEM related programs. These funds are utilized to increase class sizes, support faculty, and increase facility capacity.
- *Grants and contributions* were for medical education and research initiatives at OUHC.
- *Professional services* were payments for professional auditing, legal services, and other professional expenses.
- *Compensation, supplies, services, and other expenses* includes costs associated with building operations support for space leased to others.
- Federal grant expense represents Coronavirus State and Local Recovery Funds that were awarded to the State of Oklahoma. UHAT is a subrecipient to the State of Oklahoma for five projects. Federal grant expenses totaled $1.3 million during FY 2026. The difference between Federal grant revenues and Federal grant expense is derived by UHAT capital assets purchased with federal funds.

Revenues, Expenses, and Changes in Net Position

The Authority and Trust operating revenues increased approximately $1.9 million in 2026 from 2025 and increased approximately $687 thousand in 2025 from 2024. The increase in 2026 was driven by increases in rental rates between 2026 and 2025. Similarly, increases between 2025 and 2024 were also driven by year over year rental increases.

- Grant and program revenue increased approximately $310 thousand in 2026 from 2025 and decreased $61 thousand in 2025 from 2024. Increases in IME grants paid to the Trust by the OHCA in 2026 are based on slight increases in the amount eligible based on residency numbers and Medicaid services provided offset by federal matching amounts that vary from year to year. During 2025 the amount of federal match required increased slightly as part of the CMS determined matching rate and as a result year over year decreased between 2025 and 2024.
- Rental income and other services increased more than $1.6 million in 2026 from 2025 as the Trust implemented certain rental increases to remain in line with market rates. Rental income and other services increased more than $522 thousand in 2025 from 2024 as the Trust implemented certain rental increases to remain in line with market rates. The Trust also rented a higher percentage of property to OU Health which requires the Trust to charge a full market rate for rent.
- Teaching Hospital Reimbursement/Level I Trauma revenue increased approximately $24.1 million in 2026 from 2025 and decreased approximately $172.9 million in 2025 from 2024. The increase in 2026 was due to increased provision of Medicaid services by OU Health. The decrease between 2025 and 2024 was due to the changes implemented by the OHCA beginning on April 1, 2024. OHCA moved a large portion of the Medicaid population into Medicaid Managed Care plans. The change resulted in certain enhancement funds flowing through managed care organizations rather than flowing through UHAT. In addition, while the

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impacts of the end of the public health emergency did not significantly impact the Medicaid population seen at OU Health, it did mean that enrollment increases that had been seen in prior years did not continue in 2025.

- Joint operating agreement (JOA) revenue remained consistent between 2026 and 2025 with income of $40 million. JOA revenue was also consistent between 2025 from 2024 as the core terms of the JOA have not changed since 2018.
- Compensation and benefits increased $5 million in 2026 from 2025, which was due to filling approved vacancies and having a full year of staffing in-house that was previously contracted services. Compensation and benefits increased $1.9 million in 2025 from 2024, which was due to filling approved vacancies and bringing some contracted services in-house. OPERS saw an increase in pension asset values during this time.
- Professional services costs increased slightly by $268 thousand between 2026 and 2025 and decreased $48 thousand between 2025 and 2024. The changes between 2026 and 2025 were due to an increase in professional services at the Trust. The changes between 2025 and 2024 were due to a decrease in professional services at the Trust.
- UHAT committed or expended approximately $4 million less in grants in 2026 compared to 2025. UHAT committed or expended approximately $2 million less in grants in 2025 compared to 2024. The change in commitments between 2026 and 2025 was driven by the one-time nature of historic grants and the focus on capital projects in 2026. The change in commitments between 2025 and 2024 was driven by a desire to support certain research and education funding at OUHC at 2024 while 2025 was focused more on UHAT capital projects.
- Supplies, services, and other expenses decreased $588 thousand between 2026 and 2025. This decrease was driven primarily by a decrease in contract staffing as many of those positions were moved in-house in late 2025 thus had a full year of contract cost savings impacting 2026. Supplies, services, and other expenses increased $842 thousand between 2025 and 2024. The largest changes impacting this increase were a slight increase in contract labor costs, a slight increase in building supplies costs, and a $557 thousand dollar increase in building insurance costs.
- Indigent care and intergovernmental subsidies expense increased $22 million between 2026 and 2025 and decreased $160.6 million between 2025 and 2024. The increase in 2026 was due to increases in Medicaid services provided by OU Health which drove increased supplemental payments through UHAT. The decrease between 2025 and 2024 was due was due to the changes implemented by the OHCA beginning on April 1, 2024. OHCA moved a large portion of the Medicaid population into Medicaid Managed Care plans. The change resulted in certain enhancement funds flowing through managed care organizations rather than flowing through UHAT. In addition, while the impacts of the end of the public health emergency did not significantly impact the Medicaid population seen at OU Health, it did mean that enrollment increases that had been seen in prior years did not continue in 2025.
- Education and research support decreased by $5 million in 2026 from 2025 and increased $8 million in 2025 from 2024. The decrease between 2026 and 2025 was due to the decrease in appropriations from the state legislature to remove certain one-time start-up funding that had been provided for STEM programs. The increase between 2025 and 2024 was due to an increase in appropriations made by the state legislature to the Authority to support the University of Oklahoma's repayment of what are known as Legacy Capital Funds to the State of Oklahoma. These capital funds were awarded directly to the

(Continued)

University of Oklahoma; however, the repayment portion associated with the funds has been appropriated through the Authority.

- Children's services expenses remained flat between 2026 and 2025. Children's services expenses remained flat between 2025 and 2024.
- The OUHC and OHCA combined expenses decreased by approximately $2.1 million in 2026 from 2025 this decrease was driven by the removal of $2.1 million in state appropriations that were intended to provide start-up funding for certain psychiatric residency program expansions. The OUHC and OHCA combined expenses decreased by approximately $2.9 million in 2025 over 2024 due to the movement of $5 million in funding from OUHC to the Stephenson Cancer Center Tulsa capital project. That movement was offset by just over $2 million in funds appropriated for psychiatric residency program expansion needs. The net impact of these changes resulted in the $2.9 million decrease.
- Investment and interest income decreased approximately $54 thousand 2026 from 2025 due to OU Health's payment of interest on subordinate debt which decreased the amount of compounding interest that had been increasing in recent years. Investment and interest income increased approximately $1.2 million 2025 from 2024 due to the compounding nature of the interest earned on the subordinate loan to OU Health and to slightly improved interest rates during 2025.
- State appropriations decreased approximately $6.6 million in 2026 from 2025, primarily due to a $2 million reduction in appropriations for psychiatric residences and a $5 million reduction for University of Oklahoma STEM programs. Subsidies increased approximately $10 million in 2025 from 2024 as appropriation subsidies were added for increased support of OUHC and education and Legacy Capital Fund support for the University of Oklahoma.
- Combined capital and noncapital federal grant revenue increased $42.3 million in 2026 from 2025. These funds represent Coronavirus State and Local Recovery Funds that were awarded to the State of Oklahoma. UHAT is a subrecipient to the State of Oklahoma for five projects. Federal grant revenues decreased by $2.2 million between 2025 and 2024 due to three of the five major projects being 100% completed during 2025 and the final two experiencing major work in 2026.
- Federal grant expense decreased $1.2 million in 2026 from 2025. Federal grant expense was a new expense for UHAT in FY 2024 and decreased $2 million between 2025 and 2024. These funds represent Coronavirus State and Local Recovery Funds that were awarded to the State of Oklahoma. UHAT is a subrecipient to the State of Oklahoma for five projects. The primary project completed during early 2025 was a pass-through project that resulted in higher federal grant expenses in 2024. The large difference between Federal grant revenues and Federal grant expense is derived by UHAT capital assets purchased with federal funds.
- All other nonoperating capital contributed, dividends income, and miscellaneous income improved by a combined $218 thousand between 2026 and 2025. The increase was driven by the increased dividends paid by OUMI Ventures. Miscellaneous income improved by a combined $165 thousand between 2025 and 2024. The improvements were driven primarily by increased dividend income from OUMI Ventures.

Currently known facts, decisions, or conditions

UHAT is aware of two developments that will have an impact on UHAT finances in the future and were therefore incorporated into next year's budget:

(1) The board has approved several major multi-year capital projects and has enabled management to enter into contracts with architects and construction management firms for those projects. The most significant of these projects along with expected completion dates are described in the Significant Capital Asset Activity section above.

(2) In May 2026, the State adopted its budget for the fiscal year ending June 30, 2027. UHAT's finances are affected by parts of the State budget. The State budgeted to increase UHAT's appropriation by $13 million. This increase will include funding for the University of Oklahoma to establish an American Constitutional Heritage Institute and funding for UHAT to utilize as repayment of future Legacy Capital Funding that had been approved in FY 2026.

Economic Factors, Conditions, and Facts Effecting Financial Position or Operations

The Authority and Trust are dependent on subsidies, grants, and entitlements from other government entities in sustaining their primary mission of Indigent Care, Medical Education, and Research. All of these sources of income combine to account for 84.7% of total income. In 2026, the Oklahoma legislature appropriated $6.6 million less than in 2025 by removing certain project funding for psychiatric residency programs and STEM funding. In 2025 the Oklahoma legislature appropriated $10 million more than in 2024 by adding new funding projects for the Authority and expanding certain others. Sustaining these programs at current levels or expanding them is dependent on several factors, one of which is the ability of the State of Oklahoma to maintain revenue levels, which is primarily through tax revenues. Revenues are also affected by the Medicaid FMAP. 2024 saw the return of FMAP rates to more historic levels after the rates that had been experienced during the public health emergency in place during 2023.

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Independent Auditors' Report

Members of the University Hospitals Authority and
Trustees of the University Hospitals Trust:

Opinion

We have audited the financial statements of the University Hospitals Authority and University Hospitals Trust (together referred to as UHAT), a component unit of the State of Oklahoma, which comprise the statements of net position as of June 30, 2026 and 2025, and the related statements of revenues, expenses, and changes in net position, and cash flows for the years then ended, and the related notes to the financial statements, which collectively comprise UHAT's basic financial statements for the years then ended.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of UHAT as of June 30, 2026 and 2025, and the changes in financial position and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

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

Emphasis of Matter

As discussed in Note 9 to the financial statements, in 2026, UHAT adopted new accounting guidance Governmental Accounting Standards Board (GASB) Statement No. 103, Financial Reporting Model Improvements. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with 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 UHAT'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 opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not

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a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of UHAT'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 UHAT'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 management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the schedule of changes in net pension liability and related ratios and the schedule of employer contributions that U.S. generally accepted accounting principles require to be presented to supplement the basic financial statements. Such missing information, 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. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2026, on our consideration of UHAT's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of UHAT's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering UHAT's internal control over financial reporting and compliance.

KPMG LLP

Dallas, Texas
October 30, 2026

UNIVERSITY HOSPITALS AUTHORITY AND
UNIVERSITY HOSPITALS TRUST

Statements of Net Position

June 30, 2026 and 2025

Assets		2026	2025
Current assets:			
Cash and cash equivalents	$	186,856,481	185,389,135
Investments		22,095,483	21,441,848
Receivables:			
Institutional interest and other		88,102,244	35,855,747
Prepaid expenses		169,284	180,574
Total current assets		297,223,492	242,867,304
Restricted assets:			
Cash and cash equivalents		188,028	188,028
Real estate		35,989	35,989
Total restricted assets		224,017	224,017
Noncurrent:			
Subordinate debt loan to OUMI, including noncurrent accrued interest		40,000,007	40,000,007
Other assets		17,662,157	17,662,157
Net pension asset		2,177,954	537,758
Capital assets, net		416,949,292	357,560,117
Total assets	$	774,236,919	658,851,360
Deferred Outflows of Resources			
Pension amounts	$	1,372,984	1,411,015
Total deferred outflows of resources	$	1,372,984	1,411,015
Liabilities			
Current liabilities:			
Trade payables	$	13,758,485	12,129,477
Accrued expenses		5,389,738	6,087,157
Compensated absences		567,443	408,049
Unearned revenue		16,966	7,030,175
Total current liabilities		19,732,632	25,654,858
Total liabilities	$	19,732,632	25,654,858
Deferred Inflows of Resources			
Pension amounts	$	1,059,206	294,895
Total deferred inflows of resources	$	1,059,206	294,895
Net Position			
Net position:			
Net investment in capital assets	$	416,949,292	357,560,117
Restricted		224,017	224,017
Unrestricted		337,644,756	276,528,488
Total net position	$	754,818,065	634,312,622

See accompanying notes to basic financial statements.

UNIVERSITY HOSPITALS AUTHORITY AND
UNIVERSITY HOSPITALS TRUST

Statements of Revenues, Expenses, and Changes in Net Position

Years ended June 30, 2026 and 2025

	2026	2025
Operating revenues:		
Joint operating agreement revenue	$ 40,000,000	40,000,000
Rental income and other services	25,026,189	23,425,570
Other revenue	450,759	108,209
Total operating revenues	65,476,948	63,533,779
Operating expenses:		
Professional services	5,088,989	4,820,853
Compensation and benefits	11,602,469	6,645,798
Depreciation	11,236,186	10,813,534
Supplies, services, and other	15,279,348	15,866,751
Total operating expenses	43,206,992	38,146,936
Operating income	22,269,956	25,386,843
Noncapital subsidies (expenses):		
State Appropriations	249,267,437	255,899,437
Teaching Hospital Reimbursement/Level I Trauma revenue	131,631,904	107,493,454
Grant and program revenue	14,297,599	13,987,865
Contributions	4,842,000	75,354
Indigent care and intergovernmental subsidies	(268,100,865)	(246,054,665)
Grants and contributions	(7,418)	(4,050,000)
Children's services	(3,101,000)	(3,101,000)
Education and research support	(53,000,000)	(58,000,000)
Federal grants revenue	1,347,177	2,521,888
Federal grants expense	(1,347,177)	(2,521,888)
OUHC and OHCA expense	(56,887,653)	(58,969,653)
Total noncapital subisides	18,942,004	7,280,792
Operating income and noncapital subsidies	41,211,960	32,667,635
Other nonoperating revenues (expenses):		
Federal grants capital	67,241,987	23,789,596
Dividends income	2,147,562	1,667,603
Investment and interest income	9,501,007	9,554,803
Miscellaneous income, net	402,927	611,215
Total nonoperating revenues	79,293,483	35,623,217
Change in net position	120,505,443	68,290,852
Net position, beginning of year	634,312,622	566,021,770
Net position, end of year	$ 754,818,065	634,312,622

See accompanying independent auditors' report.

UNIVERSITY HOSPITALS AUTHORITY AND
UNIVERSITY HOSPITALS TRUST

Statements of Cash Flows

Years ended June 30, 2026 and 2025

	2026	2025
Cash flows from operating activities:		
Receipts from customers	$ 26,005,273	22,333,626
Joint operating agreement receipts	40,000,000	40,000,000
Professional services payments	(4,991,356)	(4,489,617)
Goods and service payments	(15,069,842)	(15,735,509)
Payments to employees	(12,353,067)	(6,734,116)
Other operating receipts (expense), net	336,551	(61,085)
Net cash provided by operating activities	33,927,559	35,313,299
Cash flows from noncapital financing activity:		
State and Federal subsidies	279,615,393	293,808,123
Grant receipts (IME, GME, MTH)	124,602,060	133,951,905
IME receipts	21,314,250	—
Indigent care payments	(268,106,983)	(245,505,721)
OUHC and OHCA payments	(144,176,371)	(160,199,838)
Nonoperating revenue (expense), net	(1,584,757)	—
IME payments	(7,016,651)	(6,725,692)
Federal grants passthrough	(19,644,074)	(30,361,455)
Federal grants receipts	19,644,074	30,362,054
Federal grants expenses	—	(600)
Net cash provided by noncapital financing activities	4,646,941	15,328,776
Cash flows from capital and related financing activities:		
Purchase of capital assets	(66,080,441)	(59,390,242)
Federal grant receipts	9,537,442	26,890,685
Nonoperating revenue	—	1,960,077
Net cash used in capital and related financing activities	(56,542,999)	(30,539,480)
Cash flows from investing activities:		
Investment and interest income	6,358,609	6,559,879
Dividend income	2,025,973	1,667,603
Subdebt interest payments	11,051,263	—
Net cash provided by investing activities	19,435,845	8,227,482
Net increase in cash and cash equivalents	1,467,346	28,330,077
Cash and cash equivalents, beginning of year	185,577,163	157,247,086
Cash and cash equivalents, end of year	$ 187,044,509	185,577,163
Reconciliation of operating loss to net cash provided by operating activities:		
Operating Income	$ 22,269,956	25,386,843
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	11,236,186	10,813,534
(Increase) decrease in receivables, net	711,877	(1,331,474)
Increase (decrease) in payables and accrued expenses	519,470	817,576
Increase (decrease) in unearned revenue	16,635	(16,542)
(Increase) decrease in prepaid expenses	11,289	(108,209)
Decrease (increase) in deferred outflows of resources	38,031	(23,408)
(Increase) in net pension asset	(1,640,196)	(519,638)
(Decrease) increase in deferred inflows of resources	764,311	294,617
Total adjustments	11,657,603	9,926,456
Net cash used in operating activities	$ 33,927,559	35,313,299
Noncash capital financing and investing activity:		
Capital assets purchased remaining in accrued expenses	$ 10,009,032	5,935,384

See accompanying notes to basic financial statements.

(1) Nature of the Entity and Summary of Significant Accounting Policies

(a) Nature of the Entity

The University Hospitals Authority (the Authority) was created in July 1993 by Oklahoma State Senate Bill 423. The bill transferred substantially all assets, liabilities, fund balance, and operations of Oklahoma Medical Center from the Oklahoma Department of Human Services to the Authority at historical cost. The Authority is a non-major component unit of the State of Oklahoma (the State). The Authority consists of the University Hospital, Oklahoma Children's Hospital, and their related clinics and other services, collectively called the University Hospitals. For management and reporting purposes, these facilities collectively comprise the Authority. The Authority is governed by a six-member board. Three of the six members are appointed as follows: one by the President Pro Tempore of the Senate, one by the Speaker of the House of Representatives, and one by the Governor. The other three members serve based on their position as Administrator of the Oklahoma Health Care Authority (OHCA), or his or her designee, the Provost of the University of Oklahoma Health Center (OUHC), and the Chief Executive Officer of the Authority (ex officio). All the Authority's facilities are located in Oklahoma City, Oklahoma.

During 1995, Oklahoma State House Bill 1751 was passed, which, among other actions, allowed for the creation of the University Hospitals Trust (the Trust). The Trust can accept a leasehold interest in the University Hospitals from the Authority and negotiate with private entities for the operation of the University Hospitals. The Trust was created on September 18, 1997. The members of the Authority board are the trustees of the Trust. The Trust is included in the financial statements of the Authority as a blended component unit. The operations and activities of the Authority and the Trust are hereinafter referred to as "UHAT."

UHAT is affiliated with the OUHC, whose medical school residents and staff provide patient care, in-service education, and certain administrative functions for the benefit of UHAT.

UHAT operated the University Hospitals until February 4, 1998, when the first Joint Operating Agreement (JOA) went into effect.

On February 4, 1998, the Authority, through an agreement with the Trust, entered into an agreement to lease and jointly operate substantially all of the operations and facilities of UHAT with a subsidiary of Columbia/HCA (HCA). The jointly operated hospitals and other healthcare facilities were collectively known as OU Medical System (OUMS). The agreement with the Trust provided that the Authority will lease certain buildings, structures, improvements, and personal property utilized in connection with the operation of the University Hospitals to the Trust. The Trust then entered into the agreement with HCA.

Between February 4, 1998, and January 31, 2018, UHAT, (through the Trust) was eligible to share in the net profits of the joint operations of OUMS.

Termination of the JOA with HCA Health Services of Oklahoma occurred on January 31, 2018, and a new JOA with OU Medicine Inc. (OUMI) dba OU Health, was signed. The new JOA was approved by the Contingency Review Board, Attorney General and Supreme Court in compliance with statute.

All leases for land, buildings, improvements, and equipment that were in place with HCA Health Services of Oklahoma were assumed by OUMI. The Trust's investment in joint PP&E was merged with HCA Health Services of Oklahoma and purchased by OUMI. The Trust's Proton Therapy System was transferred to OUMI in consideration of OUMI's redemption of the Trust's outstanding debt on the series 2005 A and 2005 B bonds.

Academic programs of the OUHC continue to be affiliated with University Hospitals Authority via the OU Health agreement and OUMI will continue to provide statutorily mandated indigent care. A new Academic Affiliation Agreement was signed between OUMI and OUHC. OUMI and the Trust have entered into agreements setting forth terms and conditions of the joint operation of the hospital.

In consideration for the right to operate the University Hospitals from and after February 1, 2018, OUMI will pay the Trust $20 million semi-annually. OUMI assumed responsibility for several previous grants the Trust provided to OUHC.

On July 1, 2021, the OU Physicians clinical operations and physicians practice that was previously operated by the University of Oklahoma was merged with OUMI. At the time of this merger, OUMI began utilizing the dba OU Health. This merger did not amend the JOA arrangement between OUMI and the Trust.

(b) Basis of Accounting and Presentation

As discussed previously, the Trust is considered to be a blended component unit of the Authority and the financial position and results of operations of the Trust and Authority are presented together as "UHAT." For ease of presentation, certain agreements between either the Authority or Trust and OUMI are described herein as between UHAT and other parties.

UHAT's basic financial statements are prepared in accordance with U.S. generally accepted accounting principles as they apply to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

The operations of UHAT are accounted for as an enterprise fund on an accrual basis in order to recognize the flow of economic resources. Under this basis, revenues are recognized in the period in which they are earned, expenses are recognized in the period in which they are incurred, depreciation of assets is recognized, and all assets and liabilities associated with the operations of UHAT are included in the statements of net position. UHAT recognizes revenue related to the JOA as operating revenues. Operating expenses for UHAT include the costs of administering the funds. All other revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. Net position is restricted when constraints placed on them are either externally imposed or are imposed by constitutional provisions or enabling legislation.

(c) Cash, Cash Equivalents, and Investments

UHAT considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. The carrying amount of the cash equivalents and investments is at fair value. The net change in fair value of investments and interest income are recorded as investment

and interest income in the statements of revenues, expenses, and changes in net position and includes the unrealized and realized gains and losses on investments.

(d) Restricted Assets

Certain assets of UHAT are classified as restricted assets because their use is restricted by grant agreements or by donor agreements. Management has adopted the policy of spending restricted funds before using unrestricted resources when donor-imposed stipulations and funding agreement requirements have been met.

The Authority has certain assets that are restricted by donor-imposed stipulations. The majority of these funds have been restricted for construction or specific purposes at the Children's Hospital.

(e) Capital Assets

All capital assets are stated at cost at the date of acquisition or fair value at the date of donation. Capital assets are defined as long-lived assets with initial costs equal to or greater than $2,500 or $500 in the case of assets that are deemed to be technology assets. Depreciation is computed using the straight-line method over the following estimated useful lives of the assets:

Equipment	5–15 years
Building and improvements	15–40 years
Infrastructure	40 years

Expenses that increase value, change capacities, or extend useful lives are capitalized. Routine maintenance, repairs, and renewals are charged to operations. Upon disposition, the cost and related accumulated depreciation are removed from the accounts, and the resulting gain or loss is reflected in the period in which the asset is disposed of. Substantial capital assets, except construction-in-progress, as of June 30, 2026 and 2025 have been leased to the joint operations of OUMI or the OU Board of Regents for uses related to the mission of UHAT.

(f) Compensated Absences

Unused annual leave may be accumulated to a maximum of 640 hours for employees of more than five years and 240 hours for employees of less than five years. All accrued leave is payable upon termination, resignation, retirement, or death. Vested or accumulated vacation leave is recorded as an expense and a liability as the benefits accrue to employees. Sick leave does not vest to the employee and therefore is not recorded as a liability.

(g) Pension

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 the Oklahoma Public Employees Retirement Plan (the Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. 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.

(h) Income Taxes

As an integral part of the State, the income of the Authority and of the Trust is exempt from federal and state income taxes.

(i) Use of Estimates

Management of UHAT has made a number of estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities related to accrued payables to prepare these financial statements in conformity with U.S. generally accepted accounting principles. Actual results could differ from those estimates.

(j) Teaching Hospital Reimbursement/Level I Trauma Income

UHAT receives subsidy payments for care provided at OUMI based on the OU Medical Center's Level 1 Trauma designation. THRP program payments are received from OHCA. UHAT also receives Level I Trauma payments from the Oklahoma State Department of Health that were authorized by the State Legislature to reimburse hospitals for the cost of Level I Trauma centers. THRP payments were historically received every six months but are now received on a quarterly basis and the revenue is recorded in the fiscal year for which the subsidies were provided. In the final quarter of 2024, the state of Oklahoma moved a large portion of the Medicaid population to a Managed Medicaid system. The movement of these individuals into managed care precipitated the move to quarterly payments and also impacts the amount of funds flowing to UHAT as the payments for the Managed Medicaid patients now flow through managed care organizations rather than UHAT. The majority of THRP and Level 1 Trauma income flows through UHAT to OUMI.

(k) State Appropriations Income

UHAT receives an annual appropriation or subsidy from the State Legislature. The mission support subsidy is recorded as revenue in the fiscal year for which the appropriation is made. Indigent care expense, medical education expense, and research expense is recorded when funds are paid out to cover mission support. Future state subsidies will be used to offset the cost of indigent care provided by the joint operations of the University Hospitals and Oklahoma Children's Hospital.

(l) Federal Grants

All federal grants received by UHAT are in the form of monetary transactions. Generally, the activity pertains to events that require UHAT to comply with federal statutes, regulations, and the terms and conditions of the federal awards. Subrecipient expenditures are generally considered expended when funds are disbursed to the subrecipients.

(m) Recently Issued Accounting Standards

The following GASB Statements will become effective for the fiscal years noted below:

For the year ended June 30, 2027:

- Statement No. 105, Subsequent Events

Management has not yet determined the effects of these statements on UHAT's financial statements.

(2) Deposits and Investments

(a) Deposits

At June 30, 2026 and 2025, UHAT held deposits and cash equivalents with the State Treasurer and other financial institutions. The State Treasurer requires all state funds be either insured by federal deposit insurance, collateralized by securities held by the cognizant Federal Reserve Bank, or invested in United States government obligations. UHAT's deposits with the State Treasurer are pooled with the funds of other state agencies and then, in accordance with statutory limitations, placed in financial institutions or invested as the State Treasurer may determine, in the State's name.

The Authority's unrestricted deposits with the State Treasurer at June 30, 2026 and 2025 are $7,154,862 and $18,185,845, respectively. The Authority's restricted deposits with the State Treasurer at June 30, 2026 and 2025 are $188,028.

At June 30, 2026 and 2025, the bank balance of the Trust's cash equivalents were $179,701,619 and $167,203,290, respectively, which equals carrying amount. The bank balance is collateralized with securities held by an agent in the Trust's name. No funds were restricted at June 30, 2026 or 2025.

(b) Investments

UHAT investment policies are aligned with the Oklahoma State Treasurer's investment policy. This policy allows for investments in the following categories:

- United States Treasury bills, notes and bonds
- United States government agency securities
- Prime banker's acceptances
- Investment grade obligations of state and local governments
- Short-term bond funds
- Foreign bonds
- Collateralized or insured certificates of deposit
- Negotiable certificates of deposit
- Prime commercial paper
- Repurchase agreements
- Money market funds

UHAT's investment policy attempts to reduce portfolio risk through diversification by security, institution, and maturity.

At June 30, UHAT's investments consisted of the following:

		2026	2025
U.S. Treasury, Agency, and municipal securities	$	16,986,046	15,810,890
Institutional money market funds		2,654,336	967,513
Certificates of deposit and commercial paper		2,455,101	4,663,445
Total	$	22,095,483	21,441,848

UHAT categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted or published prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The following table details the fair value of investments held by the primary government at June 30, 2026 and 2025:

		2026			
		Amounts measured at fair value	Quoted prices in active for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Investments measured at fair value:					
Debt securities:					
U.S. Treasury, Agency and municipal securities	$	16,986,046	—	16,986,046	—
Certificates of deposit and commercial paper		2,455,101	—	2,455,101	—
Equity securities:					
Institutional money market funds		2,654,336	2,654,336	—	—
Total investments measured at fair value	$	22,095,483	2,654,336	19,441,147	—

(Continued)

	2025			
	Amounts measured at fair value	Quoted prices in active for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Investments measured at fair value:				
Debt securities:				
U.S. Treasury, Agency and municipal securities	$ 15,810,890	—	15,810,890	—
Certificates of deposit and commercial paper	4,663,445	—	4,663,445	—
Equity securities:				
Institutional money market funds	967,513	967,513	—	—
Total investments measured at fair value	$ 21,441,848	967,513	20,474,335	—

(c) Custodial Credit Risk

Custodial credit risk is the risk that in the event of failure of the counterparty, UHAT will not be able to recover the value of its investments. Deposits are exposed to custodial credit risk if they are uninsured and uncollateralized. Investment securities are exposed to custodial credit risk if they are uninsured, not registered in the name of UHAT, or held by the counterparty or its trust department but not in UHAT's name.

UHAT requires financial institutions to deposit collateral securities to secure the deposits of UHAT in each such institution. The minimum amount of collateral securities to be pledged for the security of deposits is established by rules promulgated by the State Treasurer. According to the Office of State Treasurer's policies, financial institutions must pledge collateral securities at market value, amounting to 110% of the deposit value, less any federal insurance coverage.

As of June 30, 2026, UHAT's bank balances of deposits are fully insured or collateralized, and all investments are insured, registered, or held in the name of UHAT.

(d) Credit Risk

Fixed-income securities are subject to credit risk. Credit quality rating is one method of assessing the debt instrument issuer's ability to meet its obligation. UHAT utilizes the credit quality ratings issued by Moody's, Standard and Poor's (S&P), or Fitch in determining the risk associated with its fixed-income investments. Obligations of the U.S. government or those explicitly guaranteed by the U.S. government are not considered to have credit risk.

As of June 30, 2026, UHAT's fixed-income investments were held 100% in U.S. Treasury or U.S. Government Agency securities.

(e) Concentration of Credit Risk

UHAT's investment policy seeks to mitigate concentration of credit risk through targeted diversification limits.

(f) Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment or deposit. Duration is a measure of a debt instrument's exposure to fair value changes arising from changes in interest rates based on the present value of future cash flows, weighted for those cash flows as a percentage of the investment's full price. Modified duration estimates the sensitivity of a bond's price to interest rate changes. UHAT uses weighted average years outstanding as the standard measures for assessing interest rate risk. Generally, the longer the duration or years outstanding, the greater sensitivity an investment has to interest rate risk. The weighted average years to maturity of UHAT's investments is less than four years.

UHAT is not subject to foreign currency risk.

(3) Receivables

At June 30, the accounts receivable are as follows:

		2026	2025
Institutional interest and other	$	88,102,244	35,855,747

These accounts receivable are due from the Authority, the OHCA, OUMI, the state of Oklahoma, and OUHC. $2 million of the total shown for 2026 relates to interest on the subordinate debt loan to OUMI (see note 5).

(4) Capital Assets

A substantial portion of all capital assets are leased to the joint operations of OUMI or to OUHC. At June 30, capital assets consisted of the following:

	2026	2025
Land	$ 16,213,323	16,215,314
Construction-in-progress	145,760,997	91,053,855
Buildings and improvements	444,772,837	434,597,007
Equipment	72,718,078	75,881,438
Infrastructure	19,609,843	16,491,146
	699,075,078	634,238,760
Less accumulated depreciation	(282,125,786)	(276,678,643)
	$ 416,949,292	357,560,117

The following summarizes the additions and deductions from net capital assets during fiscal years 2026 and 2025:

	July 1, 2025	Additions and transfers in	Depreciation, deductions and transfers out	June 30, 2026
Capital assets, not being depreciated:				
Land	$ 16,215,314	—	(1,991)	16,213,323
Construction-in-progress	91,053,855	65,156,035	(10,448,893)	145,760,997
Capital assets, being depreciated:				
Buildings and improvements	217,703,966	12,570,882	(8,268,761)	222,006,087
Equipment	23,495,349	191,749	(2,360,965)	21,326,133
Infrastructure	9,091,633	3,176,914	(625,795)	11,642,752
Net capital assets	$ 357,560,117	81,095,580	(21,706,405)	416,949,292

(Continued)

	July 1, 2024	Additions and transfers in	Depreciation, deductions and transfers out	June 30, 2025
Capital assets, not being depreciated:				
Land	$ 16,338,264	—	(122,950)	16,215,314
Construction-in-progress	43,134,830	54,706,875	(6,787,850)	91,053,855
Capital assets, being depreciated:				
Buildings and improvements	216,559,737	8,983,461	(7,839,232)	217,703,966
Equipment	25,222,502	652,045	(2,379,198)	23,495,349
Infrastructure	7,324,403	2,255,390	(488,160)	9,091,633
Net capital assets	$ 308,579,736	66,597,771	(17,617,390)	357,560,117

For the years ended June 30, 2026, and 2025, depreciation expense related to capital assets was $11,236,186 and $10,813,534, respectively.

During the fiscal year ended June 30, 2026, UHAT retired and disposed of $5,810,364 of fully depreciated capital assets, with no resulting gain or loss recognized on these transactions.

(5) Joint Operating Agreement

On January 31, 2018 a joint operating agreement (JOA) with OU Medicine Inc. (OUMI) was signed. All leases for land, buildings, improvements and equipment that were previously in place under an old JOA were assumed by OUMI. Certain assets were transferred and are now operated by OUMI. Academic programs of the OUHC continue to be affiliated with University Hospitals Authority, and OUMI will continue to provide statutorily mandated indigent care. OUMI and the Trust have entered into agreements setting forth terms and conditions of the joint operation of the University Hospitals. In consideration for the right to operate the University Hospitals from and after February 1, 2018, OUMI will pay the Trust $20 million semi-annually. On July 1, 2021, the OU Physicians Practice – previously managed by OUHC – was merged with OUMI. Upon effectuation of this merger, OUMI established the dba OU Health. The integration of the physicians' practice did not alter the existing JOA arrangement in place between the Trust and OUMI.

On February 1, 2018, the Trust issued a $40 million subordinate debt loan to OUMI with a maturity date of December 15, 2032. This loan is subordinate to all other debt of OUMI. Conditions for interest and principal payments are detailed in the loan agreement and are generally required when certain cash flow targets are achieved by OUMI. As of June 30, 2026, OUMI did meet the conditions that require an interest payment. This payment will be made to the Trust by the end of December 2026. As of June 30, 2025, OUMI did meet the conditions that require an interest payment. This payment was made to the Trust in December 2025. The Trust accrued interest income of approximately $2.3 million and $2.4 million, respectively, in the Statements of Revenues, Expenses, and Changes in Net Position for the years ended June 30, 2026 and 2025. The interest rate on this subordinate debt loan is set at 5% and is compounding.

(Continued)

On February 2, 2021, the Trust entered into an agreement with OUMI to be a member of OUMI's subsidiary, OUMI Ventures, LLC (OUMI Ventures). OUMI Ventures was created to further OUMI and the Trust's missions through the addition of combined ED Urgent Care facilities in strategic locations around the greater Oklahoma City metro area. The Trust has also agreed to lease land to OUMI Ventures for the purpose of providing sites on which OUMI Ventures will construct the facilities. The Trust's interest in OUMI Ventures does not meet the criteria for the application of equity method accounting nor does it meet the criteria for either a component unit or joint venture and as such, will be accounted for using cost accounting. In fiscal years 2026 and 2025, the Trust contributed $0 and $0, respectively to OUMI Ventures.

(6) Deferred Compensation Plan

The State offers to its own employees, state agency employees and other duly constituted authority or instrumentality employees a deferred compensation plan created in accordance with Internal Revenue Code (IRC) Section 457 and Chapter 45 of Title 74, Oklahoma Statutes. The Oklahoma State Employees Deferred Compensation Plan (the 457 Plan), also known as SoonerSave, is a voluntary plan that allows participants to defer a portion of their salary into the 457 Plan. Participation allows a person to shelter the portion of their salary that they defer from current federal and state income tax. Taxes on the interest or investment gains on this money, while in the 457 Plan, are also deferred. The deferred compensation is not available to employees until termination, retirement, death, or approved unforeseeable emergency.

Under SoonerSave, the untaxed deferred amounts are invested as directed by the participant among various 457 Plan investment options. Effective January 1, 1998, a Trust and Trust Fund covering the 457 Plan assets was established pursuant to federal legislation enacted in 1996, requiring public employers to establish such trusts for plans meeting the requirements of Section 457 of the IRC. Under terms of the Trust, the corpus or income of the Trust Fund may be used only for the exclusive benefit of the 457 Plan participants and their beneficiaries. Further information may be obtained from the Oklahoma State Employees Deferred Compensation Plan audited financial statements for the years ended June 30, 2025 and 2024.

(7) Risk Management

UHAT participates in the Oklahoma Risk Management Division's (a division of the Oklahoma Office of Management and Enterprise Services) insurance pool, which covers all governmental tort claims against UHAT. UHAT pays a monthly premium to participate in the insurance pool. Premiums paid are not subject to retroactive adjustment.

Workers' compensation claims arising from incidents occurring during the year are paid with current operating funds. UHAT accrues estimated annual amounts to cover claims arising from each year's operations. Payments for claims in excess of a certain retention amount are made by CompSource Mutual Insurance Company.

(8) Commitments and Contingencies

The U.S. Department of Justice and other federal and state agencies are increasing resources dedicated to regulatory investigations and compliance audits of healthcare providers. UHAT is subject to these regulatory efforts. Costs questioned as a result of investigations or audits, if any, may result in refunds to these governmental agencies.

(9) Adoption of New Accounting Standards

During the fiscal year ended June 30, 2026, UHAT implemented Governmental Accounting Standards Board (GASB) Statement No. 103, Financial Reporting Model Improvements. This Statement updates certain components of the financial reporting model established by GASB Statement No. 34 to improve the effectiveness of financial reports in providing information for decision-making and assessing accountability.

The implementation of GASB Statement No. 103 resulted in modifications to the classification of certain operating and non-operating revenues and expenses, as well as the layout and structure of certain financial statements.

Specifically, the following items were reclassified from operating to non-operating activities to conform with the new standard:

- Revenues:
  - Teaching Hospital Reimbursement/Level I Trauma revenue
  - Grant and program revenue
  - Contributions revenue
  - Indigent care and intergovernmental subsidies
- Expenses:
  - OUHSC and OHCA expense
  - Education and research support
  - Grants and contributions expense
  - Children’s services expense

The provisions of GASB Statement No. 103 have been applied retrospectively. Accordingly, prior-period amounts have been reclassified to conform to the current-period presentation requirements. The adoption of this standard did not have a material impact on the opening net position of the business-type activities.

(10) Subsequent Events

UHAT has evaluated the impact of subsequent events for inclusion or disclosure from the financial statements date through October 30, 2026, the date at which the financial statements were issued. UHAT has determined there are no other items to disclose.

UNIVERSITY HOSPITALS AUTHORITY AND
UNIVERSITY HOSPITALS TRUST

Combining Statement of Net Position

June 30, 2026

Assets		Authority Fund	Trust Fund	Eliminations	Total
Current assets:					
Cash and cash equivalents	$	7,154,862	179,701,619	—	186,856,481
Investments		—	22,095,483	—	22,095,483
Receivables:					
Institutional interest and other		50,486,487	88,090,607	(50,474,850)	88,102,244
Prepaid expenses		—	169,284	—	169,284
Total current assets		57,641,349	290,056,993	(50,474,850)	297,223,492
Restricted assets:					
Cash and cash equivalents		188,028	—	—	188,028
Real estate		35,989	—	—	35,989
Total restricted assets		224,017	—	—	224,017
Noncurrent:					
Subordinate debt loan to OUMI		—	40,000,007	—	40,000,007
Other assets		—	17,662,157	—	17,662,157
Net pension asset		—	2,177,954	—	2,177,954
Capital assets, net		12,311,549	404,637,743	—	416,949,292
Total assets	$	70,176,915	754,534,854	(50,474,850)	774,236,919
Deferred Outflows of Resources					
Pension amounts	$	—	1,372,984	—	1,372,984
Total deferred outflows of resources	$	—	1,372,984	—	1,372,984
Liabilities					
Current liabilities:					
Trade payables	$	812,871	12,945,614	—	13,758,485
Accrued expenses		52,790,712	3,073,876	(50,474,850)	5,389,738
Compensated absences		—	567,443	—	567,443
Unearned revenue		—	16,966	—	16,966
Total current liabilities		53,603,583	16,603,899	(50,474,850)	19,732,632
Noncurrent:					
Net pension liability		—	—	—	—
Total liabilities	$	53,603,583	16,603,899	(50,474,850)	19,732,632
Deferred Inflows of Resources					
Pension amounts	$	—	1,059,206	—	1,059,206
Total deferred inflows of resources	$	—	1,059,206	—	1,059,206
Net Position					
Net position:					
Invested in capital assets	$	12,311,549	404,637,743	—	416,949,292
Restricted		224,017	—	—	224,017
Unrestricted		4,037,766	333,606,990	—	337,644,756
Total net position	$	16,573,332	738,244,733	—	754,818,065

See accompanying independent auditors' report.

UNIVERSITY HOSPITALS AUTHORITY AND
UNIVERSITY HOSPITALS TRUST

Combining Statement of Net Position

June 30, 2025

Assets		Authority Fund	Trust Fund	Eliminations	Total
Current assets:					
Cash and cash equivalents	$	18,185,845	167,203,290	—	185,389,135
Investments		—	21,441,848	—	21,441,848
Receivables:					
Institutional interest and other		1,055,922	35,855,747	(1,055,922)	35,855,747
Prepaid expenses			180,574	—	180,574
Total current assets		19,241,767	224,681,459	(1,055,922)	242,867,304
Restricted assets:					
Cash and cash equivalents		188,028	—	—	188,028
Real estate		35,989	—	—	35,989
Total restricted assets		224,017	—	—	224,017
Noncurrent:					
Subordinate debt loan to OUMI		—	40,000,007	—	40,000,007
Other assets		—	17,662,157	—	17,662,157
Net pension asset		—	537,758	—	537,758
Capital assets, net		12,434,903	345,125,214	—	357,560,117
Total assets	$	31,900,687	628,006,595	(1,055,922)	658,851,360
Deferred Outflows of Resources					
Pension amounts	$	—	1,411,015	—	1,411,015
Total deferred outflows of resources	$	—	1,411,015	—	1,411,015
Liabilities					
Current liabilities:					
Trade payables	$	4,062,745	8,066,732	—	12,129,477
Accrued expenses		4,422,622	2,720,457	(1,055,922)	6,087,157
Compensated absences		—	408,049	—	408,049
Unearned revenue		7,029,844	331	—	7,030,175
Total current liabilities		15,515,211	11,195,569	(1,055,922)	25,654,858
Noncurrent:					
Net pension liability		—	—	—	—
Total liabilities	$	15,515,211	11,195,569	(1,055,922)	25,654,858
Deferred Inflows of Resources					
Pension amounts	$	—	294,895	—	294,895
Total deferred inflows of resources	$	—	294,895	—	294,895
Net Position					
Net position:					
Invested in capital assets	$	12,434,903	345,125,214	—	357,560,117
Restricted		224,017	—	—	224,017
Unrestricted		3,726,556	272,801,932	—	276,528,488
Total net position	$	16,385,476	617,927,146	—	634,312,622

See accompanying independent auditors' report.

UNIVERSITY HOSPITALS AUTHORITY AND
UNIVERSITY HOSPITALS TRUST

Combining Statement of Revenues, Expenses, and Changes in Net Position

Year ended June 30, 2026

	Authority Fund	Trust Fund	Eliminations	Total
Operating revenues:				
Joint operating agreement revenue	$ —	40,000,000	—	40,000,000
Rental income and other services	—	25,026,189	—	25,026,189
Other revenue	19,282	431,477	—	450,759
Total operating revenues	19,282	65,457,666	—	65,476,948
Operating expenses:				
Professional services	4,670,867	418,122	—	5,088,989
Compensation and benefits	—	11,602,469	—	11,602,469
Depreciation	123,356	11,112,830	—	11,236,186
Supplies, services, and other	1,454	15,277,894	—	15,279,348
Total operating expenses	4,795,677	38,411,315	—	43,206,992
Operating (loss) income	(4,776,395)	27,046,351	—	22,269,956
Noncapital subsidies (expenses):				
State Appropriations	249,267,437	—	—	249,267,437
Teaching Hospital Reimbursement/Level I Trauma revenue	7,029,844	124,602,060	—	131,631,904
Grant and program revenue	—	14,297,599	—	14,297,599
Contributions	—	33,842,000	(29,000,000)	4,842,000
Indigent care and intergovernmental subsidies	(109,637,761)	(158,463,104)	—	(268,100,865)
Grants and contributions	(29,000,000)	(7,418)	29,000,000	(7,418)
Children's services	(3,101,000)	—	—	(3,101,000)
Education and research support	(53,000,000)	—	—	(53,000,000)
Federal grants revenue	68,589,164	—	(67,241,987)	1,347,177
Federal grants expense	(68,589,164)	—	67,241,987	(1,347,177)
OUHC and OHCA expense	(56,887,653)	—	—	(56,887,653)
Total noncapital subisides	4,670,867	14,271,137	—	18,942,004
Operating income and noncapital subsidies	(105,528)	41,317,488	—	41,211,960
Other nonoperating revenues (expenses):				
Federal grants capital	—	67,241,987	—	67,241,987
Dividends income	—	2,147,562	—	2,147,562
Investment and interest income	249,795	9,251,212	—	9,501,007
Miscellaneous income, net	43,588	359,339	—	402,927
Total nonoperating revenues	293,383	79,000,100	—	79,293,483
Change in net position	187,855	120,317,588	—	120,505,443
Net position, beginning of year	16,385,477	617,927,145	—	634,312,622
Net position, end of year	$ 16,573,332	738,244,733	—	754,818,065

See accompanying independent auditors' report.

UNIVERSITY HOSPITALS AUTHORITY AND
UNIVERSITY HOSPITALS TRUST

Combining Statement of Revenues, Expenses, and Changes in Net Position

Year ended June 30, 2025

	Authority Fund	Trust Fund	Eliminations	Total
Operating revenues:				
Joint operating agreement revenue	$ —	40,000,000	—	40,000,000
Rental income and other services	2,400	23,423,170	—	23,425,570
Other revenue	13,514	94,695	—	108,209
Total operating revenues	15,914	63,517,865	—	63,533,779
Operating expenses:				
Professional services	4,470,867	349,986	—	4,820,853
Compensation and benefits	—	6,645,798	—	6,645,798
Depreciation	123,266	10,690,268	—	10,813,534
Supplies, services, and other	1,247	15,865,504	—	15,866,751
Total operating expenses	4,595,380	33,551,556	—	38,146,936
Operating (loss) income	(4,579,466)	29,966,309	—	25,386,843
Noncapital subsidies (expenses):				
State Appropriations	255,899,437	—	—	255,899,437
Teaching Hospital Reimbursement/Level I Trauma revenue	2,332,579	105,160,875	—	107,493,454
Grant and program revenue	—	13,987,865	—	13,987,865
Contributions	—	29,075,354	(29,000,000)	75,354
Indigent care and intergovernmental subsidies	(105,067,693)	(140,986,972)	—	(246,054,665)
Grants and contributions	(29,000,000)	(4,050,000)	29,000,000	(4,050,000)
Children's services	(3,101,000)	—	—	(3,101,000)
Education and research support	(58,000,000)	—	—	(58,000,000)
Federal grants revenue	26,311,484	600	(23,790,196)	2,521,888
Federal grants expense	(26,311,484)	(600)	23,790,196	(2,521,888)
OUHC and OHCA expense	(58,969,653)	—	—	(58,969,653)
Total noncapital subisides	4,093,670	3,187,122	—	7,280,792
Operating (loss) income and noncapital subsidies	(485,796)	33,153,431	—	32,667,635
Other nonoperating revenues (expenses):				
Federal grants capital	—	23,789,596	—	23,789,596
Dividends income	—	1,667,603	—	1,667,603
Investment and interest income	215,409	9,339,394	—	9,554,803
Miscellaneous income, net	(26,807)	638,022	—	611,215
Total nonoperating revenues	188,602	35,434,615	—	35,623,217
Change in net position	(297,194)	68,588,046	—	68,290,852
Net position, beginning of year	16,682,671	549,339,099	—	566,021,770
Net position, end of year	$ 16,385,477	617,927,145	—	634,312,622

See accompanying independent auditors' report.

UNIVERSITY HOSPITALS AUTHORITY AND UNIVERSITY HOSPITALS TRUST

Combining Statement of Cash Flows

Year ended June 30, 2026

	Authority Fund	Trust Fund	Total
Cash flows from operating activities:			
Receipts from customers	$ —	26,005,273	26,005,273
Joint operating agreement receipts	—	40,000,000	40,000,000
Professional services payments	(4,991,356)	—	(4,991,356)
Goods and service payments	(633)	(15,069,209)	(15,069,842)
Payments to employees	—	(12,353,067)	(12,353,067)
Other operating receipts (expense), net	19,282	317,269	336,551
Net cash (used in) provided by operating activities	(4,972,707)	38,900,266	33,927,559
Cash flows from noncapital financing activity:			
State and Federal subsidies	249,267,437	30,347,956	279,615,393
Grant receipts (IME, GME, MTH)	—	124,602,060	124,602,060
IME receipts	—	21,314,250	21,314,250
Indigent care payments	(109,637,761)	(158,469,222)	(268,106,983)
OUHC and OHCA payments	(144,176,371)	—	(144,176,371)
Nonoperating revenue (expense), net	(1,750,749)	165,992	(1,584,757)
IME payments	—	(7,016,651)	(7,016,651)
Federal grants passthrough	(19,644,074)	—	(19,644,074)
Federal grants receipts	19,644,074	—	19,644,074
Federal grants expenses	—	—	—
Net cash (used in) provided by noncapital financing activities	(6,297,444)	10,944,385	4,646,941
Cash flows from capital and related financing activities:			
Purchase of capital assets	—	(66,080,441)	(66,080,441)
Federal grant receipts	—	9,537,442	9,537,442
Contributed capital	—	—	—
Nonoperating revenue (expense), net	—	—	—
Net cash used in capital and related financing activities	—	(56,542,999)	(56,542,999)
Cash flows from investing activities:			
Investment and interest income	239,169	6,119,440	6,358,609
Dividend income	—	2,025,973	2,025,973
Subdebt interest payments	—	11,051,263	11,051,263
Purchase of investments	—	—	—
Net cash provided by investing activities	239,169	19,196,676	19,435,845
Net increase (decrease) in cash and cash equivalents	(11,030,982)	12,498,328	1,467,346
Cash and cash equivalents, beginning of year	18,373,872	167,203,291	185,577,163
Cash and cash equivalents, end of year	$ 7,342,890	179,701,619	187,044,509
Reconciliation of operating (loss) income to net cash provided by operating activities:			
Operating income (loss)	$ (4,776,395)	27,046,351	22,269,956
Adjustments to reconcile operating income (loss) to net cash (used in) provided by operating activities:			
Depreciation	123,356	11,112,830	11,236,186
(Increase) decrease in receivables, net	—	711,877	711,877
Increase (decrease) in payables and accrued expenses	(319,668)	839,138	519,470
Increase in unearned revenue	—	16,635	16,635
Decrease in prepaid expenses	—	11,289	11,289
Decrease in deferred outflows of resources	—	38,031	38,031
(Increase) in net pension asset	—	(1,640,196)	(1,640,196)
Increase in deferred inflows of resources	—	764,311	764,311
Total adjustments	(196,312)	11,853,915	11,657,603
Net cash (used in) provided by operating activities	$ (4,972,707)	38,900,266	33,927,559
Noncash capital financing and investing activity:			
Capital assets purchased remaining in accrued expenses	$ —	10,009,032	10,009,032

See accompanying independent auditors' report.

UNIVERSITY HOSPITALS AUTHORITY AND UNIVERSITY HOSPITALS TRUST

Combining Statement of Cash Flows

Year ended June 30, 2025

	Authority Fund	Trust Fund	Total
Cash flows from operating activities:			
Receipts from customers	$ 2,400	22,331,226	22,333,626
Joint operating agreement receipts	—	40,000,000	40,000,000
Professional services payments	(4,489,617)	—	(4,489,617)
Goods and service payments	(1,247)	(15,734,262)	(15,735,509)
Payments to employees	—	(6,734,116)	(6,734,116)
Other operating receipts (expense), net	13,514	(74,599)	(61,085)
Net cash (used in) provided by operating activities	(4,474,950)	39,788,249	35,313,299
Cash flows from noncapital financing activity:			
State and Federal subsidies	255,899,435	37,908,688	293,808,123
Grant receipts (IME, GME, MTH)	9,362,423	124,589,482	133,951,905
Indigent care payments	(111,893,407)	(133,612,314)	(245,505,721)
OUHC and OHCA payments	(156,149,838)	(4,050,000)	(160,199,838)
IME payments	—	(6,725,692)	(6,725,692)
Federal grants passthrough	(30,361,455)	—	(30,361,455)
Federal grants receipts	30,361,454	600	30,362,054
Federal grants expenses	—	(600)	(600)
Net cash provided by noncapital financing activities	(2,781,388)	18,110,164	15,328,776
Cash flows from capital and related financing activities:			
Purchase of capital assets	—	(59,390,242)	(59,390,242)
Federal grant receipts	—	26,890,685	26,890,685
Nonoperating revenue (expense), net	1,717,644	242,433	1,960,077
Net cash used in capital and related financing activities	1,717,644	(32,257,124)	(30,539,480)
Cash flows from investing activities:			
Investment and interest income	252,185	6,307,694	6,559,879
Dividend income	—	1,667,603	1,667,603
Net cash provided by (used in) investing activities	252,185	7,975,297	8,227,482
Net increase (decrease) in cash and cash equivalents	(5,286,509)	33,616,586	28,330,077
Cash and cash equivalents, beginning of year	23,660,381	133,586,705	157,247,086
Cash and cash equivalents, end of year	$ 18,373,872	167,203,291	185,577,163
Reconciliation of operating (loss) income to net cash provided by operating activities:			
Operating income (loss)	$ (4,579,466)	29,966,309	25,386,843
Adjustments to reconcile operating income (loss) to net cash (used in) provided by operating activities:			
Depreciation	123,266	10,690,268	10,813,534
(Increase) decrease in receivables, net	—	(1,331,474)	(1,331,474)
Increase (decrease) in payables and accrued expenses	(18,750)	836,326	817,576
Increase in unearned revenue	—	(16,542)	(16,542)
(Increase) decrease in prepaid expenses	—	(108,209)	(108,209)
Decrease (increase) in deferred outflows of resources	—	(23,408)	(23,408)
(Decrease) increase in net pension liability	—	(519,638)	(519,638)
(Decrease) increase in deferred inflows of resources	—	294,617	294,617
Total adjustments	104,516	9,821,940	9,926,456
Net cash (used in) provided by operating activities	$ (4,474,950)	39,788,249	35,313,299
Noncash capital financing and investing activity:			
Capital assets purchased remaining in accrued expenses	$ —	5,935,384	5,935,384

See accompanying independent auditors' report.

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Dallas, TX 75201-2721

Independent Auditors' 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*

Members of the University Hospitals Authority and Trustees of the University Hospitals Trust:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the University Hospitals Authority and University Hospitals Trust (together referred to as UHAT), which comprise the statement of net position as of June 30, 2026, and the related statements of revenues, expenses, and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 30, 2026.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on

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compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KPMG LLP

Dallas, Texas
October 30, 2026