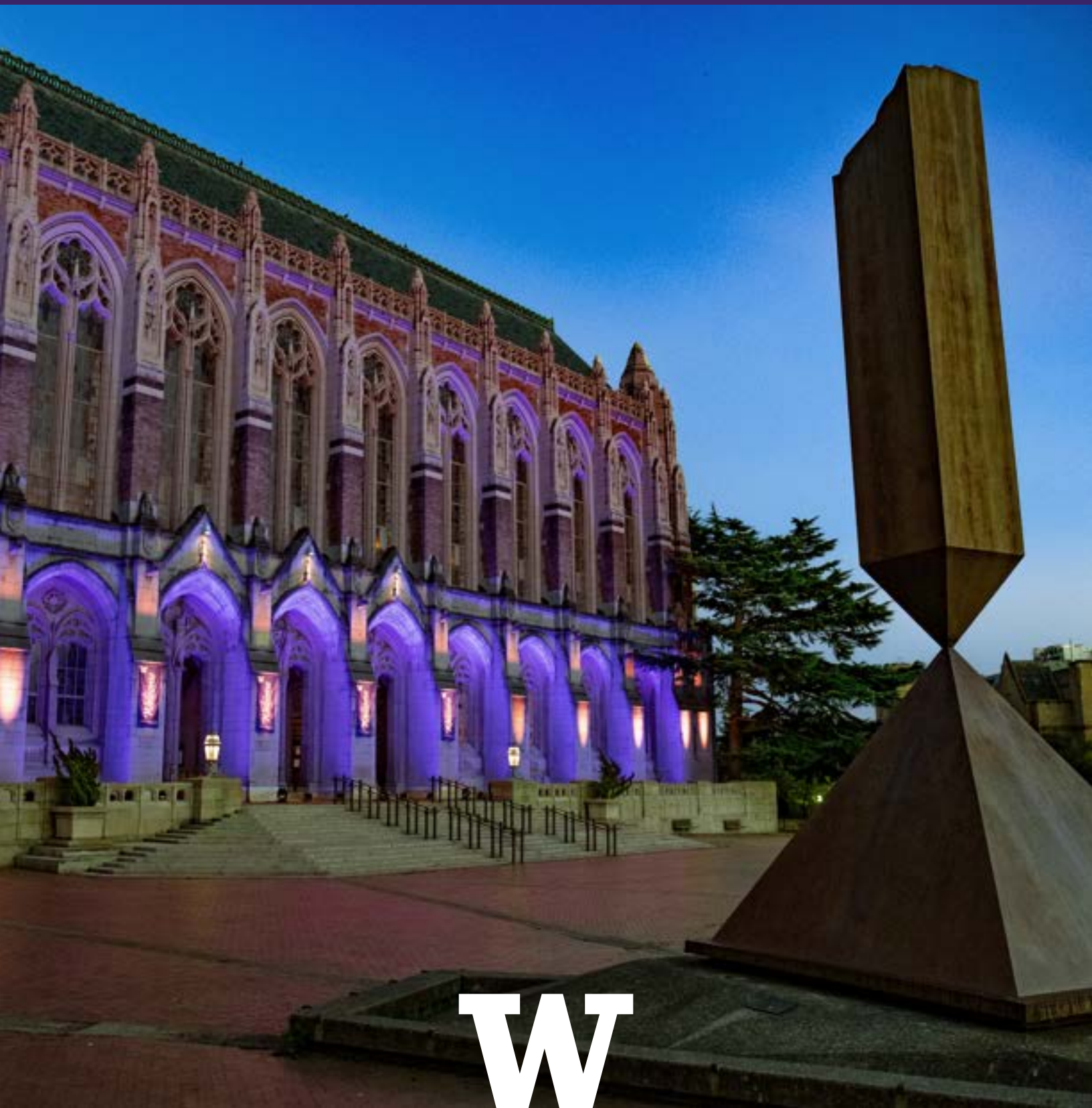
2025 FINANCIAL REPORT

UNIVERSITY *of* WASHINGTON



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University Facts

	FISCAL YEAR 2025 Academic Year 2024-2025	FISCAL YEAR 2020 Academic Year 2019-2020	FISCAL YEAR 2015 Academic Year 2014-2015
STUDENTS			
Autumn Enrollment (headcount)			
Undergraduate	45,097	42,544	39,331
Graduate	15,440	14,628	13,333
Professional	2,215	2,209	2,006
TOTAL	**62,752**	**59,381**	**54,670**
Professional and Continuing Education - Course and Conference Registrations	73,982	90,714	76,245
Number of Degrees Awarded			
Bachelor's	11,539	11,508	10,145
Master's	5,441	4,957	4,117
Doctoral	857	845	838
Professional	597	598	554
TOTAL	**18,434**	**17,908**	**15,654**
FACULTY[1]	6,107	4,864	4,561
FACULTY AND STAFF[2]	37,401	31,093	27,264
RESEARCH FUNDING - ALL SOURCES *(in thousands of dollars)*	$ 1,746,094	$ 1,631,329	$ 1,308,801
SELECTED REVENUES *(in thousands of dollars)*			
Medical Centers and Related Revenues[3]	$ 5,901,377	$ 2,949,012	$ 2,283,022
Gifts, Grants and Contracts	2,237,136	1,762,883	1,444,765
Auxiliary Enterprises and Other Revenues	1,446,678	719,578	614,185
Tuition and Fees[4]	1,203,035	1,058,271	914,419
State Operating Appropriations	621,216	415,030	255,156
Investment Income	911,869	207,993	227,404
SELECTED EXPENSES *(in thousands of dollars)*			
Medical-Related[3]	$ 5,942,070	$ 2,577,507	$ 2,068,491
Instruction, Academic Support, and Student Services	2,150,011	2,121,064	1,640,377
Institutional Support and Physical Plant	1,610,966	936,834	767,784
Research and Public Service	1,161,903	873,225	765,036
Auxiliary Enterprises	453,337	589,895	291,628
CONSOLIDATED ENDOWMENT FUND[5] *(in thousands of dollars)*	$ 5,963,000	$ 3,560,000	$ 3,076,000
SQUARE FOOTAGE[6] *(in thousands of square feet)*	28,823	27,202	22,326

1. Prior to 2018, this number represents headcount for core faculty (Professorial, Instructional and Research). Starting in 2018, this number represents full time faculty from all campuses including the Medical Centers
2. Full time equivalents – restated (historically) using centralized data source and enterprise definitions
3. Includes discrete component units (Fred Hutchinson Cancer Center in 2025 only)
4. Net of scholarship allowances of $176.2 million in 2025, $198.8 million in 2020 and $142.7 million in 2015
5. Stated at fair value
6. Gross square footage, all campuses

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Independent Auditors' Report

The Board of Regents
University of Washington:

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities, the fiduciary activities, and the aggregate discretely presented component units of the University of Washington (the University), which comprise the statements of net position and statements of fiduciary net position as of June 30, 2025 and 2024, and the related statements of revenue, expenses and changes in position, statements of changes in fiduciary net position, and statements of cash flows for the years then ended, and the related notes to the financial statements, which collectively comprise the University's basic financial statements.

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

Basis for Opinions

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

Emphasis of Matters

As discussed in note 1 to the financial statements, the financial statements of the University, an agency of the state of Washington, are intended to present the financial position, the changes in financial position, and where applicable, cash flows of only the respective portion of the business-type activities, the fiduciary activities, and the aggregate discretely presented component units of the state of Washington that are attributable to transactions of the University and its discretely presented component units. They do not purport to, and do not, present fairly the financial position of the state of Washington as of June 30, 2025 and 2024, the changes in its financial position, or where applicable, its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles. Additionally, as discussed note 1 to the financial statements, there was a change in the University's reporting entity and Valley Medical Center is no longer reported as a discretely presented component unit as of July 1, 2024. Our opinions are not modified with respect to these matters.

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.

KPMG LLP, a Delaware limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University'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.

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

Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussions and analysis and the schedules of required pension and other post-employment benefit supplementary information 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.

Other Information

Our audits were conducted for the purpose of forming an opinion on the basic financial statements as a whole. The University Facts table listed below the Table of Contents is presented for purpose of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

KPMG LLP

Seattle, Washington
October 31, 2025



MANAGEMENT'S DISCUSSION & ANALYSIS



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The discussion and analysis below provides an overview of the financial position and activities of the University of Washington ("University") for the fiscal years ended June 30, 2025 and 2024, with comparative financial information for 2023. This discussion has been prepared by management, and since it includes highly summarized data, should be read in conjunction with the financial statements and accompanying notes to financial statements that follow this section.

Financial Highlights for Fiscal Year 2025

The University recorded a $1,346 million increase in net position in 2025 compared to an increase of $978 million in 2024. The operating loss decreased in 2025 as growth in operating revenues outpaced growth in operating expenses. Nonoperating revenues strengthened year-over-year, most notably investment income, resulting in the increase in net position.

Key Financial Results

(in millions)	2025	2024	2023
Total operating revenues	$ 8,135	$ 7,458	$ 7,101
Total operating expenses	8,933	8,481	7,969
Operating loss	(798)	(1,023)	(868)
State appropriations	711	682	733
Gifts	419	317	355
Investment income	912	764	438
Other nonoperating revenues, net	102	238	236
Increase in net position	1,346	978	894
Net position, beginning of year	10,322	9,248	8,354
Cumulative effect of change in accounting principle (described below):			
GASB 101 - Compensated Absences	—	96	—
Net position, beginning of year as restated	10,322	9,344	8,354
Net position, end of year	**$ 11,668**	**$ 10,322**	**$ 9,248**

Operating Revenues

Operating revenues increased $677 million, or 9%, in 2025. Revenue from patient services increased $289 million, or 9%, primarily due to strong volumes, and a full year of the inpatient directed payment programs managed by the Washington State Health Care Authority. Grant and contract revenues increased $241 million, driven by the cumulative effect of federal award growth in the current and prior periods. Sales and services of educational departments increased by $167 million due to clinical and lab medicine revenues from the School of Medicine.

Operating Expenses

Operating expenses increased $452 million, or 5%, in 2025. Overall, expenses increased in most expense classifications with the largest being staff salaries and benefits increasing $392 million during the year. Salary expense increased by $275 million, or 7%, in the current year due to growth in FTEs at 3.1%, due in part to permanent staff hiring, and an increase in base wages. Benefits grew by $117 million, or 13%, primarily due to the impact of FTE and salary growth as well as increased costs of employer-paid healthcare benefits. Purchased services expense decreased by $113 million, or 8%, mainly due to a decline in contracted and professional services.

Nonoperating Revenues

Revenues from nonoperating and other sources, net of interest on capital-related debt, increased $144 million, or 7%, in 2025. Investment Income increased by $148 million with approximately half of the increase resulting from unrealized gains followed by increases in realized gains and interest income due to favorable interest rates and investment market performance compared to the prior year. In addition, increases in gift revenue of $102 million and state appropriations of $29 million were offset by lower other nonoperating revenues, net, of $136 million primarily driven by a decrease of Federal Emergency Management Agency (FEMA) revenue of $189 million.

Change in Accounting Standards

On July 1, 2024, the University adopted GASB Statement No. 101, "*Compensated Absences*". This Statement updates the recognition and measurement guidance for compensated absences. It requires that liabilities for compensated absences be recognized for leave that has not been used and leave that has been used but not yet paid in cash or settled through noncash means. As a result of adopting this statement, the University restated its net position as of July 1, 2023 by $96 million for the cumulative effect of change in accounting principle. The Statements of Net Position, Statements of Revenues, Expenses, and Changes in Net Position, and the Statements of Cash Flows for fiscal year 2024 have been restated to conform with the requirements of this Statement and the current year presentation.

Changes in Reporting

Valley Medical Center (VMC) affiliated with UW Medicine through a Strategic Alliance Agreement (SAA) and since 2011 was presented as a discretely presented component unit in the University's financial statements. In December 2024, VMC Board of Commissioners decided not to continue with the SAA with UW Medicine, and the parties began mutually unwinding the alliance, including certain controlling factors. Given the unwinding began mid-fiscal year 2025, VMC is no longer reported as a discretely presented component of the University as of July 1, 2024. VMC's Statements of Net Position and Statements of Revenues, Expenses and Changes in Net Position are presented as part of the discrete component units column on the financial statements of the University in fiscal year 2024 only.

Using the Financial Statements

The University's financial statements are prepared in accordance with GASB principles, which establish standards for external financial reporting for public colleges and universities. GASB standards require that financial statements be presented for the University as a whole. These financial statements include the following components:

- Independent Auditors' Report presents an unmodified opinion prepared by the University's auditors, KPMG LLP.
- Statements of Net Position present the assets and deferred outflows of resources, liabilities and deferred inflows of resources, and net position of the University at a point in time (June 30, 2025 and 2024). Its purpose is to present a financial snapshot of the University. This statement aids the reader in determining the assets available to continue the University's operations, how much the University owes to employees and vendors, whether the University has any deferred outflows or inflows other than assets or liabilities, and provides a picture of net position and its availability for expenditure by the University.
- Statements of Revenues, Expenses and Changes in Net Position present the total revenues earned and expenses incurred by the University for operating, nonoperating and other related activities, during a period of time (the fiscal years ended June 30, 2025 and 2024). Its purpose is to assess the University's operating and nonoperating activities.
- Statements of Cash Flows present cash receipts and payments of the University during a period of time (the fiscal years ended June 30, 2025 and 2024). Its purpose is to assess the University's ability to generate net cash flows and meet its obligations as they come due.
- Statements of Fiduciary Net Position presents the assets and deferred outflows of resources, liabilities and deferred inflows of resources, and fiduciary net position of the University's custodial funds at a point in time (June 30, 2025 and 2024).
- Statements of Changes in Fiduciary Net Position present the additions and deductions from the University's custodial funds during a period of time (the fiscal years ended June 30, 2025 and 2024).
- Notes to the Financial Statements present additional information to support the financial statements. Their purpose is to clarify and expand on the information in the financial statements. Notes are referenced in this discussion to indicate where details of the financial highlights may be found.
- The University's discretely presented component units' financial statements are reported in a separate column for financial statement presentation purposes (see note 1 to the financial statements).

The analysis that follows includes the combined balances of the University of Washington and its blended component units, but excludes the financial position and results of operations of Fred Hutchinson Cancer Center (FHCC) and VMC, which are discretely presented component units.

Financial Health

STATEMENTS OF NET POSITION

A summarized comparison of the University's assets, liabilities, deferrals and net position as of June 30, 2025, 2024 and 2023 is shown below:

Summarized Statements of Net Position

(in millions)	2025	2024	2023
Current assets	$ 3,483	$ 3,062	$ 3,092
Noncurrent assets:			
Capital assets, net	6,528	6,282	6,186
Investments, net of current portion	8,197	7,722	6,653
Other	1,342	1,423	1,386
Total assets	19,550	18,489	17,317
Deferred outflows	1,037	967	1,030
Total assets and deferred outflows	20,587	19,456	18,347
Current liabilities	1,709	1,728	1,647
Noncurrent liabilities:			
Bonds payable	2,311	2,382	2,289
Pensions and OPEB	1,541	1,647	1,662
Other	1,482	1,279	1,270
Total liabilities	7,043	7,036	6,868
Deferred inflows	1,877	2,098	2,232
Total liabilities and deferred inflows	8,920	9,134	9,100
Net position	**$ 11,668**	**$ 10,322**	**$ 9,248**

Current assets include those that may be used to support current operations, and consist primarily of cash and cash equivalents, short-term investments and accounts receivable. Current liabilities generally are due and payable over the course of the following fiscal year, and include accounts payable, accrued compensation and other accrued liabilities, unearned revenues, and the current portion of long-term liabilities such as debt. The excess of current assets over current liabilities of $1,774 million in 2025, and $1,237 million in 2024, reflects the continuing ability of the University to meet its short-term obligations.

Current assets increased $421 million, or 14%, in 2025, primarily due to a $243 million rise in accounts receivable, net of allowance. This increase was driven by $127 million investment receivable pending settlement and a $45 million growth in patient services receivables, which rose in line with higher patient services revenue. Additionally, short-term investments increased $214 million to better capture current yield and ensure liquidity positioning to address federal funding volatility.

Current assets decreased $30 million, or 1%, in 2024, driven by a $196 million decrease in short-term investments due to realigning the fixed income account from short term to the intermediate term pool, resulting in lower daily operating liquidity compared to prior year. Offsetting this decrease were increases in accounts receivable, net of allowances, at $82 million, mainly due to patient service volumes, an increase in cash and cash equivalents balance of $47 million due to timing of payments, and increases in other current assets of $38 million.

Current liabilities declined $19 million, or 1%, in 2025, primarily driven by a $31 million reduction in accounts payable. This decrease reflects lower outstanding balances due to timing of payments accross reporting periods.

Current liabilities increased $81 million, or 5%, in 2024, mainly due to higher accounts payable of $283 million. An increase in payment processing during the final months of fiscal year 2023 in preparation for the implementation of the new Workday enterprise resource planning (ERP) system lowered accounts payable at the end of 2023. A decrease in other current liabilities offsets the increase to accounts payable of $162 million resulting from the retirement of commercial paper lines of credit.

Noncurrent assets increased $640 million, or 4%, in 2025 mainly due to an increase in noncurrent investments of $476 million. The growth is driven by higher unrealized gains. Capital assets, net of allowance, contributed $246 million to the increase in noncurrent assets.

Noncurrent assets increased $1,202 million, or 8%, in 2024 mainly driven by an increase in noncurrent investments of $1,069 million. The growth is driven by higher unrealized gains along with realigning the fixed income account from short term to the intermediate term pool in the invested funds.

Noncurrent liabilities increased $26 million in 2025 driven by an increase in long-term liabilities of $126 million, mainly due to building and ground leasing activity. Offsetting were decreases in pension liabilities of $85 million and other post-employment benefits (OPEB) liability of $21 million. Decreasing pension liabilities are the result of higher investment earnings within the plan. OPEB liability decreased from a higher discount rate and favorable healthcare trends that are utilized in determining the liability.

Noncurrent liabilities increased $87 million, or 2%, in 2024 driven by an increase in long-term bonds payable of $93 million, and other post-employment benefits liability of $31 million, offset by a decrease in pension liabilities of $46 million. The increase in bonds payable reflects the new General Revenue Bonds (GRB) bonds issued in fiscal year 2024.

Deferred outflows of resources and deferred inflows of resources primarily represent pension and OPEB related deferrals, lease-related deferrals, subscription-related deferrals, and the University's remainder interest in split-interest agreements.

The increase in deferred outflows of $70 million, or 7%, in 2025 is driven by a $151 million increase in the pension deferred outflows from higher than anticipated salary growth. Offsetting were decreases by the University of Washington Supplemental Retirement Plan (UWSRP) by $54 million due to better than expected investment returns and from OPEB by $26 million attributed to the annual amortization which reduces the deferred outflows.

The decrease in deferred outflows of $63 million, or 6%, in 2024 is mainly related to pensions and OPEB driven by amortization of the deferred outflows and the decrease of the University's proportionate share of OPEB. This is partially offset by an increase of UWSRP post-measurement date contributions, recognized for the first time this year due to the change of measurement date. (see Note 10 to the financial statements).

Deferred inflows decreased by $221 million, or 11%, in 2025. The pension plans administered by the Washington State Department of Retirement Systems (DRS) were lower by $80 million, UWSRP was lower by $80 million and OPEB decreased by $53 million. Higher net investments earnings within the DRS and UWSRP plans lowered the deferred inflows. Change in assumptions lowered the OPEB deferred inflows.

Deferred inflows decreased by $134 million, or 6%, in 2024, driven by a $184 million decrease to the pension plans administered by the DRS, which report results on a one-year lag. The difference between projected and actual investment earnings on pension plan investments contributed to the decrease in deferred inflows due to lower investment earnings during the fiscal year 2023 measurement period. Additionally, the deferred inflows for OPEB decreased by $139 million, primarily driven by a change of assumptions. The decrease was partially offset by $139 million increase in the deferred inflows recorded from two new ground leases (Nordheim Court and Radford Court), and $31 million from unamortized gain on refinancing in fiscal year 2024.

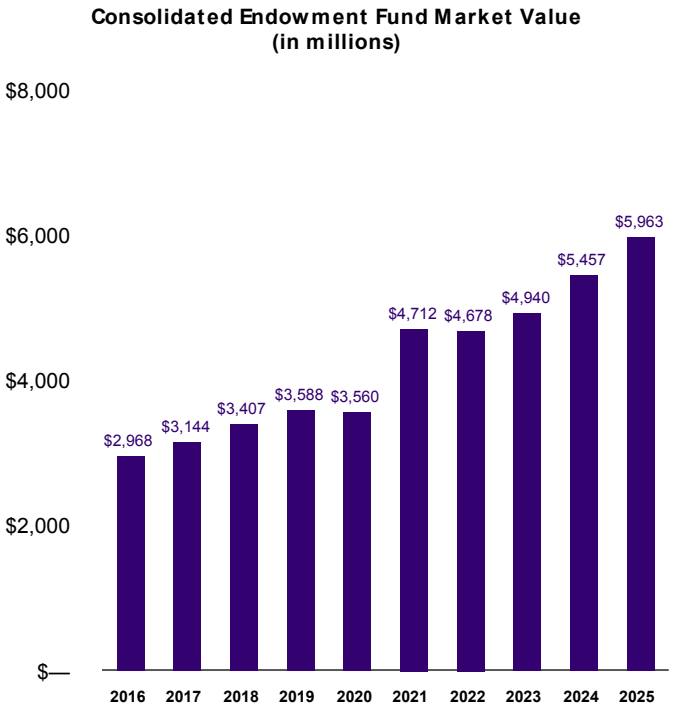
Endowment and Other Investments

Investment returns provide an important source of revenue for the University's programs. Among the funds invested by the University are endowments, operating reserves, life income trusts, annuities and gifts.

The University of Washington Board of Regents is vested by statute with responsibility for the University's properties and investments, and for establishing investment policy. The University of Washington Investment Management Company (UWINCO), is the investment office for the University, operating as a self-sustaining unit of the University. It is led by the Chief Investment Officer who carries out the day-to-day activities of the investment portfolios. The University of Washington Investment Management Company Board ("UWINCO Board") consists of both Board of Regents' members and external investment professionals who advise UWINCO, the President and the Board of Regents.

Endowed gifts supply permanent capital and an ongoing stream of current earnings to the University. Most endowments are commingled in the Consolidated Endowment Fund (CEF), a diversified investment fund. Similar to a mutual fund, each individual endowment maintains a separate identity and owns units in the fund.

The CEF has experienced considerable growth over the past decade due to endowment gifts and investment returns. The number of individual endowments in the CEF has grown significantly, from 4,506 at June 30, 2016 to 5,924 at June 30, 2025. The fair value of the CEF has similarly increased, from $3.0 billion at June 30, 2016 to $6.0 billion at June 30, 2025.



The CEF Investment Policy's spending rate distributes quarterly to programs based on an annual percentage rate of 3.6%, applied to the five-year rolling average of the CEF's fair value. Additionally, the CEF Investment Policy allows for an administrative fee of 0.9% supporting campus-wide fundraising and stewardship activities and offsetting the internal cost of managing endowment assets. Effective fiscal year 2027, total CEF spending will increase from 4.5% to 4.75%. Campus distributions will rise from 3.6% to 4.0% and administrative fees will be lowered from 0.90% to 0.75%, in a phased, multi-year approach.

For the fiscal year ended June 30, 2025, the CEF returned +12.4% versus +13.2% for the passive benchmark. While overall relative performance lagged, the CEF had positive absolute and relative performance in fiscal year 2025 across all portfolio strategies. Similar to fiscal year 2024, there was considerable variance in fiscal year 2025 with public equity markets significantly outperforming private market strategies, leading to the CEF's relative underperformance. US markets continued to be led by a small number of large-cap technology stocks. While the US showed continued strength, non-US stocks finally outperformed, and the portfolio's geographic diversity helped in fiscal year 2025. Consistent with the broader market, the CEF's developed markets strategy drove overall CEF fiscal year 2025 performance. Capital preservation outperformed as well with the CEF's absolute return strategy posting strong returns.

A portion of the University's operating funds are invested in the CEF. As of June 30, 2025, these funds comprise $1,223 million of the CEF fair value.

Capital Improvements

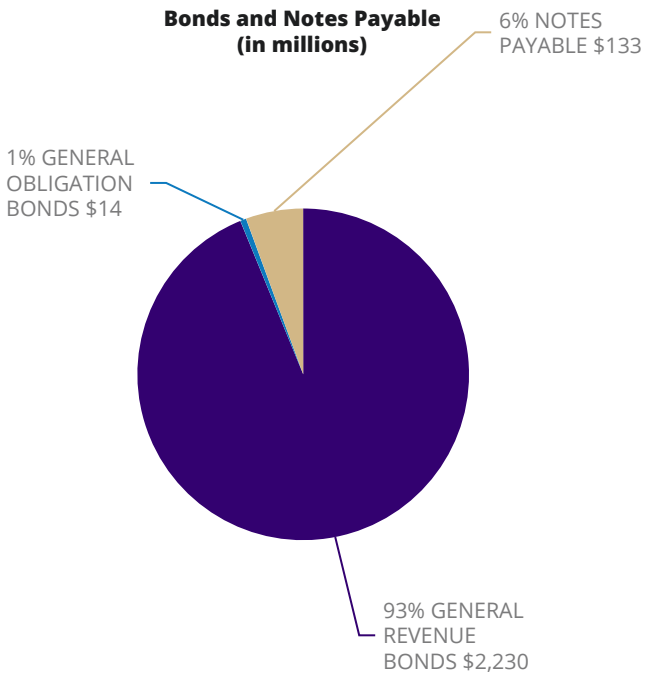
The University continues to invest in its campuses, information technology and renovation of existing facilities to meet the needs of its students, patients, faculty and staff. Significant capital asset expenditures (greater than $20 million) during fiscal year 2025 included $40 million for Haggett Hall restoration, $32 million for Intercollegiate Athletics Basketball Training Facility, $29 million for Magnuson Health Sciences Center renovation and $23 million for Anderson Hall restoration.

See note 6 for additional information regarding capital asset activity.

Debt

The Board of Regents approves the University's Debt Management Policy, which governs the type and amount of debt the University may incur. The policy is designed to maintain access to capital markets and to minimize the cost of capital.

The University's debt portfolio consists primarily of fixed-rate debt in the form of General Revenue Bonds and state-issued General Obligation Bonds. As of June 30, 2025, the University had $2.4 billion of bonds and notes payable outstanding excluding bond premiums, a decrease of 3.3% from June 30, 2024.



In March of 2025, the University issued $245 million of tax-exempt General Revenue and Refunding Bonds, 2025A with an all-in true interest cost of 3.51%. Proceeds will be used to fund UW Medicine small works projects, Montlake Campus Membrane Repair project, Digestive Health Clinic and Endoscopy Center, UW Medical Center (UWMC) Northwest Campus A-Wing project and other approved capital projects. The 2025A bonds also refunded for debt service savings the General Revenue Refunding Bonds, 2015B, the University's lease obligation with respect to the Washington Economic Development Finance Authority Lease Revenue Refunding Bonds, Series 2013 (Washington Biomedical Research Properties I) and the University's lease obligation with respect to the Washington Economic Development Finance Authority Lease Revenue Refunding Bonds, Series 2014A (Washington Biomedical Research Properties II).

Also in March of 2025, the University issued $53 million of General Revenue Refunding Bonds, 2025B with an all-in true interest cost of 3.13%. The 2025B bonds refunded for debt service savings the General Revenue Refunding Bonds, 2009B Taxable (Build America Bonds).

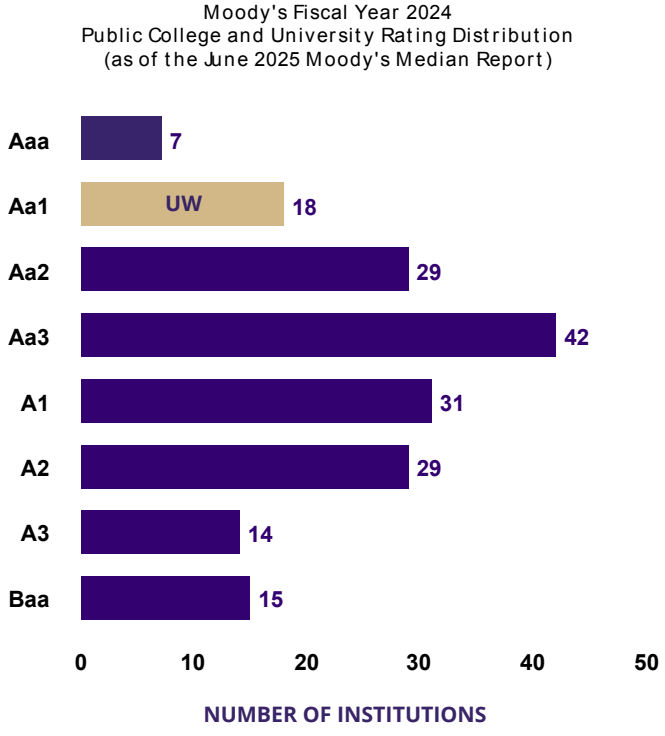
In April of 2025 the University issued $61 million of General Revenue Refunding Bonds, 2025C, with an all-in true interest cost of 3.50%. The 2025C bonds refunded for debt service savings the General Revenue Bonds, 2010B Taxable (Build America Bonds) and the University's lease obligation with respect to the Washington Biomedical Research Properties 3.2 Lease Revenue Bonds, Series 2015A.

As of June 30, 2025, the University had a $250 million commercial paper program, with no commercial paper outstanding at fiscal year-end. Commercial paper is typically used to fund project expenditures until long-term funding is secured. In September of 2025, the University increased the size of the commercial paper program to $750 million.

As of June 30, 2025, the University had a $100 million line of credit to provide general institutional liquidity. The line of credit was undrawn at the fiscal year end and expires on September 30, 2027.

As of June 30, 2025, the University had a $40 million non-revolving line of credit for the funding of short-term assets (FAST) under the 2023 Master Financing Agreement. The outstanding balance on the 2023 Master Financing Agreement and prior master financing agreements was $20.5 million as of June 30, 2025. Each new master financing agreement replaces the prior agreement, however, draws on the prior master financing agreements remain outstanding until paid under the terms of that agreement.

During fiscal year 2025, Moody's downgraded the University's credit rating to Aa1 (stable) from Aaa (negative outlook) and Standard & Poor's reaffirmed the University's credit rating of AA+ (stable outlook). The University's short-term credit ratings were also affirmed at P-1 (Moody's) and A-1+ (Standard & Poor's). In August of 2025, Moody's and S&P reaffirmed the University's short-term credit ratings in relation to the expansion of the commercial paper program.



Each Fall, the Board of Regents typically adopts resolutions that authorize the issuance of long-term debt for various Board approved projects and refinancing opportunities. For the 12-month period ending on September 30, 2026, the Board approved the issuance of up to $125 million in debt for new money projects. Any additional increase, other than debt issued to achieve debt service savings and/or to remarket a put or term bond, would require additional approval by the Board.

See notes 7 and 8 for additional information regarding debt and other long-term liabilities.

Net Position

The difference between total assets and deferred outflows, and total liabilities and deferred inflows, is referred to as net position or "equity". Over time, the change in net position is one indicator of the improvement or decline in the University's overall financial health when considered with nonfinancial factors such as enrollment, research completed awards, patient levels, and the condition of facilities.

The University reports its "equity" in four categories:

- Net Investment in Capital Assets – This is the University's total investment in capital assets, net of accumulated depreciation and amortization and outstanding debt obligations related to those capital assets.
- Restricted Net Position:
  - Nonexpendable net position, primarily endowments, represents gifts to the University's permanent endowment funds. These are funds on which the donor or other external party has imposed the restriction that the corpus is not available for expenditure, but rather for investment purposes only, in order to produce income that is to be expended for the purposes specified.
  - Expendable net position consists of resources that the University is legally or contractually obligated to spend in accordance with time or purpose restrictions placed by donors and/or other external parties, and includes the net appreciation of permanent endowments.
- Unrestricted Net Position – This is all other funds available to the University for any purpose associated with its mission. Unrestricted net position is not subject to externally imposed stipulations, but often is internally designated for specific purposes.

The University's net position at June 30, 2025, 2024 and 2023 is summarized as follows:

Categories of Net Position

(in millions)	2025	2024	2023
Net investment in capital assets	$ 3,205	$ 3,060	$ 2,908
Restricted:			
Nonexpendable	2,533	2,366	2,206
Expendable	3,931	3,446	3,091
Unrestricted	1,999	1,450	1,043
Total net position	**$ 11,668**	**$ 10,322**	**$ 9,248**

Net investment in capital assets increased $145 million, or 5%, in 2025 and $152 million in 2024. The current year change is driven by increasing capital assets at $246 million offset by higher capital related debt at $95 million. In fiscal year 2024, the change is the result of increase in capital assets at $96 million, and lower capital related debt at $90 million, offset by the change in deferred outflows from a gain on refunding debt at $33 million.

Restricted nonexpendable net position increased $167 million, or 7%, in 2025 mainly due to $131 million in new endowment gifts, $9 million increase in the fair value of investments underlying the University's split-interest agreements and $3 million due to the increase in the fair value of the University's investments managed by the Washington State Investment Board (WSIB). In fiscal year 2024, this category of net position increased $160 million primarily from the receipt of $111 million of new endowment gifts. Additionally, there was a $13 million increase in the fair value of investments underlying split-interest agreements and $4 million increase in the fair value of the University's investments managed by WSIB.

Restricted expendable net position increased $485 million, or 14%, in 2025 driven by $577 million increase in investment income, $256 million in gifts and $72 million of Pell grants. Offsetting were scholarships at $267 million and other expenses totaling $171 million. This category of net position increased $355 million in 2024 primarily due to new operating and capital gifts of $213 million.

Unrestricted net position increased $549 million, or 38%, in 2025. State operating and capital appropriations of $711 million and investment income on unrestricted investments of $253 million contributed to the increase in unrestricted net position. This was offset by $347 million in operating losses and $101 million in interest on capital asset related debt. In fiscal year 2024, this category of net position increased $407 million. State operating and capital appropriations contributed $682 million and unrestricted investments contributed $273 million of investment income. These amounts were offset by $305 million of operating losses and $105 million of interest on capital asset-related debt.

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

The Statements of Revenues, Expenses and Changes in Net Position present the University's results of operations and nonoperating items that result in the changes in net position for the year. In accordance with GASB reporting principles, revenues and expenses are classified as either operating or nonoperating. Certain significant revenues budgeted for fundamental operational support of the core missions of the University must be recorded as nonoperating revenue, including state appropriations, private gifts, and investment income. As a result, it is anticipated that the Statements of Revenues, Expenses and Changes in Net Position will consistently report an operating loss for GASB financial reporting purposes.

A condensed comparison of the University's revenues, expenses and changes in net position for the years ended June 30, 2025, 2024 and 2023 follows:

Operating Results

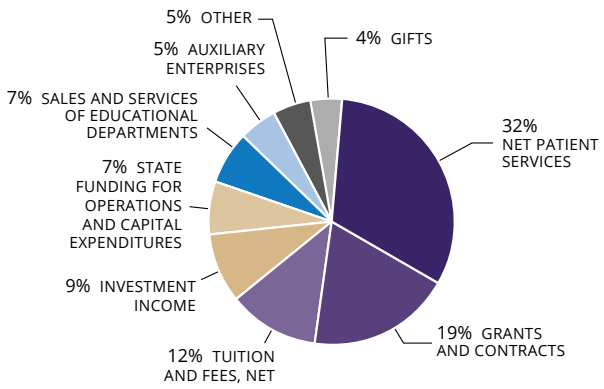
(in millions)	2025	2024	2023
Net patient services	$ 3,335	$ 3,046	$ 2,564
Tuition and fees, net	1,203	1,174	1,158
Grants and contracts	1,935	1,694	1,865
Other operating revenues	1,662	1,544	1,514
Total operating revenues	8,135	7,458	7,101
Salaries and benefits	5,535	5,143	4,663
Other operating Expenses	3,398	3,338	3,306
Operating loss	**(798)**	**(1,022)**	**(868)**
State appropriations	711	682	733
Gifts	419	317	355
Investment income	912	764	438
Other nonoperating revenues	203	342	347
Interest on capital asset-related debt	(101)	(105)	(111)
Increase in net position	**$ 1,346**	**$ 978**	**$ 894**

(a) Certain amounts in the 2024 and 2023 financial statement amounts have been reclassified for comparative purposes to conform to the presentation of the 2025 amounts.

The University's operating loss decreased to $798 million in 2025, from $1,022 million in 2024. Operating revenues increased by $676 million, or 9%, in 2025 while operating expenses grew by $452 million, or 5%, decreasing this year's operating loss by $224 million, or 22%.

State appropriations are shown as nonoperating revenue, but are primarily used to fund core University operations. If state appropriations were classified as operating revenue, the University would have reported a net operating loss of $87 million in 2025, compared to a net operating loss of $341 million in 2024. The University has a diversified revenue base. No single source generated more than 32% of the total fiscal year 2025 revenues (operating and nonoperating) of $10.4 billion.

Sources of Funds



The following table summarizes operating and nonoperating revenues from all sources for the years ended June 30, 2025, 2024 and 2023:

Revenues from All Sources

(in millions)	2025		2024		2023	
Net patient services	$ 3,335	32%	$ 3,046	32%	$ 2,564	29%
Grants and contracts	2,007	19%	1,747	18%	1,925	21%
Tuition and fees, net	1,203	12%	1,174	12%	1,158	13%
Investment income	912	9%	764	8%	438	5%
State funding for operations	621	6%	604	6%	532	6%
Auxiliary enterprises	566	5%	569	6%	523	6%
Sales and services of educational departments	701	7%	534	6%	662	7%
Gifts	419	4%	317	3%	355	4%
State funding for capital projects	90	1%	77	1%	201	2%
Other	523	5%	731	8%	614	7%
Total revenue - all sources	**$ 10,377**	**100%**	**$ 9,563**	**100%**	**$ 8,972**	**100%**

Patient Services–UW Medicine

The financial statements of the University include the operations of the School of Medicine (SOM), one medical center in 2025 and two medical centers in prior years, an associated physician practice group, 14 free standing clinics, an emergency air transport service and the University's share of two joint ventures. These entities, together with Harborview Medical Center (not included in the University's financial statements – see note 15) and shared services providing IT, accounting, financial services and human resources, comprise UW Medicine. UW Medicine is governed and administered as an enterprise of the University whose mission is to improve the health of the public. UW Medicine advances this mission through work in patient care, medical education of physicians and other healthcare providers, and research.

Patient care activities included in the University's financial statements include:

UW Medical Center (UWMC) is a 910-bed hospital located on two campuses that provides comprehensive healthcare services to the Puget Sound community and patients from throughout the Pacific Northwest and beyond. UWMC also serves as the major clinical, teaching and research site for students and faculty in Health Sciences at the University. More than 31,000 patients receive inpatient care at UWMC each year. Specialized inpatient care needs are met through a joint cancer program with FHCC, the Regional Heart Center, the Neonatal Intensive Care Unit and the Organ Transplantation program, among others. In fiscal year 2024, UWMC opened the Center for Behavioral Health and Learning on UWMC's Northwest campus. This new Center will serve the dual purpose of treating patients with behavioral health needs and training an integrated behavioral health workforce.

Valley Medical Center (VMC) is a 341-bed acute care hospital and network of clinics that treats more than 17,000 inpatients per year, and is the oldest and largest public hospital district in the state of Washington. In December 2024, VMC decided not to renew the strategic alliance with UW Medicine, and the parties began mutually unwinding the alliance, including certain controlling factors. Given the unwinding began mid-fiscal year 2025, VMC is no longer a discretely presented component of the University as of July 1, 2024. VMC's Statements of Net Position and Statements of Revenues, Expenses and Changes in Net Position are presented as part of the discrete component units column on the financial statements of the University in fiscal year 2024.

Fred Hutchinson Cancer Center (FHCC) is a nonprofit organization focused on adult oncology research and care that is clinically integrated with UWMC. FHCC was formed in 2022 from the merger of Seattle Cancer Care Alliance and Fred Hutchinson Cancer Research Center, together with execution of the Restructuring and Enhanced Collaboration Agreement between the University and FHCC. FHCC's Statements of Net Position and Statements of Revenues, Expenses and Changes in Net Position are presented as part of the discrete component units column on the financial statements of the University.

UW Medicine Primary Care is a network of clinics with 14 neighborhood locations and one virtual clinic throughout the greater Puget Sound area, providing primary, urgent and selected specialty care with a staff of 216 healthcare providers.

UW Physicians (UWP) is the physician practice group for more than 3,200 faculty physicians and healthcare providers associated with UW Medicine.

Airlift Northwest provides rapid emergency air transport services to critically ill or injured patients throughout Washington, Alaska, Oregon, Montana and Idaho.

Joint Ventures - The University is currently a participant in two joint ventures: Children's University Medical Group and Embright, LLC. The University's share of these activities is reflected in the University's financial statements.

UW Medicine Shared Services is comprised of a number of functions within the University, established for the purpose of providing scalable administrative and information technology (IT) support services for UW Medicine. These functions include UW Medicine IT Services (ITS), UW Medicine Revenue Cycle, UW Medicine Finance and Accounting, UW Medicine Supply Chain, and UW Medicine Contracting and Payer Relations.

In combination, these organizations (not including VMC or FHCC) contributed $3.3 billion in net patient service revenue in fiscal year 2025, compared with $3.0 billion in fiscal year 2024, an increase of $289 million, or 9%, primarily due to strong volumes, and a full year of the inpatient directed payment program, which was a new program managed by the Washington State Health Care Authority effective January 1, 2024. UWMC generated 77% of net patient service revenue in 2025 and 76% in 2024. UWMC admissions were 31,292 in 2025 compared with 30,119 in 2024, an increase in admissions of 4%.

Grant and Contract Revenue

One of the largest sources of revenue continues to be grants and contracts at 19%. Grant and contract revenue is received from federal sponsors, which is the largest component, and also from state, local and nongovernmental sources. Total grant and contract revenue increased $241 million in 2025, compared to a decrease of $171 million in 2024.

Grant and contract revenue is earned when direct expenditures (such as researchers' compensation or purchases of good and services) are made; therefore, there is little effect on the University's operating margin as a results of this direct expense reimbursement process.

Federal grant and contract revenue increased $191 million, or 16%, in 2025. This reflects a broad spending increase across awards from the National Science Foundation (NSF), Department of Defense (DOD), Department of Health and Human Services (DHHS), and Department of Commerce (DOC). Notably, funding from the NSF and the DOD saw a $40 million increase in revenue, driven by maritime research initiatives focused on oceanography, coastal resilience, marine ecosystems, and naval engineering. Grants from several agencies within the DHHS contributed a total increase of $50 million in funding, primarily supporting research focused on aging, infectious diseases, and public health innovation. UW remains at the forefront of research and innovation, leveraging federal support to advance discovery across disciplines. In fiscal year 2024, federal grant and contract revenue decreased $122 million. This decrease was anticipated, particularly in COVID Disaster

Relief funds, which saw a reduction of approximately $36 million across federal awards, including several clinical trial subcontracts from the National Institutes of Health (NIH). Additionally, awards sponsored by the Center for Disease Control related to the Global AIDS program either ended or reduced activity, resulting in a $29 million revenue decrease.

State and local grant and contract revenue increased $18 million, or 11%, in 2025. This growth was driven primarily by a $14 million increase in funding from the Washington College Grant, which continued to serve as a reliable source of financial support for students across the state. In fiscal year 2024, this revenue category decreased $5 million due in part to a $3 million reduction from several Washington state agencies.

Nongovernmental grant and contract revenue increased $33 million, or 10%, in 2025. This increase was driven in part by FHCC research grants and personnel agreements along with staff assignment contracts with Seattle Children's Hospital.

Nongovernment grant and contract revenue decreased $4 million in 2024. This decline includes an $18 million reduction in activity related to an HIV prevention project funded by the Gates Foundation. Additionally, there was a broad reduction in revenue across the awards FHCC issued to the University totaling $4 million.

Facility and administrative expenses necessary to support grants and contracts are partially reimbursed by sponsors, along with direct costs, by an indirect cost recovery. The 2025 and 2024 indirect cost recovery rates for research grants was approximately 27 cents and 31 cents, respectively, on every direct expenditure dollar.

Primary Nongrant Funding Sources

The University relies primarily on student tuition and fees and state appropriations as revenue sources to support its non-grant funded educational operating expenses.

Noncapital state appropriations are considered nonoperating revenue under GASB principles, and are reflected in the nonoperating section of the Statements of Revenues, Expenses and Changes in Net Position; however, they are used solely to fund operating activities.

Revenues from tuition and fees, net of scholarship allowances, increased $29 million in 2025 compared to an increase of $16 million in 2024. This increase was partially due to the state allowing a 3.3% operating fee increase in resident undergraduate tuition during the year. Nonresident undergraduate operating fees also increased 3.3%, while tuition-based graduate and professional program rates increased 0-5.5%. Most fee-based program rates increased 0-5.6% in 2024.

Revenue growth was also partly due to modest increases in student enrollment. Full-time equivalent (FTE) enrollment in 2025 in undergraduate tuition and fee-based programs increased by 3.3% in the resident student category, while nonresident student enrollment decreased by 4.0%.

Gifts, Endowments and Investment Revenues

Net investment income for the years ended June 30, 2025, 2024 and 2023 consisted of the following:

Net Investment Income

(in millions)	2025	2024	2023
Interest and dividends, net	$ 162	$ 147	$ 86
Realized gains	216	167	113
Unrealized gains	534	450	238
Net investment income	**$ 912**	**$ 764**	**$ 437**

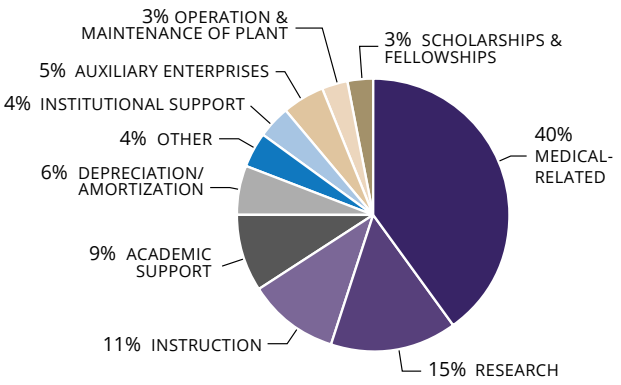
Net investment income increased $148 million, or 19%, in 2025. Returns on the CEF were +12.4% in 2025 and +11.3% in fiscal year 2024.

Gifts are a key and necessary source of support for a variety of purposes, including current operating activities. Gifts support scholarships and research, capital improvements, and are used to fund permanent endowments for various academic and research purposes. Overall, gifts grew in 2025 by $102 million with current use gifts increasing by $51 million, contributions to permanent endowments by $34 million and capital gifts by $16 million. In 2024, total gifts were lower by $38 million mainly within capital gifts.

Expenses

Two primary functions of the University, instruction and research, comprised 26% of total operating expenses in 2025. These dollars provided instruction to over 62,000 students and funded 2,070 of new awards this fiscal year. Medical-related expenses, such as those pertaining to patient care, continue to be the largest individual component, accounting for 40% of the University's total operating expenses in 2025.

Uses of Funds



A comparative summary of the University's expenses by functional classification (purpose for which the costs are incurred) for the years ended June 30, 2025, 2024 and 2023 is shown in the table below.

Unaudited – see accompanying notes to financial statements

Operating Expenses by Function

(in millions)	2025		2024		2023 (a)	
INSTRUCTION	$ 990	11%	$1 ,159	14%	$ 1,113	14%
RESEARCH	1,322	15%	1,255	15%	973	12%
PUBLIC SERVICE	289	3%	299	4%	172	2%
ACADEMIC SUPPORT	822	9%	846	10%	811	10%
STUDENT SERVICE	84	1%	45	1%	56	1%
INSTITUTIONAL SUPPORT	362	4%	342	4%	357	4%
OPERATION & MAINTENANCE OF PLANT	277	3%	249	3%	302	4%
SCHOLARSHIPS & FELLOWSHIPS	254	3%	209	2%	194	2%
AUXILIARY ENTERPRISES	453	5%	374	4%	222	3%
MEDICAL-RELATED	3,557	40%	3,196	37%	3,246	41%
DEPRECIATION/ AMORTIZATION	530	6%	507	6%	523	7%
Total operating expenses	**$ 8,933**	**100%**	**$ 8,481**	**100%**	**$ 7,969**	**100%**

(a) Certain amounts in the 2023 financial statement amounts have been reclassified for comparative purposes to conform to the presentation of the 2024 amounts.

Overall, the University's operating expenses increased $452 million, or 5%, in 2025 compared to 2024, which increased $512 million, or 6%. Higher costs were experienced in most expense categories driven by salaries and benefits offset by lower purchased services expense.

In 2025, faculty and staff salaries increased $275 million, or 7%, compared to an increase of $462 million in 2024. Current year increases are attributed to growth in FTEs, partially due to UW Medicine increasing permanent staff hiring resulting from increased volumes, and wage increases.

Benefits expense increased $117 million, or 13% in 2025 and is mainly the result of salary increases and additional FTEs, which drive employer related costs, along with increasing healthcare.

Purchased services decreased $113 million, or 8%, in 2025, driven by lower contract labor associated with research programs due to decreased expenses associated with FEMA grants and medical operations.

In 2024, expense associated with faculty and staff salaries increased $462 million, or 12%, which was attributed to a growth in FTEs as well as wage increases and overall increasing costs due to the competitive labor market. UW Medicine reached historic agreements with its four largest labor union partners in fiscal year 2023, which included incremental pay increases that were the largest UW Medicine had ever negotiated. The pay increases have remained in effect during fiscal year 2024.

Benefits expense increased $19 million, or 2% in 2024. The increase is primarily driven by $81 million higher social security, healthcare and annual sick leave-related expenses from increased base salaries in 2024, offset by lower pension expenses, including $35 million from the plans administrated by the DRS due to stronger investment gains on plan assets, and $48 million from an increase in the discount rate for Other Post Employment Benefits. In fiscal year 2023, the Supplemental Retirement Plan recorded a $40 million expense credit, lowering expense, which did not occur in fiscal year 2024.

Economic Factors That May Affect the Future

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain information provided by the University, including written or oral statements made by its representatives, may contain forward looking statements. All statements, other than statements of historical facts, which address activities, events or developments that the University expects or anticipates will or may occur in the future contain forward-looking information. In reviewing such information, it should be kept in mind that actual results may differ materially from those projected or suggested in such forward-looking information. This forward-looking information is based upon various factors and was derived using various assumptions. The University does not undertake to update forward-looking information contained in this report or elsewhere to reflect actual results, changes in assumptions or changes in other factors affecting such forward-looking information.

STATE OPERATING AND CAPITAL APPROPRIATIONS

The state of Washington, which provided approximately 7% of the University's total revenues in fiscal year 2025, has seen decreasing tax collections and a four-year budget shortfall of over $15 billion. Consequently, the state has scaled back its recent investments in the University's safety net hospitals, as well as science, technology, engineering and math (STEM) enrollments across all three University campuses.

During the 2025 legislative session, the state passed a biennial operating budget, which included a reduction in state funding to the University of 1.5%. Additionally, the state reduced the proportion of funding it provides for the University's salary and benefit costs for state employees. At the same time, the state provided some additional funding for the Center for Behavioral Health & Learning and a modest number of provisos (direct funding allocations with specific conditions such as program expansions or research projects).

The June 2025 revenue forecast revised state revenue projections downward for the current biennium and upcoming 2025-27 biennium. The University will continue to monitor state revenue forecasts as they are periodically released by the Washington State Economic and Revenue Forecast Council.

The University's fiscal year 2026 general operating appropriation from the state (excluding $34 million appropriated for various UW Medicine provisos) currently totals approximately $508 million. This amount is a decrease from approximately $550 million in 2025. This reduction is due in part to the 1.5% reductions in state funds imposed on higher education institutions. It also reflects a large decrease in the state's one-time investment in safety net hospitals.

During the 2015-17 biennium, the state approved a tuition policy that reduced resident undergraduate tuition rates to 5% below the 2015 rates in 2016, and to 15% below the 2015 rates in 2017. The state provided funds to offset the lost tuition revenue in both years. The same tuition policy allowed for future increases tied to a rolling average of median hourly wages in the state according to the Bureau of Labor Statistics (BLS). Under this current policy, the state has allowed resident undergraduate tuition to increase by 2-3.3% in each year. While the legislature can always modify its policy, it has so far chosen to maintain it. Therefore, the University's current expectation is that resident undergraduate tuition increases will continue to be limited to 2-3.3% each year in the near future. The University's Board of Regents continues to have broad tuition and fee setting authority for categories other than resident undergraduate tuition.

State funding for capital appropriations continues to be constrained, but the state's 2025-27 biennial capital budget provided funding for building a new Chemical Sciences Building, which will include an investment to renew Bagley Hall.

FEDERAL AWARDS

The University continues to monitor developments in the dynamic federal policy environment, including executive orders, agency directives, judicial rulings, and newly enacted legislation, to assess potential financial impacts.

In the second half of fiscal year 2025, the University experienced a 24% decline in new federal awards compared to the five-year historical average for the same period. Although the University sustains a diversified federal funding portfolio which helps mitigate the effects of shifting federal priorities, the outlook for future awards remains uncertain and may depend significantly on the final version of the fiscal year 2026 federal budget.

During fiscal year 2025, approximately 105 federal awards were terminated due to shifting federal priorities, resulting in an estimated $40 million reduction in funding over current and future fiscal years as well as cessation of corresponding sponsored research activities. In addition, future changes to the federal facilities and administrative (F&A) rate methodology may affect future funding. In anticipation of future volatility, the University is proactively engaged in efforts to streamline administrative processes to help offset potential reductions in F&A cost recovery.

UW MEDICINE

The healthcare industry, in general, is experiencing higher demand for labor, volatility and uncertainty in the labor market, which has impacted UW Medicine's ability to attract and retain labor and manage operating cost increases associated with the higher labor costs. It is difficult to predict the full impact of the labor market on UW Medicine's future expenses and operations. The imposition of tariffs or new trade policies could impact UW Medicine's cost of supplies and cause disruptions in supply chain.

Cyberattacks, privacy, and security threats and data breaches are becoming increasingly more common and have the potential to impact UW Medicine's patients and its financial position.

On July 4, 2025, H.R.1, also known as the One Big Beautiful Bill Act (OBBBA) was signed into law, bringing significant changes to Medicaid and the Affordable Care Act (ACA) and containing several other health-related provisions. The legislation introduces substantial reductions in directed payment program funding, and will constrict Medicaid coverage. OBBBA is expected to establish additional eligibility requirements for government health plans, expand administrative procedures related to enrollment, modify the mechanisms for state access to federal Medicaid funding, and discontinue the expansion of ACA premium subsidies. These provisions, alongside other potential changes will significantly reduce funding for healthcare agencies and are expected to accelerate a long-term transformation of the healthcare system. While certain changes will take effect as early as next year, UW Medicine anticipates that the more impactful provisions of the bill will not be implemented until 2027 or later. Management cannot predict the level at which the OBBBA will impact UW Medicine's future revenues and operations, however, UW Medicine receives cash from governmental programs and anticipates there will be a substantial impact to revenues and cash flow.

Reimbursement for patient services from federal, state, and private insurance payors continues to be a concern as healthcare costs continue to rise. There is continued downward pressure on average realized payment rates from commercial payor plans and a reduction in the number or percentage of UW Medicine's patients under such plans. UW Medicine participates in the 340B Drug Pricing Program, which is a federal program that requires drug manufacturers provide outpatient drugs to eligible healthcare organizations and covered entities at

significantly reduced prices. In the past several years, many drug manufacturers have reduced the benefits to covered entities through the elimination of access to certain 340B priced drugs in contract pharmacy settings. This led to legal action at the federal level in an attempt to reinstate previous savings, which has not been successful to date.

Health Resources and Services Administration (HRSA) has approved a rebate pilot for 10 drugs selected by Centers for Medicare and Medicaid Services (CMS) as part of the drugs selected for the Inflation Reduction Act (IRA) in 2026 to move from an upfront discount to a rebate model in all sites of care (hospital, retail and contract pharmacies). This rebate model will begin in January 2026 and will continue to be assessed by HRSA to decide whether other drugs will be included in the rebate model. Fallout from the IRA and 340B rebate model will result in loss of contract pharmacy revenue, higher costs and decreased Medicare Part D reimbursement. Due to continued erosion of 340B program, management cannot predict the myriad reductions in revenue coupled with higher costs that will impact UW Medicine.

However, UW Medicine believes that its ultimate success in increasing profitability depends in part on its success in executing on its strategies. In general, these strategies are intended to improve financial performance through the reduction of costs and streamlining how UW Medicine provides clinical care, as well as mitigating the negative reimbursement trends experienced within the market. With a continued focus on patient volumes shifting from inpatient to outpatient settings due to technological advancements, and demand for care that is more convenient, affordable, and accessible as well as industry-wide migration to value-based payment models as governmental and commercial payers shift risk to providers, UW Medicine's focus is on managing costs and care efficiently.



FINANCIAL STATEMENTS & NOTES



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STATEMENTS OF NET POSITION

	UNIVERSITY OF WASHINGTON		DISCRETE COMPONENT UNITS	
	June 30,		June 30,	
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	**2025**	**2024**	**2025**	**2024**
CURRENT ASSETS:				
CASH AND CASH EQUIVALENTS (NOTE 2)	$ 163,127	$ 196,210	$ 197,558	$ 379,772
INVESTMENTS, CURRENT PORTION (NOTE 5)	1,727,642	1,514,113	—	432,863
ACCOUNTS RECEIVABLE (NET OF ALLOWANCE OF $84,248 and $98,168) (NOTE 4)	1,477,668	1,235,013	253,792	338,192
OTHER CURRENT ASSETS	114,628	116,854	58,463	110,492
TOTAL CURRENT ASSETS	3,483,065	3,062,190	509,813	1,261,319
NONCURRENT ASSETS:				
DEPOSIT WITH STATE OF WASHINGTON (NOTE 3)	99,309	101,296	—	—
INVESTMENTS, NET OF CURRENT PORTION (NOTE 5)	8,197,222	7,721,564	1,120,626	812,474
STUDENT LOANS RECEIVABLE (NET OF ALLOWANCE OF $3,078 and $3,081)	37,352	37,600	—	—
OTHER NONCURRENT ASSETS (NOTE 1)	27,709	25,165	620,768	632,646
LEASE RECEIVABLES, NET OF CURRENT PORTION (NOTE 4, 9)	354,339	361,584	—	23,731
NET PENSION ASSETS (NOTE 10)	394,383	468,659	—	—
CAPITAL ASSETS (NET OF ACCUMULATED DEPRECIATION OF $7,498,099 and $7,079,200) (NOTE 6)	6,527,645	6,281,755	1,338,372	1,590,121
INVESTMENT IN FRED HUTCHINSON CANCER CENTER (NOTE 1)	428,827	428,827	—	—
TOTAL NONCURRENT ASSETS	16,066,786	15,426,450	3,079,766	3,058,972
TOTAL ASSETS	19,549,851	18,488,640	3,589,579	4,320,291
DEFERRED OUTFLOWS OF RESOURCES (NOTE 12)	1,037,482	967,413	—	10,689
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	**$ 20,587,333**	**$ 19,456,053**	**$ 3,589,579**	**$ 4,330,980**
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES				
CURRENT LIABILITIES:				
ACCOUNTS PAYABLE	$ 183,815	$ 214,770	$ 178,182	$ 232,076
ACCRUED COMPENSATION & OTHER, CURRENT PORTION	994,570	975,368	156,747	230,391
UNEARNED REVENUES	229,486	234,623	—	—
LONG-TERM LIABILITIES, CURRENT PORTION (NOTES 7, 8)	300,827	302,742	35,829	66,280
TOTAL CURRENT LIABILITIES	1,708,698	1,727,503	370,758	528,747
NONCURRENT LIABILITIES:				
U.S. GOVERNMENT GRANTS REFUNDABLE	23,222	21,461	—	—
ACCRUED COMPENSATION & OTHER, NET OF CURRENT PORTION	65,838	61,867	—	—
LONG-TERM LIABILITIES, NET OF CURRENT PORTION (NOTES 7, 8)	3,703,738	3,578,121	1,667,280	2,022,140
NET PENSION LIABILITIES (NOTE 10)	284,122	369,451	—	—
OTHER POST-EMPLOYMENT BENEFITS (NOTE 11)	1,256,930	1,277,506	—	—
TOTAL NONCURRENT LIABILITIES	5,333,850	5,308,406	1,667,280	2,022,140
TOTAL LIABILITIES	7,042,548	7,035,909	2,038,038	2,550,887
DEFERRED INFLOWS OF RESOURCES (NOTE 12)	1,877,091	2,097,977	—	46,461
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	**8,919,639**	**9,133,886**	**2,038,038**	**2,597,348**
NET POSITION				
NET INVESTMENT IN CAPITAL ASSETS	3,204,693	3,060,366	369,854	245,768
RESTRICTED:				
NONEXPENDABLE	2,533,079	2,365,225	147,233	131,506
EXPENDABLE	3,930,555	3,446,428	614,484	559,444
UNRESTRICTED	1,999,367	1,450,148	419,970	796,914
TOTAL NET POSITION (NOTE 1)	11,667,694	10,322,167	1,551,541	1,733,632
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	**$ 20,587,333**	**$ 19,456,053**	**$ 3,589,579**	**$ 4,330,980**

See accompanying notes to financial statements

Dollars in thousands

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

	UNIVERSITY OF WASHINGTON		DISCRETE COMPONENT UNITS	
	Year ended June 30,		Year ended June 30,	
REVENUES	**2025**	**2024**	**2025**	**2024**
OPERATING REVENUES:				
NET PATIENT SERVICE REVENUES (NET OF PROVISION FOR UNCOLLECTIBLE ACCOUNTS OF $31,306 and $33,481)	$ 3,335,185	$ 3,046,075	$ 1,583,727	$ 2,157,311
STUDENT TUITION AND FEES (NET OF SCHOLARSHIP ALLOWANCE OF $176,217 and $179,112)	1,203,035	1,173,727	—	—
FEDERAL GRANTS AND CONTRACTS	1,380,258	1,189,554	500,242	542,770
STATE AND LOCAL GRANTS AND CONTRACTS	185,004	167,331	—	—
NONGOVERNMENTAL GRANTS AND CONTRACTS	369,720	336,908	—	—
SALES AND SERVICES OF EDUCATIONAL DEPARTMENTS	701,046	533,885	—	—
AUXILIARY ENTERPRISES:				
HOUSING AND FOOD SERVICES	155,821	157,990	—	—
SPORTS PROGRAMS (NET OF SCHOLARSHIP ALLOWANCE OF $9,576 and $10,131)	126,595	132,495	—	—
OTHER AUXILIARY ENTERPRISES	283,837	278,658	—	—
OTHER OPERATING REVENUE	394,285	441,683	267,319	200,827
TOTAL OPERATING REVENUES	**8,134,786**	**7,458,306**	**2,351,288**	**2,900,908**
EXPENSES				
OPERATING EXPENSES (NOTE 14):				
SALARIES	4,486,934	4,212,048	674,804	1,078,744
BENEFITS	1,048,315	931,243	181,447	311,622
SCHOLARSHIPS AND FELLOWSHIPS	254,297	208,881	—	—
UTILITIES	90,961	80,489	—	7,339
SUPPLIES AND MATERIALS	1,047,232	992,463	732,382	708,228
PURCHASED SERVICES	1,236,156	1,349,579	349,450	404,467
DEPRECIATION/AMORTIZATION	529,941	507,400	81,216	129,524
OTHER	239,261	198,922	365,891	368,358
TOTAL OPERATING EXPENSES	**8,933,097**	**8,481,025**	**2,385,190**	**3,008,282**
OPERATING LOSS	**(798,311)**	**(1,022,719)**	**(33,902)**	**(107,374)**
NONOPERATING REVENUES (EXPENSES)				
STATE APPROPRIATIONS	621,216	604,140	—	—
GIFTS	229,797	178,400	—	—
INVESTMENT INCOME (NET OF INVESTMENT EXPENSE OF $8,788 and $8,104)	911,869	763,826	121,822	153,228
INTEREST EXPENSE ON CAPITAL ASSET-RELATED DEBT	(101,065)	(104,687)	(43,500)	(59,805)
PELL GRANT REVENUE	72,356	52,751	—	—
PROPERTY TAX REVENUE	—	—	—	26,144
OTHER NONOPERATING REVENUES	127,759	287,811	—	75,222
NET NONOPERATING REVENUES	**1,861,932**	**1,782,241**	**78,322**	**194,789**
INCOME BEFORE OTHER REVENUES	**1,063,621**	**759,522**	**44,420**	**87,415**
CAPITAL APPROPRIATIONS	90,263	77,378	—	—
CAPITAL GRANTS, GIFTS AND OTHER	52,665	36,835	36,673	25,201
GIFTS TO PERMANENT ENDOWMENTS	138,978	104,609	22,145	11,382
TOTAL OTHER REVENUES	**281,906**	**218,822**	**58,818**	**36,583**
INCREASE IN NET POSITION	**1,345,527**	**978,344**	**103,238**	**123,998**
NET POSITION				
NET POSITION – BEGINNING OF YEAR (NOTE 1)	10,322,167	9,343,823	1,448,303	1,609,634
NET POSITION – END OF YEAR	**$ 11,667,694**	**$ 10,322,167**	**$ 1,551,541**	**$ 1,733,632**

See accompanying notes to financial statements

Dollars in thousands

STATEMENTS OF CASH FLOWS

	UNIVERSITY OF WASHINGTON Year Ended June 30, 2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
PATIENT SERVICES	$ 3,260,654	$ 2,852,044
STUDENT TUITION AND FEES	1,197,994	1,141,672
GRANTS AND CONTRACTS	1,959,765	1,663,345
PAYMENTS TO SUPPLIERS	(1,073,559)	(862,989)
PAYMENTS FOR UTILITIES	(91,166)	(73,863)
PURCHASED SERVICES	(1,248,743)	(1,266,791)
OTHER OPERATING DISBURSEMENTS	(238,752)	(200,377)
PAYMENTS TO EMPLOYEES	(4,462,848)	(4,234,691)
PAYMENTS FOR BENEFITS	(1,345,002)	(1,170,860)
PAYMENTS FOR SCHOLARSHIPS AND FELLOWSHIPS	(254,297)	(208,881)
LOANS ISSUED TO STUDENTS	(6,286)	(7,075)
COLLECTION OF LOANS TO STUDENTS	6,534	8,995
AUXILIARY ENTERPRISE RECEIPTS	573,149	562,016
SALES AND SERVICES OF EDUCATIONAL DEPARTMENTS	684,201	630,305
RECEIPTS FROM OUTSIDE AFFILIATED AGENCIES	1,783,905	1,628,598
DISBURSEMENTS TO OUTSIDE AFFILIATED AGENCIES	(1,864,529)	(1,714,481)
OTHER RECEIPTS	398,477	659,953
NET CASH USED BY OPERATING ACTIVITIES	**(720,503)**	**(593,080)**
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
STATE APPROPRIATIONS	610,663	637,692
GIFTS AND GRANTS FOR OTHER THAN CAPITAL PURPOSES	72,356	52,751
PRIVATE GIFTS	178,677	131,064
PERMANENT ENDOWMENT RECEIPTS	138,978	104,609
DIRECT LENDING RECEIPTS	196,128	210,316
DIRECT LENDING DISBURSEMENTS	(196,128)	(210,316)
FEDERAL FUNDING	37,694	227,095
OTHER	128,007	107,813
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	**1,166,375**	**1,261,024**
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
PROCEEDS FROM CAPITAL DEBT	413,950	566,072
STATE CAPITAL APPROPRIATIONS	90,263	91,942
CAPITAL GRANTS AND GIFTS RECEIVED	52,665	36,835
ACQUISITION AND CONSTRUCTION OF CAPITAL ASSETS	(470,552)	(502,716)
PRINCIPAL PAYMENTS ON CAPITAL-RELATED DEBT AND LEASES	(591,702)	(725,028)
INTEREST PAYMENTS ON CAPITAL-RELATED DEBT AND LEASES	(95,687)	(117,692)
OTHER	5,210	(29,997)
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	**(595,853)**	**(680,584)**

See accompanying notes to financial statements

Dollars in thousands

UNIVERSITY OF WASHINGTON

CASH FLOWS FROM INVESTING ACTIVITIES	Year Ended June 30, 2025	2024
PROCEEDS FROM SALES OF INVESTMENTS	11,152,527	13,979,535
DISBURSEMENTS FOR PURCHASES OF INVESTMENTS	(11,197,719)	(14,067,349)
INVESTMENT INCOME	162,090	147,172
NET CASH PROVIDED BY INVESTING ACTIVITIES	**116,898**	**59,358**
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(33,083)	46,717
CASH AND CASH EQUIVALENTS-BEGINNING OF THE YEAR	196,210	149,493
CASH AND CASH EQUIVALENTS-END OF THE YEAR	**$ 163,127**	**$ 196,210**

RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES		
OPERATING LOSS	$ (798,311)	$ (1,022,719)
ADJUSTMENTS TO RECONCILE OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:		
DEPRECIATION/AMORTIZATION EXPENSE	529,941	507,400
CHANGES IN ASSETS, LIABILITIES AND DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES:		
RECEIVABLES	(142,936)	(214,986)
OTHER ASSETS	(315)	(11,777)
OTHER RECEIVABLES	7,243	12,495
DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES	(294,181)	(65,170)
PENSION ASSETS	74,276	(38,337)
PENSION LIABILITIES	(85,329)	(46,172)
OTHER POST-EMPLOYMENT BENEFITS LIABILITY	(20,576)	31,448
ACCOUNTS PAYABLE	(25,532)	(4,973)
ACCRUED COMPENSATION & OTHER	41,876	255,289
UNEARNED REVENUE	(5,137)	18,455
OTHER LONG-TERM LIABILITIES	(3,530)	(11,097)
U.S. GOVERNMENTAL GRANTS REFUNDABLE	1,760	(4,856)
LOANS TO STUDENTS	248	1,920
NET CASH USED BY OPERATING ACTIVITIES	**$ (720,503)**	**$ (593,080)**

NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES		
STOCK GIFTS	$52,599	$49,155
NET UNREALIZED GAINS	542,968	458,809
EXTERNALLY MANAGED TRUSTS	(8,674)	(9,358)
INCREASE IN LEASES AND SUBSCRIPTION ASSETS	(300,596)	(130,940)
INCREASE IN CAPITAL ASSETS	—	(154,982)
TOTAL NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES	**$ 286,297**	**$ 212,684**

See accompanying notes to financial statements

Dollars in thousands

STATEMENTS OF FIDUCIARY NET POSITION

UNIVERSITY OF WASHINGTON

JUNE 30,

	2025			2024		
	CUSTODIAL FUNDS			CUSTODIAL FUNDS		
	EXTERNAL INVESTMENT POOL	OTHER	TOTAL	EXTERNAL INVESTMENT POOL	OTHER	TOTAL
ASSETS:						
POOLED INVESTMENTS AT FAIR VALUE	$ 77,293	$ —	$ 77,293	$ 75,033	$ —	$ 75,033
OTHER ASSETS	—	1,496	1,496	—	1,576	1,576
TOTAL ASSETS	**$ 77,293**	**$ 1,496**	**$ 78,788**	**$ 75,033**	**$ 1,576**	**$ 76,609**
FIDUCIARY NET POSITION:						
POOL PARTICIPANTS	$ 77,293	$ —	$ 77,293	$ 75,033	$ —	$ 75,033
ORGANIZATIONS AND OTHER GOVERNMENTS	—	1,496	1,496	—	1,576	1,576
TOTAL FIDUCIARY NET POSITION	**$ 77,293**	**$ 1,496**	**$ 78,788**	**$ 75,033**	**$ 1,576**	**$ 76,609**

See accompanying notes to financial statements

Dollars in thousands

STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION

UNIVERSITY OF WASHINGTON

YEAR ENDED JUNE 30,

	2025			2024		
	CUSTODIAL FUNDS			CUSTODIAL FUNDS		
	EXTERNAL INVESTMENT POOL	OTHER	TOTAL	EXTERNAL INVESTMENT POOL	OTHER	TOTAL
ADDITIONS:						
GIFTS	$ 1,661	$ 22,705	$ 24,366	$ 856	$ 17,759	$ 18,615
COLLATERAL RECEIVED AND RELATED ADDITIONS	—	18,659	18,659	—	20,232	20,232
INVESTMENT (LOSSES) EARNINGS:						
CHANGE IN FAIR VALUE	5,070	—	5,070	6,168	—	6,168
INTEREST, DIVIDENDS, AND OTHER	3,062	—	3,062	2,579	—	2,579
TOTAL INVESTMENT EARNINGS	8,132	—	8,132	8,747	—	8,747
LESS INVESTMENT ACTIVITY COSTS	(46)	—	(46)	(53)	—	(53)
NET INVESTMENT EARNINGS	8,086	—	8,086	8,694	—	8,694
MISCELLANEOUS	—	—	—	—	40	40
TOTAL ADDITIONS	**9,747**	**41,364**	**51,111**	**9,550**	**38,031**	**47,581**
DEDUCTIONS:						
BENEFITS PAID TO PARTICIPANTS OR BENEFICIARIES	—	22,716	22,716	—	17,440	17,440
DISTRIBUTION TO POOL PARTICIPANTS	7,487	—	7,487	4,192	—	4,192
COLLATERAL DISBURSED AND RELATED DEDUCTIONS	—	18,729	18,729	—	20,299	20,299
TOTAL DEDUCTIONS	**7,487**	**41,445**	**48,932**	**4,192**	**37,739**	**41,931**
NET INCREASE (DECREASE) IN FIDUCIARY NET POSITION	**2,260**	**(81)**	**2,179**	**5,358**	**292**	**5,650**
FIDUCIARY NET POSITION:						
FIDUCIARY NET POSITION - BEGINNING OF YEAR	75,033	1,576	76,609	69,675	1,284	70,959
FIDUCIARY NET POSITION - END OF YEAR	**$ 77,293**	**$ 1,496**	**$ 78,788**	**$ 75,033**	**$ 1,576**	**$ 76,609**

See accompanying notes to financial statements

Dollars in thousands

NOTE 1:

Summary of Significant Accounting Policies

FINANCIAL REPORTING ENTITY

The University of Washington (University), an agency of the state of Washington, is governed by a 11-member Board of Regents appointed by the governor and confirmed by the state senate.

The financial statements include the individual schools, colleges and departments of the University, the University of Washington Medical Center (UWMC), Portage Bay Insurance (a wholly-owned subsidiary of the University) and certain affiliated operations determined to be a part of the University's financial reporting entity. Affiliated organizations are evaluated for inclusion in the reporting entity as component units based on the significance of their relationship with the University.

Harborview Medical Center (HMC), a component unit of King County, Washington, is a related party to the University, but is not reflected as part of the financial reporting entity (see note 15).

Component units are legally separate organizations for which the University is financially accountable. Financial accountability is demonstrated when one of several conditions exist, such as when the University appoints a voting majority of the organization's board, is able to impose its will on the organization, receives specific financial benefit or incurs specific financial burdens from the organization, or the organization is fiscally dependent on the University. Financial disclosures for these entities are reported in the financial statements of the University in one of two ways: the component units' reported amounts may be blended with amounts reported by the University, or they may be disclosed in a separate column. All component units of the University meet the criteria for blending in accordance with Governmental Accounting Standards Board (GASB) Codification 2600, "Reporting Entity and Component Unit Presentation and Disclosure," except Valley Medical Center (VMC) and Fred Hutchinson Cancer Center. Historically, VMC was reported discretely since it has a separate board of trustees, does not provide services exclusively to the University, and is not a nonprofit corporation of which the University is the sole corporate member. In fiscal year 2025, VMC decided not to renew the strategic alliance with UW Medicine and the parties began mutually unwinding the alliance, including certain controlling factors. Given the unwinding began during fiscal year 2025, VMC is no longer a discretely presented component unit as of July 1, 2024. Fred Hutchinson Cancer Center is reported discretely due to the same factors listed for VMC, and because the University has determined that it would be misleading to exclude due to the level of integration between the organizations.

BLENDED COMPONENT UNITS

The following entities are presented as blended component units of the University.

Medical Entities

The Association of University Physicians dba UW Physicians (UWP)

UWP is a Washington nonprofit corporation formed in 1983 for the exclusive benefit of the University of Washington School of Medicine (SOM) and its programs. UWP employs SOM faculty and bills and collects for their clinical services as an agent for SOM. UWP had operating revenues of $533.5 million and $453.0 million for the years ended June 30, 2025 and 2024, respectively.

UW Physicians Network dba UW Medicine Primary Care (Primary Care)

Primary Care is a Washington nonprofit corporation formed in 1996 exclusively for charitable, scientific and educational purposes for the benefit of SOM, UWP and its affiliated medical centers, HMC and UWMC. It was organized to coordinate and develop patient care in a community clinical setting to enhance the academic environment of SOM by providing additional sites of primary care practice and training for faculty, residents and students. Primary Care had operating revenues of $108.4 million and $96.8 million for the years ended June 30, 2025 and 2024, respectively.

Real Estate Entities

The entities listed below are nonprofit corporations that were formed for the purposes of acquiring and constructing certain real properties for the benefit of the University to help fulfill its educational, medical and scientific research missions. The entities issue tax-exempt and taxable bonds to finance these activities.

- Washington Biomedical Research Properties I
- Washington Biomedical Research Properties II
- Washington Biomedical Research Facilities 3
- Washington Biomedical Research Properties 3.2
- Washington Biomedical Research Properties 3.3

As of June 30, 2025 and 2024, these entities had net capital assets of $240.2 million and $258.3 million, respectively, and long-term debt of $119.1 million and $270.0 million, respectively (see note 8). These amounts are reflected in the University's financial statements.

Prior Period Adjustment. In fiscal year 2025, an accounting error was discovered related to the treatment of facility leases between the University and its real estate blended component units where certain inter-entity lease arrangements were not properly recognized. Upon elimination of inter-entity balances, the error had no net impact on the University's Statements of Net Position or Statements of Revenues, Expenses, and Changes in Net Position. Fiscal year 2024 balances within the condensed combining statements have been adjusted to reflect the corrected lease accounting treatment (see note 16).

Portage Bay Insurance

For medical professional liability, general liability, educator's legal liability including employment practices liability, and automobile liability, the University maintains a program of self-insurance reserves and excess insurance coverage through Portage Bay Insurance (PBI), a wholly-owned subsidiary formed to provide the University with alternative risk financing options. PBI is incorporated as a nonprofit corporation in the state of Hawaii, and retains a Certificate of Authority as a pure captive insurance company. As of June 30, 2025, the University financial statements included PBI self insurance claims-made liabilities of $152.5 million and a provision for incurred but not reported (IBNR) liabilities of $81.7 million totaling $234.2 million. As of June 30, 2024, the University financial statements included PBI self insurance claims-made liabilities of $179.5 million and a provision for IBNR liabilities of $76.0 million totaling $255.5 million.

DISCRETELY PRESENTED COMPONENT UNITS

Valley Medical Center

The University and Public Hospital District No. 1 of King County, a Washington public hospital district dba Valley Medical Center, participated in a Strategic Alliance Agreement. In December 2024, VMC decided not to renew the strategic alliance with UW Medicine, and the parties began mutually unwinding the alliance, including certain controlling factors. Given the unwinding began mid-fiscal year 2025, VMC is no longer a discretely presented component of the University as of July 1, 2024. The audited financial statements of VMC are available by contacting VMC at 400 S. 43rd Street, Renton, Washington 98055 or online at the following address: valleymed.org/about-us/financial-information.

Fred Hutchinson Cancer Center

Fred Hutchinson Cancer Center (FHCC) is a nonprofit organization focused on adult oncology research and care that is clinically integrated with UWMC. FHCC was formed in April 2022 from the merger of Seattle Cancer Care Alliance (SCCA) and Fred Hutchinson Cancer Research Center, together with execution of the Restructuring and Enhanced Collaboration Agreement between the University and FHCC. The audited financial statements of FHCC are available by contacting FHCC at 1100 Fairview Ave N, Seattle, Washington 98109 or online at the following address: https://www.fredhutch.org/en/about/about-the-hutch/accountability-impact/financial-summaries-and-impact-reporting.html.

JOINT VENTURES

The University and Seattle Children's Healthcare System established Children's University Medical Group (CUMG) to assist the organizations in carrying out their pediatric patient care and charitable, educational and scientific missions. CUMG employs SOM faculty physicians, and bills and collects for their services as an agent for SOM. The University's patient services receivable (see note 4) as of June 30, 2025 and 2024 includes amounts due from CUMG of $35.1 million and $29.4 million, respectively.

In June 2018, the Board of Regents authorized the University, through UWMC, to become an equity member in a limited liability company. PNWCIN, LLC dba Embright (Embright) was established in 2019 and is jointly owned by the University, MultiCare Health System and LifePoint Health. As a clinically integrated network in the Pacific Northwest founded by healthcare provider organizations, Embright enables the members to partner together to further the Triple Aim of improving the health (quality) and experience of populations while reducing costs. The Embright network includes 20 hospitals, more than 12,000 providers and over 1,500 clinics. Embright's broad geographical reach assures that patients will have access to the full continuum of care, including preventive, primary, secondary, tertiary, quaternary and post-acute care. Throughout the network, teams are also implementing evidence-based clinical protocols, care pathways, standardized processes and care management services for complex patients. As of June 30, 2025 and 2024, the University's ownership interest in Embright totaled $2.3 million and $2.5 million, respectively. The University's ownership interest in Embright is recorded in other noncurrent assets in the University's Statements of Net Position.

METROPOLITAN TRACT

The University of Washington Metropolitan Tract (Metropolitan Tract), located in downtown Seattle, comprises approximately 11 acres of developed property including office space, retail space, residential apartments, parking, and a luxury hotel. This land was the original site of the University from 1861 until 1895 when the University moved to its present location on Lake Washington. Since the early 1900s, the University has managed the Metropolitan Tract by leasing to third party tenants, and ground leasing to entities responsible for developing and operating new buildings.

Deed restrictions and subsequent Washington State legislation govern the University's authority over the Metropolitan Tract. The original land deeds require that proceeds from a sale of Metropolitan Tract property be used to purchase land and improve or erect buildings. Any remaining funds are to be invested and the income derived is to be used for maintenance of University property. The state legislature enacted further restrictions over the past 160 years requiring legislative approval for the sale of real property on the Metropolitan Tract, and for leases of land or buildings with terms exceeding eighty years. Proceeds from an authorized sale must be deposited in the University's accounts established by the state treasury and used exclusively for construction, maintenance, or alterations to University buildings or debt service related to these activities.

The Metropolitan Tract's assets, liabilities, deferred inflows and net position are shown together with the University on the Statements of Net Position and the Statements of Revenues, Expenses and Changes in Net Position.

BASIS OF ACCOUNTING

The financial statements of the University have been prepared in accordance with GASB, Codification section Co5, "*Colleges and Universities,*" under which the University is considered to be a special-purpose government engaged in business-type activities (BTA). The University presents Management's Discussion and Analysis, Statements of Net Position, Statements of Revenues, Expenses and Changes in Net Position, Statements of Cash Flows, Statements of Fiduciary Net Position, Statements of Changes in Fiduciary Net Position, and Notes to the Financial Statements. The financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting.

Under the accrual basis of accounting, revenue is recognized when earned, and expenses are recorded when an obligation has been incurred. Significant intra-entity transactions are eliminated. The University reports capital assets net of accumulated depreciation and amortization (as applicable), and reports depreciation and amortization expense in the Statements of Revenues, Expenses and Changes in Net Position.

The University reports fiduciary activities as custodial funds as defined by GASB Statement No. 84, *Fiduciary Activities*. Accordingly, the custodial funds are reported in the Statements of Fiduciary Net Position and the Statements of Changes in Fiduciary Net Position. Custodial assets held for three months or less are exempt from the reporting requirements.

On July 1, 2024, the University adopted GASB Statement No. 101, "*Compensated Absences*". This Statement updates the recognition and measurement guidance for compensated absences. It requires that liabilities for compensated absences be recognized for leave that has not been used and leave that has been used but not yet paid in cash or settled through noncash means. As a result of adopting this statement, the University has restated its net position as of July 1, 2023. Below is a reconciliation of total net position as previously reported at June 30, 2023, to the restated net position.

(Dollars in thousands)

Net Position at July 1, 2023, as previously reported	$	9,247,701
Cumulative effect of change in accounting principle - GASB Statement No. 101		96,122
Net Position at July 1, 2023, as restated	$	9,343,823

On July 1, 2025, the University adopted GASB Statement No. 102, "Certain Risk Disclosures." This statement provides users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations and constraints.

ACCOUNTING STANDARDS IMPACTING THE FUTURE

In April 2024, the GASB issued Statement No. 103, "Financial Reporting Model Improvements," which will be effective for the fiscal year ending June 30, 2026. This statement will improve key components of the financial reporting model including management discussion and analysis (MD&A), unusual or infrequent items, presentation of the Proprietary Fund Statements of Revenues, Expenses, and Changes in Fund Net Position, major component unit information and budgetary comparison information. The purpose of the required disclosures will be to enhance the quality of the MD&A analysis of changes from prior years, and comparability of presentation of other sections.

In September 2024, the GASB issued Statement No. 104, "Disclosure of Certain Capital Assets," which will be effective for the fiscal year ending June 30, 2026. This statement requires certain types of capital assets to be disclosed separately by major class of underlying assets in the capital assets note disclosures. These assets include leased assets under GASB No. 87, intangible right-to-use assets under GASB No. 94, subscription assets under GASB No. 96 and other intangible assets. This statement also requires additional disclosures for capital assets held for sale by governments. The requirements of this statement should be applied retroactively to all periods presented in the basic financial statements.

USE OF ESTIMATES

The preparation of financial statements in conformity with U.S. Generally Accepted Accounting Principles involves management estimates that affect the reported amounts of assets, liabilities, deferrals, revenues and expenses during the reporting period. Actual results could differ from those estimates; however, the University believes that allowances, reserves and estimates of expected liabilities are adequate.

The University estimates the pollution remediation liability (see remediation liabilities, note 7) by reviewing the current status of known polluted sites and developing estimates of cleanup costs. These estimates are subject to change due to improvements in technology, inflation, changes in the scope of work, and the pursuit of reimbursement from other responsible parties.

Allowances (see note 4) are estimates based on the historical experience of the University and current economic circumstances with respect to the collectability of accounts and loans receivable.

Compensated absence liabilities (see note 1) are estimates based on historical usage and accumulated leave balances earned through various leave programs.

The University's share of pension and other post-employment benefit plan assets, liabilities, deferrals and expenses, are based on actuarial valuations prepared by an external actuary. The results of an actuarial valuation are estimates based on historical data, actuarial assumptions, and the demographics of the employee and retiree populations (see notes 10 and 11).

The self-insurance reserve (see note 13) is estimated through an externally prepared actuarial calculation using individual case-basis valuations and statistical analyses. Considerable variability is inherent in such estimates.

The University's interests in certain non-readily marketable alternative investments, such as hedge funds and private equity limited partnerships, are stated at fair value based on net asset value estimates used as a practical expedient reported to the University by investment fund managers (see note 5).

Derivative instruments are recorded on the contract date and are carried at fair value using listed price quotations or amounts that approximate fair value (see note 5).

OTHER ACCOUNTING POLICIES

Investments. Investments are generally carried at fair value. The fair value of all debt and equity securities with a readily determinable fair value is based on quotations from major securities exchanges. Alternative investments, which are not readily marketable, are carried at fair value based on net asset value (NAV) estimates as a practical expedient provided by the investment managers. The University reviews and evaluates the values provided by the investment managers and agrees with the valuation methods and assumptions used in determining the fair value of the alternative investments. Those estimated fair values may differ significantly from the values that would have been used had a ready market for these securities existed.

Investments under long-term strategies are considered noncurrent. Short-term investments consist primarily of cash equivalents and fixed income vehicles which management has identified as available to meet the day-to-day obligations of the University. Cash equivalents included in short-term investments are excluded from the beginning and ending cash amounts on the Statements of Cash Flows.

Inventories. Inventories are carried at the lower of cost or fair value and are reflected in other current assets on the University's Statements of Net Position. Consumable inventories, consisting of expendable materials and supplies, are generally valued using the weighted-average cost method. Merchandise inventories are generally valued using the first-in, first-out method.

Capital Assets. Land, buildings, equipment, library materials and intangibles are stated at cost or, if acquired by gift, at fair value at the date of the gift, less accumulated depreciation and amortization. Right of use leased and subscription assets are stated at the present value of payments expected to be made during the lease term, less accumulated amortization. Additions, replacements, major repairs and renovations are capitalized. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets, generally 10 to 75 years for building components, 5 to 50 years for infrastructure and land improvements, 3 to 20 years for equipment, 15 years for library materials, and 3 to 20 years for intangibles.

Interest expense incurred on capital asset-related debt was $101.1 million and $104.7 million for the years ended June 30, 2025 and 2024, respectively.

Investment in Fred Hutchinson Cancer Center. On March 31, 2022, the members of the Seattle Cancer Care Alliance (SCCA): the University, Fred Hutchinson Cancer Research Center (Fred Hutch), and Seattle Children's Healthcare System (SCHS) agreed to merge Fred Hutch and SCCA; for SCCA to become a non-member non-profit Washington corporation, and for SCCA to be renamed Fred Hutchinson Cancer Center (FHCC). As part of the transaction, SCHS's interest of $285.9 million was purchased by the University and Fred Hutch with funding provided by Fred Hutch. SCHS no longer participates in the Adult Oncology Program but continues to offer pediatric cancer care services coordinated through separate affiliation agreements with FHCC and the University. The University entered into a promissory note to pay FHCC over a ten-year period for its 50% portion of the SCHS membership in SCCA. The non-participating investment in FHCC of $428.8 million, which is recorded within the Statements of Net Position, reflects a non-monetary exchange accounted for based on the fair value of the assets involved. Specifically, the University used the fair value of the existing equity method investment in FHCC, based on the corresponding equity interest after the buyout of SCHS and prior to the exchange, to determine the value at which the investment in FHCC is recorded. The fair value method used inputs that are "unobservable data points" related to valuation, also known as level 3 inputs (see Note 5 for fair value hierarchy). This fair value will not be remeasured and will be assessed for impairment on an annual basis. No gain or loss was recorded on the transaction. At June 30, 2025 and 2024, there was no impairment of the investment in FHCC.

The University and FHCC agreed to the Restructuring and Enhanced Collaboration Agreement (Collaboration Agreement), which clinically and financially integrated the adult cancer program between both entities. With this new arrangement, the University no longer holds a membership interest in SCCA. The Collaboration Agreement includes a Financial Alignment Plan (FAP) under which both parties share in the objectives of the adult oncology program and drive site neutrality for cancer services for the betterment of patient outcomes, and provides for a perpetual flow of funds between FHCC and the University to support the integrated cancer program. At June 30, 2025 and 2024, the University recorded $70.2 million and $52.8 million in financial alignment income, respectively, which is included in other nonoperating revenues in the Statements of Revenues, Expenses, and Changes in Net Position. The University and FHCC will determine the final settlement of the annual FAP calculations 180 days after fiscal year end.

Leases. The University determines if an arrangement is a lease at inception of the lease contract. Lessee arrangements are included in capital assets and long-term liabilities in the Statements of Net Position. Lease assets represent the University's right to use an underlying asset for the lease term, as specified in the contract, in an exchange or exchange-like transaction. Lease assets are recognized at the commencement date based on the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. Lease assets are amortized on a straight-line basis over the lease term. Lease liabilities represent the University's obligation to make lease payments arising from the lessee arrangement. Lease liabilities are recognized at the commencement date based on the present value of expected lease payments over the lease term, less any lease incentives. Interest expense is recognized ratably over the contract term. The lease term may include options to extend or terminate the lease when it is reasonably certain that the University will exercise that option. The University recognizes payments for short-term leases with a lease term of 12 months or less as expense based on the provisions of the lease contract during the year.

Lessor arrangements are included in accounts receivables (current portion), lease receivable, net of current portion and deferred inflows of resources in the Statements of Net Position. Lease receivables represent the University's claim to receive lease payments over the lease term, as specified in the contract, in an exchange or exchange-like transaction. Lease receivables are recognized at the commencement date based on the present value of expected lease payments over the lease term, reduced by any provision for estimated uncollectible amounts. Interest revenue is recognized ratably over the contract term on a straight-line basis. Deferred inflows of resources related to leases are recognized at the commencement date based on the initial measurement of the lease receivable, plus any payments received from the lessee at or before the commencement of the lease term that relate to future periods, less any lease incentives paid to, or on behalf of, the lessee at or before the commencement of the lease term. The deferred inflows related to leases are recognized as lease revenue on a straight-line basis over the lease term. The University recognizes payments received for short-term leases with a lease term of 12 months or less as revenue as the payments are received.

Subscription-Based Information Technology Arrangements (SBITA). A SBITA is a contract that conveys control of the right to use another party's information technology software, alone or in combination with tangible capital assets, as specified in the contract in an exchange or exchange-like transaction for a term exceeding 12 months. The University recognizes a right-of-use subscription asset and a corresponding subscription liability at the commencement of the subscription term, which is when the subscription asset is placed into service. SBITA assets are amortized on a straight-line basis over the contract term. SBITA liabilities represent the University's obligation to make contract payments arising from the SBITA. Interest expense is recognized ratably over the contract term. The SBITA term may include options to extend or terminate the contract when it is reasonably certain that the University will exercise that option. The University recognizes payments for short-term SBITAs with a term of 12 months or less as expense based on the provisions of the contract during the year.

Unearned Revenues. Unearned revenues occur when funds have been collected in advance of when the associated goods or services have been provided, such as advance ticket sales, summer quarter tuition, and unspent cash advances on certain grants.

Asset Retirement Obligations (ARO). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. AROs are measured at the current value of the estimated costs required to dispose of the asset. AROs are included in long-term liabilities on the University's Statements of Net Position (see remediation liabilities, note 7), and represent costs related to two cyclotrons used for research, clinical applications, and education. Disposal of these assets must be accomplished in accordance with Washington Administrative Code Chapter 246, "Department of Health." The University used the decommissioning guidance provided by the U.S. Nuclear Regulatory Commission to estimate the disposal costs. The assets identified have estimated remaining useful lives of 3 and 8 years. The University has issued a statement of intent to the Washington Department of Health to request funding from the state legislature to fund the decommissioning of these assets. The University has no assets restricted for payment of these obligations. The University has not recognized an obligation for costs that would be incurred in the event that the University relinquished its license from the Department of Health and ceased use of radioactive materials in its operations as the likelihood of this occurring is remote.

Cost-Sharing Pension Plans. The net pension asset or liability is measured as the University's proportionate share of the collective total pension liability, less the fiduciary net position, of the cost-sharing pension plans in which the University participates. The total pension liability is determined by discounting projected benefit payments based on the benefit terms and legal agreements existing at the pension plan's fiscal year-end. Projected benefit payments are required to be discounted using a single rate that reflects the expected rate of return on investments, to the extent that plan assets are available to pay benefits. The University's proportionate share is determined based on the relationship of University contributions to total contributions to the plan by all participating employers. Pension expense is recognized for benefits earned during the period, interest on the unfunded liability and changes in benefit terms. Differences between expected and actual experience, and changes in assumptions about future economic or demographic factors, are reported as deferred inflows of resources or deferred outflows of resources, and are recognized over the average expected remaining service period for employees eligible for pension benefits. Differences between expected and actual investment returns are reported as deferred inflows of resources or deferred outflows of resources, and are recognized over five years. Contributions made to the plan subsequent to the measurement date and prior to the University's fiscal year-end are reported as a deferred outflow of resources, and recognized in the subsequent fiscal year. The measurement date for the net pension asset or liability is June 30 of the prior fiscal year.

Single Employer Pension Plan (UW Supplemental Retirement Plan - UWSRP). Legislation signed into law on July 1, 2020, amended the Revised Code of Washington (RCW) applicable to the UWSRP to define plan provisions including limits on member eligibility, benefit payments, vesting terms and contribution rates. As a result of these amendments, the University is unable to modify the terms of the plan. Administration of the benefit calculations and payments remain the responsibility of the University until the state's Pension Funding Council determines the trust has sufficient assets, at which time the Department of Retirement Systems will assume those duties in accordance with RCW 41.50.280. Other agencies of the state of Washington perform the duties of a board and hold the substantive powers in relation to the UWSRP. The University does not perform the duties of a board or hold any of the substantive powers that would make the plan a fiduciary component unit of the University.

The total pension liability is determined by discounting projected benefit payments for current participants and retirees, based on the benefit terms and legal agreements existing at the pension plan's fiscal year-end. The discount rate used for the total pension liability as of June 30, 2025 and 2024, reflects the expected rate of return on investments, to the extent that plan assets are available to pay retiree benefits. Pension expense is recognized for benefits earned during the period, interest on the unfunded liability and changes in benefit terms. Differences between expected and actual experience, and changes in assumptions about future economic or demographic factors, are reported as deferred inflows of resources or deferred outflows of resources, and are recognized over the average expected remaining service period for employees eligible for pension benefits. Differences between expected and actual investment returns are reported as deferred inflows of resources or deferred outflows of resources, and are recognized over five years. Contributions made to the UWSRP subsequent to the measurement date and prior to the University's fiscal year-end are reported as a deferred outflow of resources, and recognized in the subsequent fiscal year. The measurement date for the UWSRP net pension liability is June 30 of the prior fiscal year.

Other Post Employment Benefits (OPEB). The total OPEB liability is measured as the University's proportionate share of the state of Washington total OPEB liability, with the proportionate share determined based on the relationship of the University's healthcare-eligible headcount to the total healthcare-eligible headcount for the state. The total OPEB liability is determined by discounting projected benefit subsidies for current employees and retirees based on the discount rate required by GASB Statement No. 75 for OPEB plans that do not have assets residing in a qualified trust. OPEB expense is recognized for subsidies earned during the period, interest on the total OPEB liability and changes in benefit terms. Differences between expected and actual experience, and changes in assumptions about future economic or demographic factors, are reported as deferred inflows of resources or deferred outflows of resources, and are recognized over the average expected remaining service period for healthcare-eligible employees. Contributions made to the plan subsequent to the measurement date and prior to the University's fiscal year-end are reported as a deferred outflow of resources, and recognized in the subsequent fiscal year. The measurement date for the total OPEB liability is June 30 of the prior fiscal year.

Split-Interest Agreements. Under such agreements, donors make gifts to the University but the University is not the sole beneficiary and receives either a lead interest (distributions during the term of the agreement) or a remainder interest (distribution of assets remaining at the end of the agreement). Charitable trusts, charitable gift annuities, pooled income funds and beneficial interests in charitable trusts are examples of split-interest gifts. Where the University holds a remainder interest in a trust that is also administered by the University, an asset related to these agreements is recorded at fair value, a deferred inflow is recorded for the remainder value, and a liability is recorded equal to the present value of expected future distributions to the income beneficiaries. The liability is calculated using discount rates of 8.0% for gifts before fiscal year 2008 and 7.5% for gifts in fiscal year 2008 and after. Additionally, donors have established and funded trusts which are administered by organizations other than the University. Under the terms of these trusts, the University has the irrevocable right to receive all or a portion of the income earned on the trust assets in perpetuity. The University does not control the assets held by the outside trusts but recognizes an interest in the trusts, based on the fair value of the assets contributed to the trusts, mostly as permanently restricted contributions. Fluctuation in the fair value of these assets are recorded annually as revenue and impact restricted nonexpendable net position.

Compensated Absences. Compensated absence liability is recognized when the leave is attributable to services already rendered, the leave accumulates, and the leave is more likely than not to be used. University employees accrue annual leave at rates based on length of service, sick leave at the rate of one day per month, and personal holiday at one day per calendar year. Sick leave balances, which are unlimited, can be converted to monetary compensation annually at 25% of the employees' normal compensation rate for any balance that exceeds 480 hours, or for any balance upon retirement or death. The current portion and noncurrent portion of compensated absence are reported within accrued compensation and other, respectively. Changes in compensated absences during the fiscal years ended June 30, 2025 and 2024 are summarized below:

(Dollars in thousands)	Balance as of July 1, 2023	Implementation of GASB Statement No. 101	Change	Balance as of June 30, 2024	Change	Balance as of June 30, 2025	Current portion as of June 30, 2024	Current portion as of June 30, 2025
COMPENSATED ABSENCES	$ 313,318	(96,122)	12,115	229,311	14,741	244,052	167,444	178,214

Scholarship Allowances. Tuition and fees are reported net of scholarship allowances which represent the difference between the stated charge for tuition and fees and the amount that is paid by the student or third parties on behalf of the student. Student aid paid directly to students is reported as scholarships and fellowships expense.

Net Patient Service Revenue. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payers and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payers. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as updated information becomes available and when final settlements are determined.

Third-party payer agreements with Medicare, Medicaid and commercial insurance carriers provide for payments at amounts different from established rates and are part of contractual adjustments to net patient service revenue. Medicare reimbursements are paid during the year either prospectively or at an interim rate, with final settlement determined after submission of annual cost reports and audits thereof by the Medicare fiscal intermediary.

For more information about net patient service revenue, see the audited financial statements of the UW Medicine Select Units - UW Division, which are contained in the latest Bondholders Report at finance.uw.edu/treasury/bondholders/other-investor-material.

Financial Assistance. UW Medicine provides patient care without charge to patients who meet certain criteria under the financial assistance policy. Records are maintained to identify and monitor the level of financial assistance provided. These records include charges foregone for services and supplies furnished under its financial assistance policy to the uninsured and the underinsured. UW Medicine does not pursue collection of amounts determined to qualify as financial assistance; therefore, these are not reported as net patient service revenues. The cost of financial assistance provided is calculated based on the aggregate relationship of costs to charges. The estimated cost of financial assistance provided during the years ended June 30, 2025 and 2024 was $35.6 million and $30.5 million, respectively.

State Appropriations. The state of Washington appropriates funds to the University on both an annual and biennial basis. This revenue is reported as nonoperating revenue in the Statements of Revenues, Expenses and Changes in Net Position when underlying expenditures are incurred.

Operating Activities. The University's policy for reporting operating activities in the Statements of Revenues, Expenses and Changes in Net Position is to include activities that generally result from exchange transactions. Examples of exchange transactions are payments received for tuition, patient services or grants under which services are performed, as well as payments made for the delivery of goods or services. Certain other significant revenue streams used for operations, such as state appropriations, Pell grants, gifts, FHCC financial alignment income, and investment income are recorded as nonoperating revenues, as prescribed by GASB Statement No. 35.

Net position. The University's net position is classified as follows:

> ***Net investment in capital assets:*** The University's investments in capital assets, less accumulated depreciation and amortization, net of outstanding debt obligations related to capital assets;
>
> ***Restricted net position – nonexpendable:*** Net position subject to externally-imposed requirements that it be maintained permanently by the University, including permanent endowment funds and annuity and life income trusts;
>
> ***Restricted net position – expendable:*** Net position that the University is obligated to spend in accordance with restrictions imposed by external parties, generally for scholarships, research and departmental uses;
>
> ***Unrestricted net position*****:** Net position not subject to externally-imposed restrictions, but which may be designated for specific purposes by management or the Board of Regents.

Tax Exemption. The University, as an agency of the state of Washington, is not subject to federal income tax pursuant to Section 115 of the Internal Revenue Code, except for tax on unrelated business income and certain federal excise taxes.

Reclassification. Certain prior year amounts have been reclassified for comparative purposes to conform to current year presentations.

NOTE 2:

Cash and Cash Equivalents

Cash includes cash on hand, petty cash and bank deposits. Cash equivalents includes treasury securities with original maturities of less than 90 days and money market funds with remaining underlying maturities of one year or less at the time of purchase. Most cash, except cash held in foreign banks, is covered by the Federal Deposit Insurance Corporation (FDIC), or if greater than FDIC limits, by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission (PDPC).

NOTE 3:

Deposit with State of Washington

State law requires the University to deposit certain funds with the state treasurer, who holds and invests the funds. These deposits include amounts held for the University's permanent land grant funds, and the University building fee collected from students. The fair value of these funds approximates the carrying value.

NOTE 4:

Accounts Receivable

The major components of accounts receivable as of June 30, 2025 and 2024 are as follows:

(Dollars in thousands)	2025	2024
NET PATIENT SERVICES	$ 677,622	$ 632,160
GRANTS AND CONTRACTS	254,539	293,869
DUE FROM OTHER AGENCIES	205,441	124,817
INVESTMENTS	158,504	31,394
SALES AND SERVICES	111,152	94,307
STATE APPROPRIATIONS	42,787	32,235
LEASE RECEIVABLES (CURRENT PORTION)	31,495	33,053
TUITION	17,189	22,006
SELF INSURANCE RECEIVABLE	14,187	41,674
OTHER	49,000	27,666
SUBTOTAL	1,561,916	1,333,181
LESS: ALLOWANCE FOR DOUBTFUL ACCOUNTS	(84,248)	(98,168)
TOTAL	**$ 1,477,668**	**$ 1,235,013**

NOTE 5:

Investments

INVESTMENTS – GENERAL

The University of Washington Board of Regents is vested by statute with responsibility for the University's properties and investments, and for establishing investment policy. The University of Washington Investment Management Company (UWINCO), led by the Chief Investment Officer, carries out the day-to-day activities of the investment portfolios.

The University of Washington Investment Management Company Board ("UWINCO Board") consists of both Board of Regents members and external investment professionals who advise UWINCO, the President and the Board of Regents.

The University holds significant amounts of investments that are measured at fair value on a recurring basis. The University is required to provide the following information according to the three-tier fair value hierarchy which is based on the observability of the inputs used in the valuation techniques to measure the fair value of certain financial assets and liabilities. The three-tier hierarchy ranks the quality and reliability of the information used to determine fair values and is summarized as follows:

- Level 1 Inputs – Quoted prices (unadjusted) in active markets for identical assets or liabilities that a government can access at the measurement date.

- Level 2 Inputs – Inputs other than quoted prices included within Level 1 that are observable for an asset or liability, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the related assets or liabilities.
- Level 3 Inputs – Inputs that are unobservable data points for the asset or liability, and include situations where there is little, if any, market activity for the asset or liability.

TABLE 1 – INVESTMENTS *(Dollars in thousands)*

		Fair Value Measurements Inputs		
INVESTMENTS BY FAIR VALUE LEVEL	**2025**	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
FIXED INCOME SECURITIES				
U.S. TREASURY SECURITIES	$ 1,654,251	$ 16,600	$ 1,637,651	$ —
U.S. GOVERNMENT AGENCY	393,904	10,331	383,573	—
MORTGAGE BACKED	247,352	—	247,352	—
ASSET BACKED	498,614	—	498,614	—
CORPORATE AND OTHER	395,712	19,007	376,705	—
TOTAL FIXED INCOME SECURITIES	**3,189,833**	**45,938**	**3,143,895**	**—**
EQUITY SECURITIES				
GLOBAL EQUITY INVESTMENTS	1,350,470	722,602	627,868	—
REAL ESTATE	15,002	13,525	—	1,477
OTHER	5,722	—	—	5,722
TOTAL EQUITY SECURITIES	**1,371,194**	**736,127**	**627,868**	**7,199**
EXTERNALLY MANAGED TRUSTS	**153,322**	**—**	**—**	**153,322**
TOTAL INVESTMENTS BY FAIR VALUE LEVEL	**4,714,349**	**$782,065**	**$3,771,763**	**$160,521**

INVESTMENTS MEASURED USING NET ASSET VALUE (NAV)	
GLOBAL EQUITY INVESTMENTS	2,440,006
ABSOLUTE RETURN STRATEGY FUNDS	1,014,698
PRIVATE EQUITY AND VENTURE CAPITAL FUNDS	1,077,445
REAL ASSET FUNDS	213,849
OTHER	72,884
TOTAL INVESTMENTS MEASURED USING NAV	**4,818,882**
TOTAL INVESTMENTS MEASURED AT FAIR VALUE AND NAV	9,533,231
CASH EQUIVALENTS AT AMORTIZED COST	391,633
TOTAL INVESTMENTS	**$ 9,924,864**

INVESTMENTS BY FAIR VALUE LEVEL	2024	Fair Value Measurements Inputs: Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
FIXED INCOME SECURITIES				
U.S. TREASURY SECURITIES	$ 1,527,890	$ 10,476	$ 1,517,414	$ —
U.S. GOVERNMENT AGENCY	354,432	10,062	344,370	—
MORTGAGE BACKED	235,872	—	235,872	—
ASSET BACKED	604,043	—	604,043	—
CORPORATE AND OTHER	423,568	17,595	405,973	—
TOTAL FIXED INCOME SECURITIES	**3,145,805**	**38,133**	**3,107,672**	**—**
EQUITY SECURITIES				
GLOBAL EQUITY INVESTMENTS	1,354,473	635,869	718,604	—
PRIVATE EQUITY AND VENTURE CAPITAL FUNDS	—	—	—	—
REAL ESTATE	19,168	16,029	—	3,139
OTHER	6,340	—	—	6,340
TOTAL EQUITY SECURITIES	**1,379,981**	**651,898**	**718,604**	**9,479**
EXTERNALLY MANAGED TRUSTS	**144,647**	**—**	**—**	**144,647**
TOTAL INVESTMENTS BY FAIR VALUE LEVEL	**4,670,433**	**$690,031**	**$3,826,276**	**$154,126**

INVESTMENTS MEASURED USING NET ASSET VALUE (NAV)	
GLOBAL EQUITY INVESTMENTS	2,172,328
ABSOLUTE RETURN STRATEGY FUNDS	918,068
PRIVATE EQUITY AND VENTURE CAPITAL FUNDS	974,162
REAL ASSET FUNDS	227,209
OTHER	50,286
TOTAL INVESTMENTS MEASURED USING NAV	**4,342,053**
TOTAL INVESTMENTS MEASURED AT FAIR VALUE AND NAV	9,012,486
CASH EQUIVALENTS AT AMORTIZED COST	223,191
TOTAL INVESTMENTS	**$ 9,235,677**

Fixed income and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Fixed income and equity securities classified in Level 2 are valued using other observable inputs including quoted prices for similar securities and interest rates. Other investments classified in Level 3 are valued using either discounted cash flow or market comparable techniques.

The University's interests in certain non-readily marketable alternative investments, such as hedge funds and private equity limited partnerships, are stated at fair value based on NAV estimates used as a practical expedient reported to the University by investment fund managers. Key information for investments measured using NAV per share (or its equivalent) is presented in the following table:

TABLE 2 – INVESTMENTS MEASURED USING NAV *(Dollars in thousands)*

2025	Fair Value	Total Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
GLOBAL EQUITY INVESTMENTS	$ 2,440,006	$ 31,707	MONTHLY TO ANNUALLY	15-180 days
ABSOLUTE RETURN STRATEGY FUNDS	1,014,698	—	QUARTERLY TO ANNUALLY	30-90 days
PRIVATE EQUITY AND VENTURE CAPITAL FUNDS	1,077,445	726,172	N/A	—
REAL ASSETS FUNDS	213,849	140,961	N/A	—
OTHER	72,884	51,490	QUARTERLY TO ANNUALLY	30-95 days
TOTAL INVESTMENTS MEASURED USING NAV	**$ 4,818,882**			

2024	Fair Value	Total Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
GLOBAL EQUITY INVESTMENTS	$ 2,172,328	$ 31,707	MONTHLY TO ANNUALLY	15-180 days
ABSOLUTE RETURN STRATEGY FUNDS	918,068	—	QUARTERLY TO ANNUALLY	30-90 days
PRIVATE EQUITY AND VENTURE CAPITAL FUNDS	974,162	621,454	N/A	—
REAL ASSETS FUNDS	227,209	105,747	N/A	—
OTHER	50,286	23,939	QUARTERLY TO ANNUALLY	30-95 days
TOTAL INVESTMENTS MEASURED USING NAV	**$ 4,342,053**			

1. **Global Equity:** This investment category includes public equity investments in separately managed accounts, long-only commingled funds, unconstrained limited partnerships, and passive index funds. As of June 30, 2025 and 2024, approximately 81% and 78%, respectively, of the value of the investments in this category can be redeemed within 90 days. As of June 30, 2025 and 2024, approximately 95%, can be redeemed within one year.
2. **Absolute Return:** This category includes investments in stable income and low-to-medium beta funds. Management of these funds seeks low correlation to broad equity markets by investing in assets that exhibit low volatility, deep discounts, and/or hedges against market downturns. As of June 30, 2025 and 2024, approximately 84% and 94%, respectively, of the value of the investments in this category can be redeemed within one year.
3. **Private equity and venture capital:** This category includes buyout, venture, and special situations funds. These investments cannot be redeemed at the request of the University. Distributions from each fund will be received as the underlying investments of the funds are liquidated. It is expected that underlying assets of the funds will be liquidated over the next 1 to 10 years.
4. **Real assets:** This category includes real estate, natural resources, and other hard assets. These investments cannot be redeemed at the request of the University. Distributions from each fund will be received as the underlying investments of the funds are liquidated. It is expected that underlying assets of the funds will be liquidated over the next 1 to 10 years.
5. **Other:** This category consists of opportunistic investments and includes various types of non-investment grade and non-rated credit plus nominal equity exposure. As of June 30, 2025 and 2024, approximately 34% and 32%, respectively, of the value of the investments in this category can be redeemed or anticipate distribution within one year. The remaining balance of these investments contains restrictions on redemption within one year or will be distributed as underlying investments are liquidated. It is expected that the underlying assets of the funds will be liquidated over the next 10 years.

INVESTMENT POOLS

The University combines most short-term investment balances into the Invested Funds Pool. At June 30, 2025 and 2024, the Short-term and Intermediate-term Invested Funds Pools totaled $2,926.4 million and $2,691.0 million, respectively. The Invested Funds - Long-term Pool also owns units in the Consolidated Endowment Fund (CEF) valued at $1,223.2 million

and $1,197.0 million at June 30, 2025 and 2024, respectively. In addition, the Long-term Pool also owns other long-term investments, including a passive global equity index valued at $328.9 million and $242.0 million as of June 30, 2025 and 2024, respectively. Per University policy, departments with qualifying funds in the Invested Funds Pool receive distributions based on their average balances and on the type of balance. Campus depositors received 0.75% in fiscal years 2025 and 2024. University Advancement received 3.0% of the average balances in endowment operating and gift accounts in fiscal years 2025 and 2024. The difference between the actual earnings of the Invested Funds Pool and the calculated distributions is used to support activities benefiting all University departments.

The majority of the endowed funds are invested in the CEF, a pooled fund. Individual endowments purchase units in the pool on the basis of a per-unit valuation of the CEF at fair value on the last business day of the calendar quarter. Income is distributed based on the number of units held. RCW 24.55 of the Washington State Code and the Uniform Prudent Management of Institutional Funds Act allow for total return expenditure under comprehensive prudent standards.

The Board of Regents have a fiduciary responsibility to set an endowment spending policy that maintains the CEF's purchasing power to ensure the same level of program support in the future as it provides today. Quarterly distributions during fiscal year 2025 to programs are based on an annual percentage rate of 3.6%, applied to the five-year rolling average of the CEF's fair value. Additionally, the policy allows for an administrative fee of 0.9% to support campus-wide fundraising and stewardship activities and to offset the internal cost of managing endowment assets.

The University records its permanent endowments at the lower of original gift value or current fair value in the Restricted Nonexpendable Net Position category. Of the endowments that are recorded at current fair value at June 30, 2025 and 2024, respectively, the net deficiency from the original gift value was zero and $1.0 million, respectively.

Net appreciation (depreciation) in the fair value of investments includes both realized and unrealized gains and losses on investments. The University realized net gains of $215.5 million and $167.2 million in fiscal years 2025 and 2024, respectively, from the sale of investments. The calculation of realized gains and losses is independent of the net appreciation of the fair value of investments. Realized gains and losses on investments that have been held in more than one fiscal year and are sold in the current year include the net appreciation of these investments reported in the prior year(s). The net appreciation in the fair value of investments during the years ended June 30, 2025 and 2024 was $534.3 million and $449.5 million, respectively.

FUNDING COMMITMENTS

The University enters into contracts with investment managers to fund alternative investments. As of June 30, 2025 and 2024, the University had outstanding commitments to fund alternative investments of $950.3 million and $782.8 million, respectively. These commitments are expected to be called over a multi-year time frame, generally 2-5 years depending on the type of fund. The University believes it has adequate liquidity and funding sources to meet these obligations.

DERIVATIVE INSTRUMENTS

The University's investment policies allow for investing in various derivative instruments, including futures, swaps and forwards, to manage exposures within or across its portfolio and to improve the portfolio's risk/return profile.

Derivative instruments are recorded on the contract date and are carried at fair value using listed price quotations or amounts that approximate fair value.

As of June 30, 2025 and 2024, the University had outstanding futures contracts with notional amounts totaling $711.8 million and $133.8 million, respectively. As of June 30, 2025, accumulated unrealized gains on these contracts totaled $3.6 million and as of June 30, 2024, accumulated unrealized gains on these contracts totaled $0.5 million. The accumulated unrealized gains are included in Investments on the Statements of Net Position. Futures are financial contracts obligating the buyer to purchase an asset at a predetermined future date and price.

Credit exposure represents exposure to counterparties relating to financial instruments, where gains exceed collateral held by the University or losses are less than the collateral posted by the University. There was no credit exposure as of June 30, 2025 or 2024. No derivative instruments have been reclassified from a hedging instrument to an investment instrument.

Details on foreign currency derivatives are disclosed under Foreign Exchange Risk.

INTEREST RATE RISK

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of fixed income securities. The University manages interest rate risk through its investment policies and the investment guidelines established with each manager. Each fixed income manager is assigned a maximum boundary for duration as compared to the manager's relevant benchmark index. The goal is to allow ample freedom for the manager to perform, while controlling the interest rate risk

in the portfolio. Effective duration is a commonly used measure of interest rate risk. The longer the duration, the more sensitive the portfolio is to changes in interest rates. The weighted average effective duration of the University's fixed income portfolio was 2.42 and 2.17 years at June 30, 2025 and 2024, respectively.

CREDIT RISK

Fixed income securities are also subject to credit risk, which is the risk that the issuer or other counterparty to a financial instrument will not fulfill its obligations, or that negative perceptions of the issuer's ability to make these payments will cause prices to decline. Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The University Investment Policies limit fixed income exposure to investment grade assets. The Investment Policy for the Invested Funds' Short-term Pool requires each manager to maintain an average quality rating of "AA" as issued by a nationally recognized rating organization. Fixed income securities in the Intermediate-term Pool are required to have an average quality rating of investment grade with at least 25% of its funds invested in obligations of the U.S. Government and its agencies. The Investment Policy for the CEF reflects its long-term nature by specifying average quality rating levels by individual manager, but still restricting investment to investment grade credits.

Duration is a calculation of the number of years required to recover the true cost of a bond. The duration measures presented in Table 3 below represent a broad average across all fixed income securities held in the CEF, the Invested Funds Pool (IF or operating funds) and debt service reserve funds. The CEF and IF portfolios are managed to have a duration below their policy benchmarks to protect principal and provide liquidity to the overall portfolio.

The composition of fixed income securities at June 30, 2025 and 2024, along with credit quality and effective duration measures, is summarized as follows:

TABLE 3 – FIXED INCOME: CREDIT QUALITY AND EFFECTIVE DURATION *(Dollars in thousands)*

2025

Investments	U.S. Government	Investment Grade*	Non-Investment Grade	Not Rated	Total	Duration (In years)
U.S. TREASURY SECURITIES	$ 1,654,251	$ —	$ —	$ —	$ 1,654,251	2.71
U.S. GOVERNMENT AGENCY	393,904	—	—	—	393,904	4.42
MORTGAGE BACKED	—	68,126	87,240	91,986	247,352	1.34
ASSET BACKED	7,193	362,969	44,683	83,769	498,614	1.2
CORPORATE AND OTHER	—	375,871	—	19,841	395,712	1.39
TOTAL	**$ 2,055,348**	**$ 806,966**	**$ 131,923**	**$ 195,596**	**$ 3,189,833**	**2.42**

2024

Investments	U.S. Government	Investment Grade*	Non-Investment Grade	Not Rated	Total	Duration (In years)
U.S. TREASURY SECURITIES	$ 1,527,890	$ —	$ —	$ —	$ 1,527,890	2.24
U.S. GOVERNMENT AGENCY	354,432	—	—	—	354,432	4.46
MORTGAGE BACKED	—	62,513	71,601	101,758	235,872	1.52
ASSET BACKED	4,482	490,732	19,243	89,586	604,043	1.16
CORPORATE AND OTHER	—	358,041	—	65,527	423,568	1.79
TOTAL	**$ 1,886,804**	**$ 911,286**	**$ 90,844**	**$ 256,871**	**$ 3,145,805**	**2.17**

*Investment Grade securities are those that are rated BBB and higher by Standard and Poor's or Baa and higher by Moody's.

FOREIGN EXCHANGE RISK

Foreign exchange risk is the risk that investments denominated in foreign currencies may lose value due to adverse fluctuations in the value of the U.S. dollar relative to foreign currencies. The University's investment policies permit investments in international equity and other asset classes, which can include foreign currency exposure. The University also enters into foreign currency forward contracts, futures contracts, and options to manage the foreign currency exposure. The University held non-U.S. denominated securities of $1.8 billion and $1.8 billion at June 30, 2025 and 2024, respectively.

TABLE 4 – INVESTMENTS DENOMINATED IN FOREIGN CURRENCY

(Dollars in thousands)	2025	2024
EURO (EUR)	$ 298,286	$ 303,809
BRITISH POUND (GBP)	274,501	263,997
JAPANESE YEN (JPY)	183,245	162,583
CHINESE RENMINBI (CNY)	166,693	189,279
INDIAN RUPEE (INR)	144,242	160,728
SOUTH KOREAN WON (KRW)	76,063	55,431
CANADIAN DOLLAR (CAD)	75,828	61,815
BRAZIL REAL (BRL)	70,836	53,147
HONG KONG DOLLAR (HKD)	46,874	43,082
SWEDISH KRONA (SEK)	43,251	48,819
SWISS FRANK (CHF)	42,307	39,133
AUSTRALIAN DOLLAR (AUD)	42,027	44,966
TAIWANESE DOLLAR (TWD)	41,419	35,245
SINGAPORE DOLLAR (SGD)	28,777	22,016
DANISH KRONE (DKK)	27,206	16,353
NORWEGIAN KRONE (NOK)	24,918	23,107
SOUTH AFRICAN RAND (ZAR)	24,120	19,404
ISRAELI NEW SHEKEL (ILS)	19,940	9,415
MEXICAN PESO (MXN)	14,837	12,138
REMAINING CURRENCIES	193,040	226,603
TOTAL	**$ 1,838,410**	**$ 1,791,070**

NOTE 6:

Capital Assets

Capital asset activity for the years ended June 30, 2025 and 2024 is summarized as follows:

(Dollars in thousands)	Balance as of July 1, 2023	Additions/ Transfers	Retirements	Balance as of June 30, 2024	Additions/ Transfers	Retirements	Balance as of June 30, 2025
LAND	$ 162,420	$ 3,315	$ —	$ 165,735	$ 11	$ —	$ 165,746
INFRASTRUCTURE	323,115	30,998	—	354,113	4,996	—	359,109
BUILDINGS	8,151,400	446,763	1,956	8,596,207	186,378	21,497	8,761,088
FURNITURE, FIXTURES AND EQUIPMENT	1,638,690	266,067	32,609	1,872,148	134,339	37,562	1,968,925
LIBRARY MATERIALS	443,098	14,632	2,447	455,283	15,589	2,520	468,352
CAPITALIZED COLLECTIONS	8,627	113	—	8,740	49	—	8,789
INTANGIBLE ASSETS	282,341	177,252	33	459,560	9,481	89	468,952
RIGHT OF USE LEASE ASSETS (NOTE 9)	936,894	34,565	32,115	939,344	255,138	53,956	1,140,526
RIGHT OF USE SUBSCRIPTION ASSETS (NOTE 9)	85,106	96,376	4,586	176,896	45,458	7,822	214,532
CONSTRUCTION IN PROGRESS	513,576	(164,904)	15,743	332,929	152,285	17,401	467,813
INTANGIBLES IN PROCESS	152,476	(152,476)	—	—	1,912	—	1,912
TOTAL COST	**12,697,743**	**752,701**	**89,489**	**13,360,955**	**805,636**	**140,847**	**14,025,744**
LESS ACCUMULATED DEPRECIATION/AMORTIZATION:							
INFRASTRUCTURE	170,393	9,709	—	180,102	10,034	—	190,136
BUILDINGS	4,256,556	236,427	1,956	4,491,027	274,607	19,224	4,746,410
FURNITURE, FIXTURES AND EQUIPMENT	1,370,761	200,012	27,118	1,543,655	84,873	36,885	1,591,643
LIBRARY MATERIALS	343,716	13,398	1,934	355,180	13,543	2,003	366,720
INTANGIBLE ASSETS	152,958	71,039	33	223,964	36,774	88	260,650
RIGHT OF USE LEASE ASSETS (NOTE 9)	183,468	69,646	29,805	223,309	71,542	45,021	249,830
RIGHT OF USE SUBSCRIPTION ASSETS (NOTE 9)	33,686	31,541	3,264	61,963	38,568	7,821	92,710
TOTAL ACCUMULATED DEPRECIATION/ AMORTIZATION	**6,511,538**	**631,772**	**64,110**	**7,079,200**	**529,941**	**111,042**	**7,498,099**
CAPITAL ASSETS, NET	**$ 6,186,205**	**$ 120,929**	**$ 25,379**	**$ 6,281,755**	**$ 275,695**	**$ 29,805**	**$ 6,527,645**

NOTE 7:

Long-Term Liabilities

UNIVERSITY OF WASHINGTON

Long-term liability activity for the years ended June 30, 2025 and 2024 is summarized as follows:

(Dollars in thousands)	Balance as of July 1, 2023	Additions	Reductions	Balance as of June 30, 2024	Additions	Reductions	Balance as of June 30, 2025	Current portion as of June 30, 2024	Current portion as of June 30, 2025
BONDS PAYABLE:									
GENERAL OBLIGATION BONDS PAYABLE (NOTE 8)	$ 34,870	$ —	$ 11,840	$ 23,030	$ —	$ 8,910	$ 14,120	$ 8,910	$ 5,265
BONDS PAYABLE (NOTE 8)	2,214,595	386,446	314,402	2,286,639	359,155	416,213	2,229,581	80,048	94,160
UNAMORTIZED PREMIUM ON BONDS	137,365	59,294	14,486	182,173	40,768	33,731	189,210	20,431	22,268
TOTAL BONDS PAYABLE	**2,386,830**	**445,740**	**340,728**	**2,491,842**	**399,923**	**458,854**	**2,432,911**	**109,389**	**121,693**
NOTES PAYABLE:									
NOTES PAYABLE & OTHER -CAPITAL ASSET RELATED (NOTE 8)	40,387	5,390	17,024	28,753	13,119	16,632	25,240	8,436	5,673
NOTES PAYABLE & OTHER – NONCAPITAL ASSET RELATED (NOTE 8)	134,143	443	15,171	119,415	908	12,712	107,611	15,654	17,185
TOTAL NOTES PAYABLE	**174,530**	**5,833**	**32,195**	**148,168**	**14,027**	**29,344**	**132,851**	**24,090**	**22,858**
OTHER LONG-TERM LIABILITIES:									
OBLIGATIONS UNDER SPLIT-INTEREST AGREEMENTS	49,691	1,181	—	50,872		966	49,906	1,181	—
REMEDIATION LIABILITIES (NOTE 1)	32,609	1,000	—	33,609	—	—	33,609	—	—
HMC ITS FUNDING (NOTE 15)	21,744	2,083	2,066	21,761	600	617	21,744	8,400	8,200
SELF-INSURANCE (NOTE 13)	230,104	95,321	69,970	255,455	53,866	75,076	234,245	81,965	72,523
LEASE LIABILITIES (NOTE 9)	802,663	25,917	61,429	767,151	261,922	65,054	964,019	50,695	45,292
SUBSCRIPTION LIABILITIES (NOTE 9)	50,047	81,158	33,176	98,029	43,061	38,449	102,641	26,941	30,159
OTHER NONCURRENT LIABILITIES	7,615	15,327	8,965	13,976	20,557	1,894	32,639	81	102
TOTAL OTHER LONG-TERM LIABILITIES	**1,194,473**	**221,987**	**175,606**	**1,240,853**	**380,006**	**182,056**	**1,438,803**	**169,263**	**156,276**
TOTAL LONG-TERM LIABILITIES	**$ 3,755,833**	**$ 673,560**	**$ 548,529**	**$ 3,880,863**	**$ 793,956**	**$ 670,254**	**$ 4,004,565**	**$ 302,742**	**$ 300,827**

DISCRETE COMPONENT UNITS

Long-term liability activity for the years ended June 30, 2025 and 2024 is summarized as follows:

(Dollars in thousands)	Balance as of July 1, 2023	Additions	Reductions	Balance as of June 30, 2024	Additions	Reductions	Balance as of June 30, 2025	Current portion as of June 30, 2024	Current portion as of June 30, 2025
FRED HUTCHINSON CANCER CENTER									
LONG TERM DEBT	$ 1,086,339	$ —	$ 16,189	$1,070,150	$ 185,660	$ 204,694	$ 1,051,116	$ 14,250	$ 14,694
COLLABORATIVE ARRANGEMENT LIABILITIES	428,824	—	—	428,824	—	—	428,824	—	—
LEASE LIABILITIES	227,513	—	32,240	195,273	35,943	13,814	217,402	20,816	21,135
DEFERRED CREDIT ON CASH FLOW HEDGES	9,614	—	4,002	5,612	155	—	5,767	—	—
TOTAL	**$ 1,752,290**	**$ —**	**$ 52,431**	**$1,699,859**	**$ 221,758**	**$ 218,508**	**$ 1,703,109**	**$ 35,066**	**$ 35,829**

(Dollars in thousands)	Balance as of July 1, 2023	Additions	Reductions	Balance as of June 30, 2024	Current portion as of June 30, 2024
VALLEY MEDICAL CENTER (see note 1)					
LIMITED TAX GENERAL OBLIGATION BONDS	$ 290,578	$ —	$ 13,815	$ 276,763	$ 10,675
LEASE LIABILITIES	97,881	18,788	14,192	102,477	15,028
SUBSCRIPTION LIABILITIES	9,490	6,243	6,412	9,321	5,511
TOTAL	**$ 397,949**	**$ 25,031**	**$ 34,419**	**$ 388,561**	**$ 31,214**

NOTE 8:

Bonds and Notes Payable

The bonds and notes payable at June 30, 2025 consist of state of Washington General Obligation Bonds, University Revenue Bonds, and Notes Payable. These obligations have interest rates ranging from 0.730% to 6.516%. As of June 30, 2025, substantially all of the University's debt was publicly offered debt. Debt service requirements as of June 30, 2025 are as follows:

BONDS AND NOTES PAYABLE *(Dollars in thousands)*

	STATE OF WASHINGTON GENERAL OBLIGATION BONDS		UNIVERSITY OF WASHINGTON REVENUE BONDS		NOTES PAYABLE AND OTHER	
Year	**Principal**	**Interest**	**Principal**	**Interest**	**Principal**	**Interest**
2026	$ 5,265	$ 525	$ 94,160	$ 99,104	$ 22,858	$ 5,442
2027	5,210	266	95,770	95,082	19,340	4,619
2028	2,105	104	115,085	90,624	18,916	3,782
2029	1,540	31	106,145	85,968	19,472	2,951
2030	—	—	107,355	81,383	19,878	2,088
2031-2035	—	—	540,745	334,214	32,387	1,564
2036-2040	—	—	514,305	211,618	—	—
2041-2045	—	—	478,025	86,547	—	—
2046-2050	—	—	175,055	19,923	—	—
2051-2055	—	—	2,936	117	—	—
TOTAL PAYMENTS	**$ 14,120**	**$ 926**	**$ 2,229,581**	**$ 1,104,580**	**$ 132,851**	**$ 20,446**

State law requires that the University reimburse the state for debt service payments relating to its portion of the state of Washington General Obligation and Refunding Bonds from patient service revenues, tuition, timber sales and other revenues.

The following schedule lists the outstanding bonds payable of the University as of June 30, 2025 and 2024:

BONDS PAYABLE *(Dollars in thousands)*

Issue	Date Issued	Maturity Date (Fiscal Year)	Original Issue	Balance as of June 30, 2025	Balance as of June 30, 2024
Lease Revenue					
WBRF 3 Lease Revenue Bonds, Series 2010B (Taxable Build America Bonds - Direct Payment to Issuer); 6.416%-6.516%	12/14/2010	2043	$ 151,745	$ 84,285	$ 91,414
Washington Economic Development Finance Authority Lease Revenue Refunding Bonds, Series 2013, (WBRP I); 3.625%-5.000%	12/11/2013	2034	28,995	—	14,545
Washington Economic Development Finance Authority Lease Revenue Refunding Bonds, Series 2014A, (WBRP II); 4.000%-5.000%	8/21/2014	2038	109,205	—	61,600
WBRP 3.2 Lease Revenue Bonds, Series 2015A; 4.000%	10/7/2015	2048	107,615	34,810	91,150
General Revenue					
General Revenue Bonds, 2009 Taxable (Build America Bonds - Direct Payment); 6.060%	6/25/2009	2040	75,835	75,835	75,835
General Revenue Bonds, 2009B Taxable (Build America Bonds – Direct Payment); 5.400%	12/22/2009	2036	77,710	—	77,710
General Revenue Bonds, 2010B Taxable (Build America Bonds - Direct Payment); 4.058%-4.997%	10/5/2010	2041	144,740	119,675	133,820
General Revenue Bonds, 2012C; 3.000%-3.250%	12/5/2012	2044	299,425	165,585	165,585
General Revenue and Refunding Bonds, 2015A (Taxable); 3.217%-3.704%	3/4/2015	2045	47,715	29,805	30,870
General Revenue Refunding Bonds, 2015B; 3.050%-5.000%	3/4/2015	2037	170,555	—	127,680
General Revenue and Refunding Bonds, 2015C; 4.000%-5.000%	9/23/2015	2046	159,160	133,150	137,270
General Revenue and Refunding Bonds, 2015D (Taxable); 2.900%-3.250%	9/23/2015	2028	36,350	6,085	8,760
General Revenue and Refunding Bonds, 2016A; 4.000%-5.250%	11/9/2016	2047	195,145	156,885	161,650
General Revenue Refunding Bonds, 2016B (Taxable); 2.500%-3.400%	11/9/2016	2037	10,015	4,415	4,895
General Revenue Bonds, 2018; 5.000%	2/15/2018	2048	133,785	96,435	102,585
General Revenue Bonds, 2020A; 4.000%-5.000%	3/17/2020	2050	51,000	45,120	46,415
General Revenue Bonds, 2020B (Taxable); 1.569%-2.685%	3/17/2020	2040	51,000	39,205	41,630

BONDS PAYABLE *(Dollars in thousands) (continued)*

Issue	Date Issued	Maturity Date (Fiscal Year)	Original Issue	Balance as of June 30, 2025	Balance as of June 30, 2024
General Revenue Refunding Bonds, 2020C (Delayed Delivery Bonds); 5.000%	2/9/2021	2034	117,815	73,790	73,790
General Revenue and Refunding Bonds, 2021A; 4.000%-5.000%	3/4/2021	2051	77,435	76,225	76,735
General Revenue and Refunding Bonds, 2021B (Taxable); 0.730%-2.618%	3/4/2021	2042	249,335	127,035	137,985
General Revenue Bonds, 2022A; 5.000%	3/8/2022	2037	75,000	63,130	67,360
General Revenue Refunding Bonds, 2022B (Taxable); 2.061%-3.350%	3/8/2022	2042	209,090	67,455	80,210
General Revenue Refunding Bonds, 2022C (Term Rate Bonds); 4.000%	3/8/2022	2048	90,700	90,700	90,700
General Revenue Bonds, 2024A; 5.000%	2/15/2024	2044	218,355	212,710	218,355
General Revenue Refunding Bonds, 2024B; 5.000%	2/15/2024	2042	168,090	168,090	168,090
General Revenue and Refunding Bonds, 2025A; 5.000%	3/6/2025	2045	245,320	245,320	—
General Revenue Refunding Bonds, 2025B; 5.000%	3/7/2025	2036	52,815	52,815	—
General Revenue Refunding Bonds, 2025C; 5.000%	4/4/2025	2040	61,020	61,020	—
State of WA General Obligations					
Various Purpose General Obligation Refunding Bonds, Series R-2016A; 1.676%	10/8/2015	2025	30,145	—	3,865
Various Purpose General Obligation Refunding Bonds, Series R-2020A; 1.384%	10/4/2019	2026	1,585	295	580
Various Purpose General Obligation Refunding Bonds, Series R-2020C; 1.100%-1.120%	4/29/2020	2027	7,705	6,215	6,740
Various Purpose General Obligation Refunding Bonds, Series R-2021B; 0.347%	11/3/2020	2025	8,910	—	2,395
Various Purpose General Obligation Refunding Bonds, Series R-2021C; 1.439%	5/4/2021	2025	3,725	—	1,475
Various Purpose General Obligation Refunding Bonds, Series R-2022C; 2.820%	5/11/2022	2029	8,400	7,610	7,975
TOTAL			**$ 3,475,440**	**$ 2,243,700**	**$ 2,309,669**

ISSUANCE AND REFUNDING ACTIVITY

On March 6, 2025, the University issued $245.3 million of tax-exempt General Revenue and Refunding Bonds, 2025A, at a premium of $28.4 million and an average coupon of 5.00%. The average life is 9.2 years with a final maturity on April 1, 2045. Proceeds will be used to fund UWMC Small-Works projects, the Montlake Campus Membrane Repair project, Digestive Health Clinic and Endoscopy Center, UWMC Northwest Campus A-Wing project and other approved capital projects. The bonds refunded by the 2025A series had a par amount of $197.1 million and coupon rates ranging from 3.625% to 5.00%, with an

average coupon rate of 4.33%. The refunding reduced the total debt service payments to be made by the University over the next 14 years by $17.9 million and resulted in a total economic gain of $13.8 million.

On March 7, 2025 the University issued $52.8 million of General Revenue Refunding Bonds, 2025B, at a premium of $6.5 million with an average coupon of 5.00%. The average life is 7.2 years with a final maturity on April 1, 2036. The bonds refunded by the 2025B series had a par amount of $77.7 million and a coupon rate of 5.40%. The refunding reduced the total debt service payments to be made by the University over the next 12 years by $18.0 million and resulted in a total economic gain of $3.3 million.

On April 4, 2025 the University issued $61.0 million of General Revenue Refunding Bonds, 2025C, at a premium of $5.8 million with an average coupon of 5.00%. The average life is 7.1 years with a final maturity on January 1, 2040. The bonds refunded by the 2025C series had a par amount of $65.7 million, with coupons ranging from 4.90% to 5.00% and an average coupon rate of 4.98%. The refunding reduced the total debt service payments to be made by the University over the next 15 years by $6.1 million and resulted in a total economic gain of $4.8 million.

COMMERCIAL PAPER PROGRAM

As of June 30, 2025 University has a commercial paper program with a maximum borrowing limit of $250.0 million, payable from University General Revenues. This short-term borrowing program is primarily used to fund capital expenditures. During fiscal year 2025, the University did not issue any commercial paper and had no commercial paper outstanding as of June 30, 2025. In September of 2025, the University increased the size of the commercial paper program to $750 million, see “Subsequent Debt Activity” below.

CREDIT LINES

Effective September, 14, 2023, the University entered into a Master Financing Agreement (the “2023 Master Financing Agreement”) with JP Morgan Chase Bank to provide a non-revolving credit line available to the University for the financing of short-term assets (FAST), including personal property, to be drawn on from time to time. The 2023 Master Financing Agreement provides financing for the University’s FAST Program and allows for draws in an aggregate amount not to exceed $40.0 million. JP Morgan Chase Bank and the University entered into three prior master financing agreements, one dated August 13, 2020 (the “2020 Master Financing Agreement”), one dated July 7, 2017, (the “2017 Master Financing Agreement”), and another dated November 14, 2014 (the “2014 Master Financing Agreement”), which allowed for draws up to an aggregate amount not to exceed $40.0 million, $30.0 million and $12.0 million, respectively. Each Master Financing Agreement replaced the prior agreement, however, draws on the prior master financing agreements remain outstanding until paid under the terms of that agreement. Outstanding borrowings as of June 30, 2025 totaled $20.5 million.

On August 13, 2020, the University entered into a Revolving Credit Agreement with U.S. Bank National Association which provided a revolving line of credit through August 12, 2022, for up to $100.0 million. On September 30, 2021, the University entered into the Amended and Restated Revolving Credit Agreement, which adjusted the rates from the prior agreement and extended the term through September 30, 2024. On December 1, 2022, the University entered into the first amendment to the Amended and Restated Revolving Credit Agreement, which replaced London Interbank Offered Rate (LIBOR) with Secured Overnight Financing Rate (SOFR) as the applicable reference rate. On September 30, 2024, the Second Amendment to the Amended and Restated Revolving Credit Agreement with US Bank National Association was executed, which extended the existing $100.0 million line of credit for an additional three-year term through September 30, 2027. The borrowing rate for taxable projects is fluctuating and equal to the daily one-month SOFR rate plus a margin of 0.75%. The borrowing rate for tax-exempt projects is fluctuating and equal to 86.51% of the taxable interest rate. The margins are subject to change depending on the University’s credit rating. Amounts borrowed under the agreement are payable solely from and secured by a pledge of the University’s General Revenues. The University made no draws and had no outstanding cash borrowings with respect to this agreement as of June 30, 2025.

SUBSEQUENT DEBT ACTIVITY

On September 11, 2025 the University increased the maximum authorized amount of the existing Commercial Paper program from $250 million to $750 million and extended the final maturity of the program from June 30, 2039 to June 30, 2055.

DEFEASED DEBT

The University defeased certain bonds by placing the proceeds of new bonds in an irrevocable trust (refunding escrow) to provide for all future debt service payments on the refunded bonds until called. The trust account assets and the liability for the defeased bonds are not included in the University’s financial statements. As of June 30, 2025, $65.4 million of bonds outstanding are considered defeased. In addition, $10.3 million of in-substance defeased debt remains outstanding as of June 30, 2025 and is included in long-term liabilities on the Statements of Net Position.

NOTE 9:

Leases and Related Subscription-Based Information Technology Arrangements

LESSEE & SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS (SBITA)

The University leases land, building space and equipment from external parties for various terms under long-term, non-cancelable lease agreements. The leases expire at various dates through 2063 and provide for renewal options ranging from one year to twenty-five years. In accordance with GASB Statement No. 87, the University records right-of-use assets and lease liabilities based on the present value of expected payments over the lease term of the respective leases. The expected payments are discounted using the University's incremental borrowing rate. Variable payments are excluded from the valuations unless they are fixed in substance. Amounts recognized for variable and other payments not included in the measurement of the lease liability are $75.7 million and $73.9 million as of June 30, 2025 and 2024, respectively. The University does not have any leases subject to a residual value guarantee.

A SBITA is a contract that conveys control of the right to use another party's information technology software, alone or in combination with tangible capital assets, as specified in the contract in an exchange or exchange-like transaction for a term exceeding 12 months. The University enters into subscription-based information technology arrangements which expire at various dates through 2031. In accordance with GASB Statement No. 96, the University recognizes a right-of-use subscription asset and a corresponding subscription liability at the commencement of the subscription term, which is when the subscription asset is placed into service. Similar to leases, the expected future subscription payments are discounted using the University's incremental borrowing rate. Variable payments are excluded from the valuations unless they are fixed in substance.

The University's right-of-use assets and related accumulated amortization for fiscal years ended June 30, 2025 and 2024 are summarized as follows:

(Dollars in thousands)	**Balance as of June 30, 2023**	**Additions**	**Modifications and Renewals**	**Deductions**	**Balance as of June 30, 2024**	**Additions**	**Modifications and Renewals**	**Deductions**	**Balance as of June 30, 2025**
LAND	$ 404,832	$ —	$ —	$ —	$ 404,832	$ —	$ 142,531	$ —	$ 547,363
BUILDINGS	417,201	28,191	—	14,211	431,181	86,001	1,627	38,204	480,605
EQUIPMENT	114,861	5,897	477	17,904	103,331	5,832	19,147	15,752	112,558
SUBSCRIPTION ASSETS	85,106	76,932	19,444	4,586	176,896	38,568	6,890	7,822	214,532
TOTAL RIGHT OF USE ASSETS	**1,022,000**	**111,020**	**19,921**	**36,701**	**1,116,240**	**130,401**	**170,195**	**61,778**	**1,355,058**
LESS ACCUMULATED AMORTIZATION									
LAND	28,299	9,433	—	—	37,732	12,498	—	—	50,230
BUILDINGS	104,892	40,106	—	13,282	131,716	39,880	—	38,136	133,460
EQUIPMENT	50,277	20,107	—	16,523	53,861	19,164	—	6,885	66,140
SUBSCRIPTION ASSETS	33,686	31,541	—	3,264	61,963	38,568	—	7,821	92,710
TOTAL ACCUMULATED AMORTIZATION	**217,154**	**101,187**	**—**	**33,069**	**285,272**	**110,110**	**—**	**52,842**	**342,540**
TOTAL RIGHT OF USE ASSETS, NET	**$ 804,846**	**$ 9,833**	**$ 19,921**	**$ 3,632**	**$ 830,968**	**$ 20,291**	**$ 170,195**	**$ 8,936**	**$ 1,012,518**

Total future annual lease payments under lessee agreements as of June 30, 2025 are as follows:

Year *(Dollars in thousands)*	**Principal**	**Interest**	**Total**
2026	45,292	34,610	79,902
2027	43,570	32,486	76,056
2028	28,054	31,140	59,194
2029	19,983	30,225	50,208
2030	19,517	30,996	50,513
2031 - 2035	91,591	151,616	243,207
2036 - 2040	98,708	144,999	243,707
2041 - 2045	58,672	127,355	186,027
2046 - 2050	86,923	96,247	183,170
2051 - 2055	134,137	76,069	210,206
2056 - 2060	192,684	45,719	238,403
2061 - 2063	144,888	8,225	153,113
Total	**$ 964,019**	**$ 809,687**	**$ 1,773,706**

Total future annual subscription payments under subscription-based arrangements as of June 30, 2025 are as follows:

Year *(Dollars in thousands)*	**Principal**	**Interest**	**Total**
2026	30,159	4,437	34,596
2027	24,060	3,200	27,260
2028	20,366	1,757	22,123
2029	15,381	1,233	16,614
2030	12,313	548	12,861
2031	362	4	366
Total	**$ 102,641**	**$ 11,179**	**$ 113,820**

LESSOR ARRANGEMENTS

The University leases building and ground space to external parties with significant activity occurring within the Metropolitan Tract (Note 1). The leases expire at various dates through 2097 and provide for renewal options ranging from one year to twenty-five years. The University records lease receivables and deferred inflows of resources based on the present value of expected receipts over the term of the respective leases. The expected receipts are discounted using the University's incremental borrowing rate. Variable payments are excluded from the valuations unless they are fixed in substance. Amounts recognized for variable and other payments not included in the measurement of the lease receivable are $37.1 million and $28.7 million as of June 30, 2025 and 2024, respectively. The University recognized revenues related to lease agreements totaling $95.5 million and $89.8 million as of June 30, 2025 and 2024, respectively, reported in other operating revenues in the Statements of Revenue, Expenses and Changes in Net Position.

Future minimum lease payments to be received under lessor agreements as of June 30, 2025 are as follows:

Year *(Dollars in Thousands)*	**Principal**	**Interest**	**Total**
2026	31,495	13,908	45,403
2027	28,688	12,330	41,018
2028	23,235	11,247	34,482
2029	19,790	10,453	30,243
2030	18,306	9,450	27,756
2031 - 2035	49,961	39,826	89,787
2036 - 2040	16,789	33,060	49,849
2041 - 2045	12,431	31,443	43,874
2046 - 2050	14,186	29,883	44,069
2051 - 2055	16,752	28,004	44,756
2056 - 2060	20,168	25,366	45,534
2061 - 2065	18,849	22,867	41,716
2066 - 2070	20,053	20,673	40,726
2071 - 2075	17,673	18,468	36,141
2076 - 2080	18,905	16,705	35,610
2081 - 2085	15,074	14,830	29,904
2086 - 2090	14,117	6,752	20,869
2091 - 2095	19,164	3,362	22,526
2096 - 2097	10,198	396	10,594
Total	**$ 385,834**	**$ 349,023**	**$ 734,857**

NOTE 10:

Pension Plans

The University offers four contributory pension plans: 1) the Washington State Public Employees' Retirement System (PERS) plan, 2) the Washington State Teachers' Retirement System (TRS) plan, 3) the Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF) plan, and 4) the University of Washington Retirement Plan (UWRP). PERS, TRS, and LEOFF are cost sharing multiple-employer defined-benefit pension plans administered by the Washington State Department of Retirement Systems (DRS). UWRP is a defined-contribution plan with a supplemental noncontributory defined-benefit plan component (the UWSRP) and is administered by the University.

Legislation signed into law on July 1, 2020, amended the RCW applicable to the UWSRP to define plan provisions including limits on member eligibility, benefit payments, vesting terms and contribution rates. As a result of these amendments, the University is unable to modify the terms of the plan. Administration of the benefit calculations and payments remain the responsibility of the University until the state's Pension Funding Council determines the trust has sufficient assets, at which time the DRS will assume those duties in accordance with RCW 41.50.280. The University does not perform the duties of a board or hold any of the substantive powers that would make the plan a fiduciary component unit of the University. Other agencies of the state of Washington perform the duties of a board and hold the substantive powers in relation to the UWSRP.

As of June 30, 2025 and 2024, the University's share of the total net pension assets associated with the defined-benefit pension plans administered by the DRS was $394.4 million and $468.7 million, respectively. The University's share of the total net pension liabilities was $170.2 million and $207.7 million, respectively. As of June 30, 2025 and 2024, the net pension liability associated with the defined benefit pension plan administered by the University was $113.9 million and $161.8 million, respectively. As of June 30, 2025 and 2024, assets held by the University to pay retiree benefits in connection with the pension plan administered by the University were $378.2 million and $360.8 million, respectively. These assets are in addition to those now residing with the Washington State Investment Board. For the years ended June 30, 2025 and 2024, total pension expense (benefit) recorded by the University related to both the DRS and University plans was $(61.8) million and $(53.3) million, respectively.

PLANS ADMINISTERED BY DRS

PLAN DESCRIPTION

Public Employees' Retirement System

PERS retirement benefit provisions are contained in chapters 41.34 and 41.40 of the Revised Code of Washington (RCW). PERS is a cost-sharing multiple-employer retirement system comprised of three separate pension plans for membership purposes. PERS Plan 1 and PERS Plan 2 are defined-benefit plans, and PERS Plan 3 is a defined-benefit plan with a defined-contribution component. PERS members include higher education employees not participating in other higher education retirement programs.

For accounting purposes, PERS is reported as three separate plans. Plan 1 accounts for the defined benefits of Plan 1 members, Plan 2/3 accounts for the defined benefits of Plan 2 and Plan 3 members, and Plan 3 accounts for the defined-contribution portion of Plan 3 members. The defined-benefit portions of Plan 2 and Plan 3 are accounted for in the same pension trust fund, and all assets of Plan 2/3 may legally be used to pay the defined benefits of any of the Plan 2 or Plan 3 members or beneficiaries. Plan 2/3 is considered a single plan for accounting purposes.

Teachers' Retirement System

TRS retirement benefit provisions are contained in chapters 41.32 and 41.34 of the RCW. TRS is a cost-sharing, multiple-employer retirement system, comprised of three separate pension plans for membership purposes; TRS Plan 1 and TRS Plan 2 are defined-benefit plans and TRS Plan 3 is a defined-benefit plan with a defined-contribution component. TRS eligibility for membership requires service as a certificated public school employee working in an instructional, administrative or supervisory capacity.

For accounting purposes, similar to PERS, TRS is reported as three separate plans. Plan 1 accounts for the defined benefits of Plan 1 members, Plan 2/3 accounts for the defined benefits of Plan 2 and Plan 3 members, and Plan 3 accounts for the defined-contribution portion of Plan 3 members. The defined-benefit portions of Plan 2 and Plan 3 are accounted for in the same pension trust fund, and all assets of Plan 2/3 may legally be used to pay the defined benefits of any of the Plan 2 or Plan 3 members or beneficiaries. Plan 2/3 is considered a single plan for accounting purposes.

Law Enforcement Officers' and Fire Fighters' Retirement System

LEOFF retirement benefit provisions are contained in chapter 41.26 of the RCW. LEOFF is a cost-sharing, multiple-employer retirement system comprised of two separate pension plans for both membership and accounting purposes. The University participates in LEOFF Plan 2, which is a defined-benefit plan. LEOFF membership includes full-time, fully compensated, local law enforcement commissioned officers, firefighters, and as of July 24, 2005, emergency medical technicians.

VESTING AND BENEFITS PROVIDED

PERS Plan 1 and TRS Plan 1

PERS Plan 1 and TRS Plan 1 provide retirement, disability and death benefits. Both plans are closed to new entrants. All members were vested after the completion of five years of eligible service. Retirement benefits are determined as 2% of the member's average final compensation (AFC) times the member's years of service. The AFC is the average of the member's 24 highest-paid consecutive service months. The retirement benefit may not exceed 60% of the AFC.

Members are eligible for retirement from active status at any age with at least 30 years of service, at age 55 with at least 25 years of service, or at age 60 with at least five years of service. Members retiring from inactive status prior to the age of 65 may receive actuarially reduced benefits. Other benefits for PERS Plan 1 include an optional Cost-of-Living Adjustment. Other benefits for TRS Plan 1 include temporary and permanent disability payments, and an optional Cost-of-Living Adjustment.

PERS Plan 2/3 and TRS Plan 2/3

PERS Plan 2/3 and TRS Plan 2/3 provide retirement, disability and death benefits. PERS Plan 2 and TRS Plan 2 members are vested after completion of five years of eligible service. PERS Plan 3 and TRS Plan 3 members are vested in the defined-benefit portion of their plan after 10 years of service, or after five years of service if 12 months are earned after age 44. Retirement benefits are determined as 2% of the member's AFC times the member's years of service for Plan 2, and 1% of AFC times the member's years of service for Plan 3. The AFC is the average of the member's 60 highest-paid consecutive service months. There is no cap on years of service credit.

Members are eligible for retirement with a full benefit at age 65 with at least five years of service credit. Retirement before age 65 is considered early retirement. Members are eligible for early retirement with a reduced benefit at age 55 with at least 20 years of service credit. The benefit is reduced by a factor that varies according to age, for each year before age 65.

Retirement benefits are actuarially reduced to reflect the choice of a survivor benefit. Other benefits include a Cost-of-Living adjustment (based on the Consumer Price Index) capped at 3% annually.

LEOFF Plan 2

LEOFF Plan 2 provides retirement, disability and death benefits. Members are vested after completing five years of eligible service. Retirement benefits are determined as 2% of the final average salary (FAS) per year of service, based on the member's 60 highest-paid consecutive service months. Members are eligible for retirement with a full benefit at age 53 with at least five years of service credit. Members who retire prior to age 53 receive reduced benefits. If the member has at least 20 years of service and is age 50 to 52, the reduction is 3% for each year before age 53. Otherwise, the benefits are actuarially reduced to reflect the choice of a survivor benefit.

Other benefits include a Cost-of-Living adjustment (based on the Consumer Price Index) capped at 3% annually.

FIDUCIARY NET POSITION

The pension plans' fiduciary net positions have been determined on the same basis as they are reported by the pension plans. DRS financial statements have been prepared in conformity with generally accepted accounting principles. The retirement plans are accounted for in pension trust funds using the flow of economic resources measurement focus and the accrual basis of accounting. Member contributions are recognized as revenues in the period in which the contributions are earned. Employer contributions are recognized when due, and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable, in accordance with the terms of each plan.

Chapter 43.33A of the RCW authorizes the Washington State Investment Board (WSIB) to have the investment management responsibility for the pension funds. Investments are reported at fair value, and unrealized gains and losses are included as investment income in the Statements of Changes in Fiduciary Net Position presented in the DRS Annual Comprehensive Financial Report. Purchases and sales of investments are recorded on a trade-date basis.

DRS publishes an annual report for retirement plans, which is available at https://www.drs.wa.gov/news/

ACTUARIAL ASSUMPTIONS

Accounting requirements dictate the use of assumptions to best estimate the impact that pension obligations will have on the University. The professional judgments used in determining these assumptions are important, and can significantly impact the resulting actuarial estimates. Differences in actual results compared to these assumptions could have a significant effect on the University's financial statements.

The total pension liability for each DRS plan was determined by an actuarial valuation, conducted by the Washington State Office of the State Actuary (OSA). The University's 2025 pension liabilities are based on an OSA valuation performed as of June 30, 2023, with the results rolled forward to the measurement date of June 30, 2024. Likewise, the University's 2024 pension liabilities are based on a valuation performed as of June 30, 2022, with the results rolled forward to the measurement date of June 30, 2023.

The following actuarial assumptions have been applied to all prior periods included in the measurement:

2025	
INFLATION	2.75% TOTAL ECONOMIC INFLATION, 3.25% SALARY INFLATION
SALARY INCREASE	EXPECTED TO GROW BY SERVICE-BASED SALARY INCREASES IN ADDITION TO SALARY INFLATION ASSUMPTION OF 3.25%
INVESTMENT RATE OF RETURN	7.00%

2024	
INFLATION	2.75% TOTAL ECONOMIC INFLATION, 3.25% SALARY INFLATION
SALARY INCREASE	EXPECTED TO GROW BY SERVICE-BASED SALARY INCREASES IN ADDITION TO SALARY INFLATION ASSUMPTION OF 3.25%
INVESTMENT RATE OF RETURN	7.00%

Mortality rates were developed using the Society of Actuaries' Pub.H-2010 mortality rates, which vary by member status, as the base table. The OSA applied age offsets for each system, as appropriate, to better tailor the mortality rates to the demographics of each plan. The OSA applied the long-term MP-2017 generational improvement scale, also developed by the Society of Actuaries, to project mortality rates for every year after the 2010 base table. Under "generational" mortality, a member is assumed to receive additional mortality improvements in each future year throughout their lifetime.

The actuarial assumptions used in the June 30, 2023 and 2022 valuations were based on the results of the 2013-2018 Demographic Experience Study Report, and the 2023 and 2021 Economic Experience Study, respectively. Additional assumptions for subsequent events and law changes are current as of the dates of the respective actuarial valuation reports.

The long-term expected rates of return on pension plan investments are determined by the OSA using a building block method in which a best estimate of expected future rates of return (expected returns, net of pension plan investment expense, including inflation) is developed for each major asset class. Those expected returns make up one component of WSIB's Capital Market Assumptions (CMAs). The WSIB uses the CMAs and their target asset allocation to simulate future investment returns over various time horizons.

The long-term expected rate of return of 7.00% for both measurement dates June 30, 2024 and 2023, approximately equals the median of the simulated investment returns over a 50-year time horizon, adjusted to remove or damper any short-term changes that are not expected over the entire 50-year measurement period.

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation for each pension plan, as of the measurement date, are summarized in the following table:

	2025 ***(Measurement Date 2024)***		**2024** **(Measurement Date 2023)**	
Asset Class	**Target Allocation**	**Long-Term Expected Arithmetic Real Rate of Return**	**Target Allocation**	**Long-Term Expected Arithmetic Real Rate of Return**
FIXED INCOME	19.00%	2.10%	20.00%	1.50%
TANGIBLE ASSETS	8.00%	4.50%	7.00%	4.70%
REAL ESTATE	18.00%	4.80%	18.00%	5.40%
GLOBAL EQUITY	30.00%	5.60%	32.00%	5.90%
PRIVATE EQUITY	25.00%	8.60%	23.00%	8.90%

The inflation component used to create the above table was 2.50% and 2.20% for the June 30, 2023 and 2022 actuarial valuations, respectively, and represents WSIB's most recent long-term estimate of broad economic inflation at the time of these valuations.

DISCOUNT RATE

The discount rate used to measure the total pension liabilities as of June 30, 2025 and 2024 was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at

contractually required rates, and that contributions from employers will be made at statutorily required rates, actuarially determined (including the component of PERS 2/3 and TRS 2/3 employer rates pertaining to the unfunded actuarial accrued liability for PERS 1 and TRS 1, respectively). Based on those assumptions, the fiduciary net position for each pension plan was projected to be sufficient to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Using the WSIB long-term expected rate of return, a 7.00% future investment rate of return on pension plan investments was assumed as of measurement dates June 30, 2024 and 2023. The expected return on plan assets is the estimated long-term rate of return that will be earned on the investments used to fund the pension obligation. Contributions from plan members and employers were assumed to continue to be made at contractually required rates (including the component of PERS 2/3 and TRS 2/3 employer rates pertaining to the unfunded actuarial accrued liability for PERS 1 and TRS 1, respectively, as provided for in chapter 41.45 of the RCW).

SENSITIVITY OF THE NET PENSION LIABILITY (ASSET) TO CHANGES IN THE DISCOUNT RATE

The following table presents the University's proportionate share of the net pension liabilities and assets calculated using the discount rate of 7.00% as of measurement dates June 30, 2024 and 2023, respectively, as well as what the net pension liabilities or assets would be if they were calculated using a discount rate one-percentage-point lower or one-percentage-point higher than the current rate:

DISCOUNT RATE SENSITIVITY - NET PENSION LIABILITY (ASSET) *(Dollars in thousands)*

	2025 (Measurement Date 2024)			2024 (Measurement Date 2023)		
Plan	1% Decrease	Current Discount Rate	1% Increase	1% Decrease	Current Discount Rate	1% Increase
PERS 1	$ 241,537	$ 164,202	$ 96,377	$ 282,561	$ 202,252	$ 132,161
PERS 2/3	706,958	(392,168)	(1,294,857)	506,196	(465,417)	(1,263,658)
TRS 1	7,763	5,014	2,597	8,260	5,426	2,950
TRS 2/3	23,175	992	(17,034)	16,780	(520)	(14,584)
LEOFF 2	1,468	(2,215)	(5,228)	451	(2,722)	(5,320)

EMPLOYER CONTRIBUTION RATES

Employer contribution rates are developed in accordance with Chapter 41.45 of the RCW by the OSA, and include an administrative expense component of 0.20% during fiscal year 2025 and 2024. The statute provides authority to the Pension Funding Council to adopt changes to economic assumptions and contribution rates. The following table presents the contribution rates, stated as a percentage of covered payroll as defined by the statute, and required contributions for each DRS plan in which the University participates for the years ended June 30, 2025 and 2024:

(Dollars in Thousands)	PERS 1	PERS 2/3[a]	TRS 1	TRS 2/3[a]	LEOFF 2
2025					
CONTRIBUTION RATE	9.53%	9.53%	9.70%	9.70%	8.73%
CONTRIBUTIONS MADE	$ 51,432	$ 127,301	$ 837	$ 4,292	$ 359
2024					
CONTRIBUTION RATE	10.39%	10.39%	14.69%	14.69%	8.71%
CONTRIBUTIONS MADE	$ 55,320	$ 117,093	$ 1,008	$ 3,512	$ 290

(a) Plan 2/3 employer rate includes a component to address the Plan 1 unfunded actuarial accrued liability

UNIVERSITY PROPORTIONATE SHARE

Collective pension amounts are determined as of a measurement date, which can be no earlier than an employer's prior fiscal year. The measurement date for the net pension liabilities and assets recorded by the University as of June 30, 2025 was June 30, 2024. Employer contributions received and processed by the DRS during the fiscal year ended June 30, 2024 have been used as the basis for determining each employer's proportionate share of the collective pension amounts reported by the DRS in their June 30, 2024 Schedules of Employer and Nonemployer Allocations. Likewise, the measurement date for the net pension liabilities and assets recorded by the University as of June 30, 2024 was June 30, 2023, with employer contributions received and processed by the DRS during the fiscal year ended June 30, 2023, used as the basis for determining each employer's proportionate share of the collective pension amounts. The following table presents the University's proportionate share for each DRS plan:

PROPORTIONATE SHARE	PERS 1	PERS 2/3	TRS 1	TRS 2/3	LEOFF 2
YEAR ENDED JUNE 30, 2025	9.24%	11.90%	0.45%	0.49%	0.12%
YEAR ENDED JUNE 30, 2024	8.86%	11.36%	0.43%	0.42%	0.11%

UNIVERSITY AGGREGATED BALANCES

The table below presents the University's aggregated balance of net pension liability and net pension asset as of June 30 2025 and 2024:

(Dollars in Thousands)	PERS 1	PERS 2/3	TRS 1	TRS 2/3	LEOFF 2	TOTAL
2025						
NET PENSION LIABILITY	$ 164,202	$ —	$ 5,014	$ 992	$ —	$ 170,208
NET PENSION ASSET	—	392,168	—	—	2,215	394,383
2024						
NET PENSION LIABILITY	$ 202,252	$ —	$ 5,426	$ —	$ —	$ 207,678
NET PENSION ASSET	—	465,417	—	520	2,722	468,659

PENSION EXPENSE, DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES

The tables below summarize the University's pension expense, deferred outflows of resources and deferred inflows of resources related to the DRS pension plans, together with the related future year impacts to pension expense from amortization of those deferred amounts. Note that deferred outflows of resources related to University contributions subsequent to the measurement date are recognized as a reduction of the net pension liability in the following year, and are not amortized to pension expense.

PROPORTIONATE SHARE OF PENSION (BENEFIT) EXPENSE *(Dollars in Thousands)*

	PERS 1	PERS 2/3	TRS 1	TRS 2/3	LEOFF 2	TOTAL
YEAR ENDED JUNE 30, 2025	$ 7,594	$ (19,738)	$ 282	$ 2,190	$ 248	$ (9,424)
YEAR ENDED JUNE 30, 2024	$ (2,371)	$ (52,798)	$ 322	$ 1,420	$ 115	$ (53,312)

DEFERRED OUTFLOWS OF RESOURCES *(Dollars in Thousands)*

2025	**PERS 1**	**PERS 2/3**	**TRS 1**	**TRS 2/3**	**LEOFF 2**	**TOTAL**
CHANGE IN ASSUMPTIONS	$ —	$ 216,556	$ —	$ 5,062	$ 912	$ 222,530
DIFFERENCE BETWEEN EXPECTED AND ACTUAL EXPERIENCE	—	222,838	—	6,782	1,631	231,251
CHANGE IN UNIVERSITY'S PROPORTIONATE SHARE	—	—	—	—	1,914	1,914
UNIVERSITY CONTRIBUTIONS SUBSEQUENT TO THE MEASUREMENT DATE OF THE COLLECTIVE NET PENSION LIABILITY [a]	51,432	127,301	837	4,292	359	184,221
TOTAL	**$ 51,432**	**$ 566,695**	**$ 837**	**$ 16,136**	**$ 4,816**	**$ 639,916**
2024						
CHANGE IN ASSUMPTIONS	$ —	$ 195,398	$ —	$ 4,128	$ 696	$ 200,222
DIFFERENCE BETWEEN EXPECTED AND ACTUAL EXPERIENCE	—	94,805	—	4,526	1,112	100,443
CHANGE IN UNIVERSITY'S PROPORTIONATE SHARE	—	8,771	—	1	2,355	11,127
UNIVERSITY CONTRIBUTIONS SUBSEQUENT TO THE MEASUREMENT DATE OF THE COLLECTIVE NET PENSION LIABILITY [b]	55,320	117,093	1,008	3,512	290	177,223
TOTAL	**$ 55,320**	**$ 416,067**	**$ 1,008**	**$ 12,167**	**$ 4,453**	**$ 489,015**

(a) Recognized as a reduction of the net pension liability as of June 30, 2026

(b) Recognized as a reduction of the net pension liability as of June 30, 2025

DEFERRED INFLOWS OF RESOURCES *(Dollars in Thousands)*						
2025	**PERS 1**	**PERS 2/3**	**TRS 1**	**TRS 2/3**	**LEOFF 2**	**TOTAL**
DIFFERENCE BETWEEN PROJECTED AND ACTUAL EARNINGS ON PLAN INVESTMENTS, NET	$ 13,139	$ 112,384	$ 472	$ 1,846	$ 364	$ 128,205
CHANGE IN ASSUMPTIONS	—	24,848	—	360	186	25,394
DIFFERENCE BETWEEN EXPECTED AND ACTUAL EXPERIENCE	—	908	—	73	17	998
CHANGE IN UNIVERSITY'S PROPORTIONATE SHARE	—	15,387	—	1,049	—	16,436
TOTAL	**$ 13,139**	**$ 153,527**	**$ 472**	**$ 3,328**	**$ 567**	**$ 171,033**
2024						
DIFFERENCE BETWEEN PROJECTED AND ACTUAL EARNINGS ON PLAN INVESTMENTS, NET	$ 22,815	$ 175,397	$ 786	$ 2,493	$ 576	$ 202,067
CHANGE IN ASSUMPTIONS	—	42,589	—	409	224	43,222
DIFFERENCE BETWEEN EXPECTED AND ACTUAL EXPERIENCE	—	5,200	—	73	22	5,295
TOTAL	**$ 22,815**	**$ 223,186**	**$ 786**	**$ 2,975**	**$ 822**	**$ 250,584**

Amounts reported as deferred outflows of resources, exclusive of contributions made after the measurement date, and deferred inflows of resources will be recognized in pension expense as follows:

AMORTIZATION OF DEFERRED INFLOWS AND DEFERRED OUTFLOWS OF RESOURCES *(a) (Dollars in Thousands)*						
YEAR	**PERS 1**	**PERS 2/3**	**TRS 1**	**TRS 2/3**	**LEOFF 2**	**TOTAL**
2026	$ (21,744)	$ (87,781)	$ (788)	$ (1,040)	$ 2	$ (111,351)
2027	11,171	170,920	412	3,065	856	186,424
2028	(1,183)	72,753	(41)	1,329	515	73,373
2029	(1,383)	70,042	(55)	1,249	521	70,374
2030	—	32,799	—	1,321	585	34,705
THEREAFTER	—	27,134	—	2,592	1,411	31,137
TOTAL	**$ (13,139)**	**$ 285,867**	**$ (472)**	**$ 8,516**	**$ 3,890**	**$ 284,662**

(a) Negative amounts shown in the table above represent a reduction of expense

PLANS ADMINISTERED BY UNIVERSITY OF WASHINGTON

University of Washington Retirement Plan

PLAN DESCRIPTION

UWRP, a single-employer 403(b) defined-contribution plan, is administered by the University. Faculty, librarians and professional staff are eligible to participate in the UWRP.

Contributions to the plan are invested by participants in annuity contracts or mutual fund accounts offered by one or more fund sponsors. Employees have at all times a 100% vested interest in their accumulations. Benefits from the plan are available upon separation or retirement at the member's option. RCW 28B.10.400 et. seq. assigns the authority to the University of Washington Board of Regents to establish and amend benefit provisions.

The number of participants in the UWRP as of June 30, 2025 and 2024 was 20,569 and 20,268, respectively.

Funding Policy

Employee contribution rates, based on age, are 5%, 7.5% or 10% of salary. The University matches 100% of employee contributions. Within parameters established by the legislature, contribution requirements may be established or amended by the University of Washington Board of Regents. Employer contributions for the year ended June 30, 2025 and 2024 were $180.1 million and $169.1 million, respectively.

University of Washington Supplemental Retirement Plan

PLAN DESCRIPTION

UWSRP, a single-employer 401(a) defined-benefit retirement plan administered by the University, operates in tandem with the 403(b) plan to supplement the expected defined-contribution retirement savings accumulated under the UWRP. For purposes of measuring the June 30, 2025 and 2024 net pension liabilities, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the UWSRP and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported in the state of Washington's Annual Comprehensive Financial Report, which is available at https://ofm.wa.gov/accounting/financial-audit-reports/annual-comprehensive-financial-report.

The UWSRP was closed to new participants effective March 1, 2011. UWSRP membership requires participation in the UWRP. Participant data is updated biannually in the actuarial valuations. The table below shows the number of participants in the UWSRP as of June 30, 2025 and 2024:

NUMBER OF PARTICIPANTS	*2025 (Measurement Date: 2024)*	*2024 (Measurement Date: 2023)*
ACTIVE EMPLOYEES	4,117	4,117
INACTIVE EMPLOYEES RECEIVING BENEFITS	1,289	1,289
INACTIVE EMPLOYEES ENTITLED TO, BUT NOT RECEIVING, BENEFITS	341	341

VESTING AND BENEFITS PROVIDED

UWSRP retirement benefit provisions are contained in RCW 28B.10.400, et. seq. Members are eligible for calculation of a possible retirement benefit under this plan when they have reached age 62 and have 10 years of service with the University. Upon retirement, a calculation is performed which compares "goal income" to "assumed income" to determine if benefits have been earned under the plan.

Goal income is the product of a service factor multiplied by average monthly compensation, and then by eligible years of participation. Average monthly compensation is defined as the average annual basic salary, not to exceed annual limits established by the Internal Revenue Code, paid to a participant for their highest 24 consecutive months of service.

Assumed income must be calculated by an independent actuary, and represents a theoretical amount of monthly income that would have been generated if actual employee and University contributions to the UWRP had been allocated equally between fixed and variable dollar annuities.

When the goal income exceeds the assumed income, the participant is entitled to benefits under this plan. Benefit payments made during the years ended June 30, 2025 and 2024 were $11.8 million and $11.7 million, respectively.

EMPLOYER CONTRIBUTIONS

State legislation which became effective on July 1, 2020, created an employer contribution rate for the UWSRP. This rate is developed by the OSA in accordance with RCW 41.45, which provides authority to the Pension Funding Council to adopt changes to economic assumptions and contribution rates. The University's contribution rate for the fiscal year ended June 30, 2025 and 2024 per RCW 28B.10.423 was 0.38% of UWRP covered salaries. Contributions made in the fiscal years ended June 30, 2025 and 2024 were $8.9 million and $8.4 million, respectively.

PLAN INVESTMENTS

The WSIB has been authorized by statute as having investment management responsibility for the pension funds. The WSIB manages retirement fund assets to maximize return at a prudent level of risk.

UWSRP plan assets are invested in the Commingled Trust Fund (CTF). Established on July 1, 1992, the CTF is a diversified pool of investments that invests in fixed income, public equity, private equity, real estate, and tangible assets. Investment decisions are made within the framework of a Strategic Asset Allocation Policy and a series of written WSIB-adopted investment policies for the various asset classes in which the WSIB invests.

Information about the investment of pension funds by the WSIB, their valuation, classifications, concentrations, and maturities can be found in the state of Washington's Annual Comprehensive Financial Report.

The money-weighted rates of return are provided by the WSIB and the Office of the State Treasurer. The annual money-weighted rate of return on UWSRP investments, net of pension plan investment expense, for the measurement periods ended June 30, 2024 and 2023 was 8.12% and 7.16%, respectively. This money-weighted rate of return expresses investment performance, net of pension plan investment expense, and reflects both the size and timing of external cash flows.

OTHER DESIGNATED ASSETS

The University has also set aside assets to pay UWSRP benefits which are not held in a qualified trust as defined by GASB. A qualified trust requires that contributions from employers be irrevocable, dedicated to providing pension benefits to plan members, and are legally protected from creditors of the employer and plan administrator. As a result, these assets are not reflected as a reduction of the Total Pension Liability (TPL).

As of June 30, 2025 and 2024, the University had set aside $378.2 million and $360.8 million, respectively, to pay future UWSRP retiree benefits. These assets are in addition to those amounts now residing with the WSIB, which are reflected as a reduction of the TPL.

UWSRP PENSION LIABILITY

Effective July 1, 2020, legislation signed into law created a trust arrangement for assets dedicated to paying UWSRP benefits to plan members. Contributions previously paid to and accumulated by DRS beginning January 1, 2012 were transferred into the trust when this legislation became effective. As a result, the University uses accounting guidance for single employer plans that have trusted assets and reports the pension liability net of plan assets.

GASB Statement No. 68 "Accounting and Financial Reporting for Pensions" allows the employer to use a measurement date for the Total Pension Liability (TPL) and the Net Pension Liability (NPL) no earlier than the end of the employer's prior fiscal year. Prior to fiscal year 2024, the measurement date used by the University for valuation of the TPL and the NPL were the same as the University's financial reporting date. In fiscal year 2024, however, the University elected to transition to use a measurement date which lags the financial reporting date by one year. As a result of this transition, the June 30, 2024 NPL is based on a measurement date of June 30, 2023. There was no material impact associated with this change. The TPL, Plan Fiduciary Net Position, and NPL for UWSRP remained unchanged in fiscal year 2024 from the prior year, at $274.3 million, $112.5 million, and $161.8 million, respectively.

UWSRP pension expense (benefit) for the year ended June 30, 2025 was $(52.3) million and is reported in the accompanying statements of revenues, expenses and changes in net position as a reduction benefits expense. No pension expense for the UWSRP plan has been recorded in the year ended June 30, 2024 due to the transition described above. Additionally, the contributions made after the June 30, 2024 measurement date and before the end of the June 30, 2025 fiscal year are recorded as Deferred Outflows of Resources instead of reflected as a reduction of the NPL in the 2025 fiscal year. Likewise, the contributions made after the June 30, 2023 measurement date and before the end of the June 30, 2024 fiscal year are recorded as Deferred Outflows of Resources instead of reflected as a reduction of the NPL in the 2024 fiscal year.

The components of the UWSRP liability were as follows:

SCHEDULE OF CHANGES IN NET PENSION LIABILITIES (NPL) *(Dollars in Thousands)*

	TPL (a)	PLAN FIDUCIARY NET POSITION (b)	NPL (a) minus (b)
BALANCE AS OF JUNE 30, 2024	**$ 274,309**	**$ 112,536**	**$ 161,773**
SERVICE COST	4,198	—	4,198
INTEREST ON TPL	19,094	—	19,094
DIFFERENCE BETWEEN EXPECTED AND ACTUAL EXPERIENCE	(41,669)	—	(41,669)
EMPLOYER CONTRIBUTIONS	—	8,423	(8,423)
INVESTMENT INCOME	—	9,393	(9,393)
BENEFIT PAYMENTS	(11,666)	—	(11,666)
NET CHANGES	(30,043)	17,816	(47,859)
BALANCE AS OF JUNE 30, 2025	**$ 244,266**	**$ 130,352**	**$ 113,914**

The June 30, 2025 and 2024 TPL is based on an actuarial valuation performed as of January 1, 2023 by the OSA to roll forward the TPL to the measurement date of June 30, 2024 and 2023, respectively. OSA's model estimates the SRP benefit of future retirees by relying on assumptions for the benefit calculation performed by Teachers Insurance and Annuity Association of America (TIAA). The valuation was prepared using the entry age actuarial cost method. Actual investment return was higher than the assumed return, impacting the TPL.

ACTUARIAL ASSUMPTIONS

Accounting requirements dictate the use of assumptions to best estimate the impact that pension obligations will have on the University. The professional judgments used in determining these assumptions are important, and can significantly impact the resulting actuarial estimates. Differences between actual results compared to these assumptions could have a significant impact on the University's financial statements. The following table shows significant assumptions used to measure the NPL as of June 30, 2025 and 2024:

SIGNIFICANT ASSUMPTIONS USED TO MEASURE THE UWSRP NET PENSION LIABILITY (NPL) *(Dollars in thousands)*

	2025	**2024**
INFLATION	2.75%	2.75%
SALARY CHANGES	4.00%	4.00%
SOURCE OF MORTALITY ASSUMPTIONS	PUB. H-2010 TABLES, WITH THE MP-2017 MORTALITY IMPROVEMENT SCALE	PUB. H-2010 TABLES, WITH THE MP-2017 MORTALITY IMPROVEMENT SCALE
DATE OF EXPERIENCE STUDY	AUGUST 2023	AUGUST 2021
DISCOUNT RATE	7.00%	7.00%
CHANGE IN DISCOUNT RATE SINCE PRIOR MEASUREMENT DATE	NA	NA
SOURCE OF DISCOUNT RATE	2023 REPORT ON FINANCIAL CONDITION AND ECONOMIC EXPERIENCE STUDY	2021 REPORT ON FINANCIAL CONDITION AND ECONOMIC EXPERIENCE STUDY
INVESTMENT RATE OF RETURN	7.00%	7.00%
NPL MEASUREMENT AT DISCOUNT RATE	$113,914	$161,773
NPL DISCOUNT RATE INCREASED 1%	$91,762	$135,272
NPL DISCOUNT RATE DECREASED 1%	$139,690	$192,736

The long-term expected rate of return on pension plan investments was determined by the WSIB using a building-block method in which a best estimate of expected future rates of return (expected returns, net of pension plan investment expense, but including inflation) is developed for each major asset class. Those expected returns make up one component of WSIB's CMAs. WSIB used the CMAs and their target asset allocation to simulate future investment returns over various time horizons. The OSA reviewed the historical experience data, considered the historical conditions that produced past annual investment returns, and considered CMAs, and simulated investment returns provided by the WSIB in their selection of the rate.

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of the measurement dates June 30, 2024 and 2023, are summarized in the following table:

	2025 (Measurement Date 2024)		2024 (Measurement Date 2023)	
Asset Class	**Target Allocation**	**Long-Term Expected Arithmetic Real Rate of Return**	**Target Allocation**	**Long-Term Expected Arithmetic Real Rate of Return**
FIXED INCOME	19.00%	2.10%	20.00%	1.50%
TANGIBLE ASSETS	8.00%	4.50%	7.00%	4.70%
REAL ESTATE	18.00%	4.80%	18.00%	5.40%
GLOBAL EQUITY	30.00%	5.60%	32.00%	5.90%
PRIVATE EQUITY	25.00%	8.60%	23.00%	8.90%

As noted above, the discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that the University would pay retiree benefits from assets designated for that purpose, until such time that responsibility for these payments transfers to the DRS and payments are funded by the plan assets invested in the CTF. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

DEFERRED OUTFLOWS AND DEFERRED INFLOWS OF RESOURCES

The tables below summarize the University's deferred outflows and deferred inflows of resources related to the UWSRP, together with the related future year impacts to pension expense from amortization of those deferred amounts:

DEFERRED OUTFLOWS OF RESOURCES *(Dollars in thousands)*		
2025		
DIFFERENCE BETWEEN EXPECTED AND ACTUAL EXPERIENCE	$	73,415
CHANGE IN ASSUMPTIONS		67,896
UNIVERSITY CONTRIBUTIONS SUBSEQUENT TO THE MEASUREMENT DATE OF THE COLLECTIVE NET PENSION LIABILITY [(a)]		20,659
TOTAL	**$**	**161,970**
2024		
DIFFERENCE BETWEEN EXPECTED AND ACTUAL EXPERIENCE	$	100,648
CHANGE IN ASSUMPTIONS		95,609
UNIVERSITY CONTRIBUTIONS SUBSEQUENT TO THE MEASUREMENT DATE OF THE COLLECTIVE NET PENSION LIABILITY [(b)]		$20,036
TOTAL	**$**	**216,293**

(a) Recognized as a reduction of the net pension liability as of June 30, 2026

(b) Recognized as a reduction of the net pension liability as of June 30, 2025

DEFERRED INFLOWS OF RESOURCES *(Dollars in thousands)*		
2025		
DIFFERENCE BETWEEN EXPECTED AND ACTUAL EXPERIENCE	$	222,177
CHANGE IN ASSUMPTIONS		117,506
NET DIFFERENCE BETWEEN PROJECTED AND ACTUAL EARNINGS ON PLAN INVESTMENTS		1,820
TOTAL	**$**	**341,503**
2024		
DIFFERENCE BETWEEN EXPECTED AND ACTUAL EXPERIENCE	$	259,025
CHANGE IN ASSUMPTIONS		158,992
NET DIFFERENCE BETWEEN PROJECTED AND ACTUAL EARNINGS ON PLAN INVESTMENTS		2,998
TOTAL	**$**	**421,015**

Amounts reported as deferred outflows of resources, exclusive of contributions made after the measurement date, and deferred inflows of resources related to the UWSRP will be recognized in pension expense as follows:

AMORTIZATION OF DEFERRED INFLOWS AND DEFERRED OUTFLOWS OF RESOURCES *(a) (Dollars in thousands)*		
Year		
2026		(53,881)
2027		(44,564)
2028		(78,871)
2029		(15,888)
2030		(6,988)
TOTAL	**$**	**(200,192)**

(a) Negative amounts shown in the table above represent a reduction of expense

NOTE 11:

Other Post Employment Benefits (OPEB)

PLAN DESCRIPTION

OPEB are benefits provided to retired employees (and their spouses) beyond those provided by their pension plans. These programs for employees of the state of Washington are administered by the Washington State Health Care Authority (HCA). Per RCW 41.05.065, the Public Employees' Benefits Board (PEBB), created within the HCA, is authorized to design benefits and determine terms and conditions of employee and retired employee participation and coverage. Benefits provided by this single-employer defined-benefit OPEB plan include medical, prescription drug, life, dental, vision, disability, and long-term care insurance. Medical, prescription drug and vision insurance comprise the bulk of the monetary assistance, or subsidies, provided by PEBB OPEB.

The OPEB relationship between PEBB employers and their employees and retirees is not formalized in a contract or plan document. Rather, the benefits are provided in accordance with a substantive plan. A substantive plan is one in which the plan terms are understood by the employers and plan members. This understanding is based on communications between the employers and plan members and the historical pattern of practice with regard to the sharing of benefit costs. The understanding by the employer and plan members is that there is no contractual obligation to continue the substantive plan as an employee benefit on an ongoing basis. Nevertheless, the actuarial assumptions used in the valuations presented in this footnote assume that this substantive plan will continue into the future.

The HCA has two claim pools: one covering employees and non-Medicare eligible retirees, and the other covering retirees enrolled in Medicare Parts A and B. For retirees, participating employers provide two different subsidies: an implicit subsidy and an explicit subsidy.

- The implicit subsidy, set up under RCW 41.05.022, is not a direct payment from the employer on behalf of the retiree. Retirees who are not yet eligible for Medicare benefits may currently continue to participate in the state's non-Medicare

community-rated health insurance risk pool. Claims experience for employees and non-Medicare eligible retirees are pooled when determining premiums. Therefore, these retired members pay a premium based on a pool of members that, on average, are younger and healthier. This results in an implicit subsidy since the premiums paid by retirees are lower than they would have been if the retirees were insured separately.

- The explicit subsidy, permitted under RCW 41.05.085, is a set dollar amount for members enrolled in Medicare Parts A and B, reducing the monthly premium paid for Medicare supplemental plan coverage. PEBB determines the amount of the explicit subsidy applicable to each calendar year, with the final amount approved by the state Legislature. The subsidy was up to $183 per member per month during fiscal year 2025.

The OPEB plan is currently available to employees who elect to continue coverage and pay the administratively established premiums at the time they retire. PEBB member data used in the valuation of the OPEB liability includes members enrolled in a PEBB program as well as other active employees who were eligible to enroll but waived coverage.

The table below shows the University's PEBB membership data as of June 30, 2025 and 2024:

NUMBER OF PARTICIPANTS	**2025** *(Measurement Date: 2024)*	**2024** *(Measurement Date: 2023)*
ACTIVE EMPLOYEES	40,924	37,498
INACTIVE EMPLOYEES RECEIVING BENEFITS	10,733	10,845
INACTIVE EMPLOYEES ENTITLED TO, BUT NOT RECEIVING, BENEFITS	N/A *	N/A *

- Data not available from Washington State Health Care Authority (HCA)

ACTUARIAL ASSUMPTIONS

Accounting requirements dictate the use of assumptions to best estimate the impact that OPEB obligations will have on the University. The professional judgments used by the Washington State Office of the State Actuary (OSA) in determining the assumptions used to value the state of Washington OPEB liability are important and can significantly impact the resulting actuarial estimates. Differences in actual results compared to these assumptions could have a significant impact on the University's financial statements. The following table shows significant assumptions used to measure the total OPEB liability (TOL) as of June 30, 2025 and 2024:

SIGNIFICANT ASSUMPTIONS USED TO MEASURE THE TOTAL OPEB LIABILITY (TOL) *(Dollars in thousands)*

	2025	2024
INFLATION	2.40%	2.35%
HEALTHCARE COST TREND	INITIAL RATE RANGES FROM ABOUT (4.5%) - 9.5%, REACHING AN ULTIMATE RATE OF 3.80% IN 2080.	INITIAL RATE RANGES FROM 2% - 11%, REACHING AN ULTIMATE RATE OF 3.80% IN 2080.
SALARY INCREASE	3.25% PLUS SERVICE-BASED SALARY INCREASES	3.25% PLUS SERVICE-BASED SALARY INCREASES
SOURCE OF MORTALITY ASSUMPTIONS	MOST DEMOGRAPHIC ACTUARIAL ASSUMPTIONS, INCLUDING MORTALITY AND WHEN MEMBERS ARE EXPECTED TO TERMINATE AND RETIRE, WERE BASED ON THE RESULTS OF THE 2023 PEBB OPEB DEMOGRAPHIC EXPERIENCE STUDY. ECONOMIC ASSUMPTIONS, INCLUDING INFLATION AND SALARY INCREASES, WERE BASED ON THE RESULTS OF THE 2023 ECONOMIC EXPERIENCE STUDY.	SOCIETY OF ACTUARIES' PUB.H-2010 MORTALITY RATES, WITH APPLICATION OF THE LONG-TERM MP-2017 GENERATIONAL IMPROVEMENT SCALE AND UPDATED BASED ON RESULTS OF THE 2013-2018 DEMOGRAPHIC EXPERIENCE STUDY REPORT AND THE 2019 REPORT ON FINANCIAL CONDITION AND ECONOMIC EXPERIENCE STUDY.
DATE OF EXPERIENCE STUDY	2023 EXPERIENCE STUDY REPORT	2013-2018 EXPERIENCE STUDY REPORT
DISCOUNT RATE	3.93%	3.65%
SOURCE OF DISCOUNT RATE	BOND BUYER GENERAL OBLIGATION 20-BOND MUNICIPAL BOND INDEX AS OF 6/30/24 (MEASUREMENT DATE)	BOND BUYER GENERAL OBLIGATION 20-BOND MUNICIPAL BOND INDEX AS OF 6/30/23 (MEASUREMENT DATE)
POST-RETIREMENT PARTICIPATION PERCENTAGE	60.00%	60.00%
TOL MEASUREMENT AT DISCOUNT RATE	$1,256,930	$1,277,506
TOL DISCOUNT RATE INCREASED 1%	$1,079,801	$1,102,742
TOL DISCOUNT RATE DECREASED 1%	$1,478,769	$1,494,768
TOL MEASUREMENT AT HEALTHCARE COST TREND RATE	$1,256,930	$1,277,506
TOL HEALTHCARE COST TREND RATE INCREASED 1%	$1,510,467	$1,540,089
TOL HEALTHCARE COST TREND RATE DECREASED 1%	$1,060,321	$1,073,493

Material assumption changes during the measurement period ending June 30, 2024 include updating the discount rate, as required by GASB 75, and updating the inflation rate, and the forecast of healthcare cost trend rate. Material assumption changes during the measurement period ending June 30, 2023 include updating the discount rate, as required by GASB 75.

CHANGES IN THE TOTAL OPEB LIABILITY

The TOL for the state of Washington as of June 30, 2025 was determined by an actuarial valuation, conducted by the OSA, using data as of June 30, 2023, with the results rolled forward to the measurement date of June 30, 2024. OPEB implicit and explicit subsidies are funded by required contributions made by participating employers, such as the University. These contributions are made on behalf of all active, healthcare-eligible employees regardless of enrollment status. As such, the allocation method used to determine the University's proportionate share of the statewide TOL is the relationship of University active, healthcare-eligible employee headcount to the corresponding statewide total.

The University's proportionate share percentage was 28.7% and 29.2% as of June 30, 2025 and 2024, respectively.

The OPEB plan is funded on a pay-as-you-go basis. Accordingly, contributions from employers to the HCA occur only when benefits become due (after retirement). No qualified trust fund has been established dedicated to paying these benefits and there are no associated assets. As a result, the University reports a proportionate share of the state's total OPEB liability.

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY (TOL) *(Dollars in thousands)*	
BALANCE AS OF JULY 1, 2023	**1,246,057**
SERVICE COST	44,755
INTEREST ON TOL	44,957
CHANGE IN ASSUMPTIONS	(21,618)
BENEFIT PAYMENTS	(31,314)
CHANGE IN PROPORTIONATE SHARE	(5,331)
BALANCE AS OF JUNE 30, 2024	**1,277,506**
SERVICE COST	40,781
INTEREST ON TOL	46,775
DIFFERENCE BETWEEN EXPECTED AND ACTUAL EXPERIENCE	23,934
CHANGE IN ASSUMPTIONS	(106,766)
CHANGE OF BENEFIT TERMS	27,447
BENEFIT PAYMENTS	(31,660)
CHANGE IN PROPORTIONATE SHARE	(21,087)
BALANCE AS OF JUNE 30, 2025	**$ 1,256,930**

OPEB EXPENSE, DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES

The tables below summarize the University's OPEB expense, deferred outflows of resources and deferred inflows of resources related to the OPEB plan, together with the related future year impacts to OPEB expense from amortization of those deferred amounts. Note that deferred outflows of resources related to University contributions subsequent to the measurement date are recognized as a reduction of the total OPEB liability in the following year, and are not amortized to OPEB expense.

PROPORTIONATE SHARE OF OPEB EXPENSE *(Dollars in Thousands)*		
YEAR ENDED JUNE 30, 2025	$	(14,676)
YEAR ENDED JUNE 30, 2024	$	(29,444)

DEFERRED OUTFLOWS OF RESOURCES *(Dollars in Thousands)*		
2025		
DIFFERENCES BETWEEN EXPECTED AND ACTUAL EXPERIENCE IN THE MEASUREMENT OF THE TOTAL OPEB LIABILITY	$	33,993
CHANGE IN ASSUMPTIONS		63,272
UNIVERSITY CONTRIBUTIONS SUBSEQUENT TO THE MEASUREMENT DATE OF THE COLLECTIVE TOTAL OPEB LIABILITY		33,109
CHANGE IN PROPORTIONATE SHARE		99,691
TOTAL	**$**	**230,065**
2024		
DIFFERENCES BETWEEN EXPECTED AND ACTUAL EXPERIENCE IN THE MEASUREMENT OF THE TOTAL OPEB LIABILITY	$	19,398
CHANGE IN ASSUMPTIONS		83,013
UNIVERSITY CONTRIBUTIONS SUBSEQUENT TO THE MEASUREMENT DATE OF THE COLLECTIVE TOTAL OPEB LIABILITY		32,192
CHANGE IN PROPORTIONATE SHARE		120,958
TOTAL	**$**	**255,561**

DEFERRED INFLOWS OF RESOURCES *(Dollars in Thousands)*		
2025		
DIFFERENCES BETWEEN EXPECTED AND ACTUAL EXPERIENCE IN THE MEASUREMENT OF THE TOTAL OPEB LIABILITY	$	31,687
CHANGE IN ASSUMPTIONS		694,552
CHANGE IN PROPORTIONATE SHARE		41,506
TOTAL	**$**	**767,745**
2024		
DIFFERENCES BETWEEN EXPECTED AND ACTUAL EXPERIENCE IN THE MEASUREMENT OF THE TOTAL OPEB LIABILITY		$37,937
CHANGE IN ASSUMPTIONS		765,408
CHANGE IN PROPORTIONATE SHARE		17,105
TOTAL	**$**	**820,450**

Amounts reported as deferred outflows and deferred inflows of resources will be recognized as a component of the University's OPEB expense as follows:

AMORTIZATION OF DEFERRED INFLOWS AND DEFERRED OUTFLOWS OF RESOURCES *(a) (Dollars in Thousands)*		
YEAR		
2026	$	(129,680)
2027		(99,924)
2028		(60,448)
2029		(71,801)
2030		(86,205)
THEREAFTER		(122,731)
TOTAL	**$**	**(570,789)**

(a) Negative amounts shown in the table above represent a reduction of expense

NOTE 12:

Deferred Outflows and Deferred Inflows of Resources

The composition of deferred outflows and deferred inflows of resources as of June 30, 2025 and 2024 is summarized as follows:

DEFERRED OUTFLOWS AND DEFERRED INFLOWS OF RESOURCES *(Dollars in thousands)*				
2025		**DEFERRED OUTFLOWS OF RESOURCES**		**DEFERRED INFLOWS OF RESOURCES**
Pensions	$	801,886	$	512,536
Leases		—		519,711
OPEB		230,065		767,745
Split-Interest Agreements		—		21,748
Public-Private Partnership		—		17,367
Unamortized Gain on Refinancing		—		37,984
Other		5,531		—
Total	**$**	**1,037,482**	**$**	**1,877,091**
2024		**DEFERRED OUTFLOWS OF RESOURCES**		**DEFERRED INFLOWS OF RESOURCES**
Pensions	$	705,308	$	671,599
Leases		—		536,626
OPEB		255,561		820,450
Split-Interest Agreements		—		20,270
Public-Private Partnership		—		17,627
Unamortized Gain on Refinancing		—		31,405
Other		6,544		—
Total	**$**	**967,413**	**$**	**2,097,977**

NOTE 13:

Commitments and Contingencies

Purchase Commitments. Authorized expenditures for construction projects unexpended as of June 30, 2025 and 2024 were $255.3 million and $218.8 million, respectively. These expenditures will be funded from institutional reserves, debt proceeds and state appropriations.

Federal & State Funding. The University receives and expends substantial amounts under federal and state grants, contracts and programs. This funding is used for research, student aid, UW Medicine operations and other programs, and is subject to audit by governmental granting agencies. Certain grant and contract costs billed to the federal government are subject to audit under 2 CFR 200, "Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards."

On July 4, 2025, H.R.1, also known as the One Big Beautiful Bill Act (OBBBA), was signed into law. The legislation includes a planned phasing down of federal Medicaid expenditures by introducing work requirements for certain "able-bodied" adult beneficiaries, higher cost sharing for certain patients, and more frequent eligibility checks. The provisions, which will cause an expected reduction of eligible Medicaid patients under the OBBBA, will not be implemented until fiscal year 2027 and later. Additionally, beginning in 2028, the OBBBA includes provisions which will decrease inpatient and outpatient directed payment program funding by ten percent each year, until it is eliminated.

Washington State Legislature enacted Senate Bill 5083 "Ensuring access to primary care, behavioral health, and affordable hospital services" with an effective date of July 27, 2025. The legislation limits reimbursement rates for hospital services provided to public employees and their dependents insured on Public Employees Benefits Board (PEBB) and School Employees Benefits Board (SEBB) plans to 200% of Medicare rates effective January 1, 2027. This legislation is expected to reduce reimbursement rates for hospital services provided to PEBB and SEBB employees beginning in fiscal year 2027.

Litigation. The University is also involved in various other claims and legal actions arising in the ordinary course of business. University management believes that any liabilities arising from these matters will not have a material impact on the University's financial statements.

Self-insurance. The University is exposed to risk of loss related to tort liability, injuries to employees and loss of property. The University purchases insurance protection for workers' compensation as well as marine, foreign liability and certain other risks. The University also purchases insurance protection for loss of property at self-sustaining units, bond-financed buildings and when otherwise required by contract; otherwise, the risk of property loss is retained, unfunded. For medical professional liability, general liability, educator's legal liability including employment practices liability, and automobile liability, the University maintains a program of self-insurance reserves and excess insurance coverage through PBI. The University's self-insurance reserve (see note 7) represents the estimated ultimate cost of settling all self-insured claims resulting from events that have occurred on or before the Statements of Net Position dates. The reserve includes the undiscounted amounts that will be required for future payments of claims that have been reported, and claims related to events that have occurred but have not yet been reported.

The self-insurance reserve is estimated using an actuarial calculation. The reserve is included in current and long-term liabilities in the Statements of Net Position. Changes in the self-insurance reserve for the years ended June 30, 2025 and 2024 are noted below:

(Dollars in thousands)	**2025**	**2024**
RESERVE AT BEGINNING OF FISCAL YEAR	$ 255,455	$ 230,104
INCURRED CLAIMS AND CHANGES IN ESTIMATES	53,866	95,321
CLAIM PAYMENTS	(75,076)	(69,970)
RESERVE AT END OF FISCAL YEAR	**$ 234,245**	**$ 255,455**

Regulatory Environment. The healthcare industry is subject to numerous laws and regulations of federal, state, and local governments. These laws and regulations include, but are not limited to, matters such as licensure, accreditation, governmental healthcare program participation requirements, reimbursement for patient services, and Medicare and Medicaid fraud and abuse. Government agencies are actively conducting investigations concerning possible violations of fraud and abuse statutes and regulations by healthcare providers. Violations of these laws and regulations could result in expulsion from government healthcare programs, together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed. Through its compliance program, UW Medicine strives to maintain an effective and safe program for reporting and addressing potential regulatory concerns. Compliance with such laws and regulations can be subject to future government review and interpretation as well as regulatory actions known or unasserted at this time.

NOTE 14:

Operating Expenses by Function

Operating expenses by functional classification for the years ended June 30, 2025 and 2024 are summarized as follows:

OPERATING EXPENSES *(Dollars in thousands)*		**2025**		**2024**
INSTRUCTION	$	989,749	$	1,158,700
RESEARCH		1,322,342		1,254,657
PUBLIC SERVICE		288,624		299,392
ACADEMIC SUPPORT		821,542		846,293
STUDENT SERVICE		84,423		44,569
INSTITUTIONAL SUPPORT		361,943		342,213
OPERATION & MAINTENANCE OF PLANT		270,019		248,910
SCHOLARSHIPS & FELLOWSHIPS		254,297		208,881
AUXILIARY ENTERPRISES		453,337		374,253
MEDICAL-RELATED		3,556,880		3,195,757
DEPRECIATION/AMORTIZATION		529,941		507,400
TOTAL OPERATING EXPENSES	**$**	**8,933,097**	**$**	**8,481,025**

NOTE 15:

Related Parties

Harborview Medical Center (HMC), a hospital and Level I adult and pediatric trauma center located in Seattle, is a component unit of King County, Washington. It has been managed by the University under a management contract between King County and the University since 1967. In February 2016, the University and King County entered into a Hospital Services Agreement. The agreement has an initial ten-year term and may be renewed for two successive ten-year terms with the consent of both parties.

Under the Hospital Services Agreement, King County retains title to all real and personal properties acquired for King County with HMC capital or operating funds. These real and personal properties are recorded on HMC's books, and facility revenues for the operation of HMC are deposited in a King County account that is separate from general King County accounts.

The University is responsible for the operations of HMC, including the provision of medical, dental and management services. All of the individuals employed at HMC, including physicians, are employees of the University. HMC expenses, including payroll, are reimbursed to the University from HMC fund sources.

HMC revenues and expenses are not recognized in the University's financial statements as the University serves in an agency function. As of June 30, 2025, the University's financial statements included accounts receivable and long-term receivables from HMC of $85.5 million and $19.0 million, respectively, and current accrued liabilities of $37.6 million, related to HMC. As of June 30,2024 the University's financial statements included accounts receivable and long-term receivables from HMC of $72.4 million and $19.2 million, respectively, and current accrued liabilities of $34.2 million related to HMC.

Under an annual agreement, HMC provides strategic funding to UW Medicine Primary Care. Funding from HMC to UW Medicine Primary Care was $18.6 million and $17.1 million during fiscal years 2025 and 2024, respectively, and is included in the Statements of Revenues, Expenses and Changes in Net Position as a component of other operating revenue and capital grants, gifts and other in fiscal year 2025 and other operating revenue in fiscal year 2024.

UW Medicine information technology operates as a self-sustaining activity of the University (ITS department). The ITS department records enterprise-wide information technology capital assets that are purchased for use by UW Medicine entities. The HMC ITS funding reflected in the current portion and non-current portion of long-term liabilities (see note 7) of $8.2 million and $13.5 million as of June 30, 2025 and $8.4 million and $13.2 million as of June 30, 2024. HMC's advance funding entitles HMC access to enterprise-wide software and services over the useful life of the assets.

The University of Washington Foundation (UWF) is a nonprofit organization that performs fundraising activities on behalf of the University. The UWF is not included in the University's financial statements as a component unit because gifts and grants that are made to the UWF are immediately transferred to the University. In fiscal years 2025 and 2024, the UWF transferred $176.2 million and $181.6 million, respectively, to the University in gifts and grants received on its behalf; these are included in the financial statements of the University. The remaining amounts retained by the UWF are not significant to the University's financial statements.

The University of Washington Alumni Association is a tax-exempt entity that was established to connect and celebrate alumni and to support the University's mission. The Alumni Association received $6.5 million and $6.1 million from the University in support of its operations in fiscal years 2025 and 2024, respectively. These amounts were expensed by the University.

NOTE 16:

Blended Component Units

Condensed combining statements for the University and its blended component units is shown below:

(Dollars in thousands) **Statements of Net Position – June 30, 2025**	**Combined Entities**	**Eliminations**	**University of Washington**	**Total Blended Component Units**	**Medical Entities**	**Real Estate Entities**	**Portage Bay Insurance**
ASSETS							
TOTAL CURRENT ASSETS	$ 3,483,065	$ (872,699)	$ 3,900,920	$ 454,844	$ 119,455	$ 14,664	$ 320,725
NONCURRENT ASSETS:							
TOTAL OTHER ASSETS	9,539,141	(108,781)	9,234,765	413,157	299,842	113,315	—
CAPITAL ASSETS, NET	6,527,645	(266,957)	6,509,135	285,467	45,313	240,154	—
TOTAL ASSETS	19,549,851	(1,248,437)	19,644,820	1,153,468	464,610	368,133	320,725
DEFERRED OUTFLOWS OF RESOURCES	1,037,482	—	1,037,482	—	—	—	—
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	**$ 20,587,333**	**$ (1,248,437)**	**$ 20,682,302**	**$ 1,153,468**	**$ 464,610**	**$ 368,133**	**$ 320,725**
LIABILITIES							
TOTAL CURRENT LIABILITIES	$ 1,708,698	$ (872,730)	$ 1,928,268	$ 653,160	$ 416,985	$ 15,977	$ 220,198
TOTAL NONCURRENT LIABILITIES	5,333,850	(108,750)	5,135,965	306,635	28,342	116,571	161,722
TOTAL LIABILITIES	7,042,548	(981,480)	7,064,233	959,795	445,327	132,548	381,920
DEFERRED INFLOWS OF RESOURCES	1,877,091	(266,957)	1,883,826	260,222	—	260,222	—
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	8,919,639	(1,248,437)	8,948,059	1,220,017	445,327	392,770	381,920
NET POSITION							
NET INVESTMENT IN CAPITAL ASSETS	3,204,693	—	3,207,105	(2,412)	11,884	(14,296)	—
RESTRICTED:							
NONEXPENDABLE	2,533,079	—	2,533,079	—	—	—	—
EXPENDABLE	3,930,555	—	3,930,536	19	19	—	—
UNRESTRICTED	1,999,367	—	2,063,523	(64,156)	7,380	(10,341)	(61,195)
TOTAL NET POSITION	11,667,694	—	11,734,243	(66,549)	19,283	(24,637)	(61,195)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	**$ 20,587,333**	**$ (1,248,437)**	**$ 20,682,302**	**$ 1,153,468**	**$ 464,610**	**$ 368,133**	**$ 320,725**

(Dollars in thousands) **Statements of Net Position – June 30, 2024**	Combined Entities	Eliminations	University of Washington	Total Blended Component Units	Medical Entities	Real Estate Entities	Portage Bay Insurance
ASSETS							
TOTAL CURRENT ASSETS	$ 3,062,190	$ (582,895)	$ 3,279,422	$ 365,663	$ 103,245	$ 32,228	$ 230,190
NONCURRENT ASSETS:							
TOTAL OTHER ASSETS	9,144,695	(237,459)	8,889,789	492,365	248,072	244,293	—
CAPITAL ASSETS, NET	6,281,755	(270,560)	6,245,450	306,865	48,551	258,314	—
TOTAL ASSETS	18,488,640	(1,090,914)	18,414,661	1,164,893	399,868	534,835	230,190
DEFERRED OUTFLOWS OF RESOURCES	967,413	—	967,413	—	—	—	—
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	**$ 19,456,053**	**$ (1,090,914)**	**$ 19,382,074**	**$ 1,164,893**	**$ 399,868**	**$ 534,835**	**$ 230,190**
LIABILITIES							
TOTAL CURRENT LIABILITIES	$ 1,727,503	$ (582,893)	$ 1,784,722	$ 525,674	$ 354,780	$ 24,968	$ 145,926
TOTAL NONCURRENT LIABILITIES	5,308,406	(237,460)	5,088,131	457,735	30,165	254,080	173,490
TOTAL LIABILITIES	7,035,909	(820,353)	6,872,853	983,409	384,945	279,048	319,416
DEFERRED INFLOWS OF RESOURCES	2,097,977	(270,561)	2,104,942	263,596	—	263,596	—
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	9,133,886	(1,090,914)	8,977,795	1,247,005	384,945	542,644	319,416
NET POSITION							
NET INVESTMENT IN CAPITAL ASSETS	3,060,366	—	3,062,064	(1,698)	12,930	(14,628)	—
RESTRICTED:							
NONEXPENDABLE	2,365,225	—	2,365,225	—	—	—	—
EXPENDABLE	3,446,428	—	3,446,392	36	36		—
UNRESTRICTED	1,450,148	—	1,530,598	(80,450)	1,957	6,819	(89,226)
TOTAL NET POSITION	10,322,167	—	10,404,279	(82,112)	14,923	(7,809)	(89,226)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	**$ 19,456,053**	**$ (1,090,914)**	**$ 19,382,074**	**$ 1,164,893**	**$ 399,868**	**$ 534,835**	**$ 230,190**

(Dollars in thousands) **Statements of Revenues, Expenses and Changes in Net Position - Year Ended June 30, 2025**	**Combined Entities**	**Eliminations**	**University of Washington**	**Total Blended Component Units**	**Medical Entities**	**Real Estate Entities**	**Portage Bay Insurance**
REVENUES							
OPERATING REVENUES:							
PATIENT SERVICES	3,335,185	185,600	2,663,330	486,255	486,255	—	—
STUDENT TUITION AND FEES	1,203,035	—	1,203,035	—	—	—	—
GRANT REVENUE	1,934,982	(363)	1,934,729	616	616	—	—
OTHER OPERATING REVENUE	1,661,584	(473,011)	1,923,534	211,061	124,769	19,461	66,831
TOTAL OPERATING REVENUES	**8,134,786**	**(287,774)**	**7,724,628**	**697,932**	**611,640**	**19,461**	**66,831**
EXPENSES							
OPERATING EXPENSES:							
OTHER OPERATING EXPENSES	$ 8,403,156	$ (278,927)	$7,984,528	$ 697,555	$ 628,749	$ 22,520	$ 46,286
DEPRECIATION / AMORTIZATION	529,941	(8,847)	511,678	27,110	8,950	18,160	—
TOTAL OPERATING EXPENSES	**8,933,097**	**(287,774)**	**8,496,206**	**724,665**	**637,699**	**40,680**	**46,286**
OPERATING (LOSS) INCOME	**(798,311)**	**—**	**(771,578)**	**(26,733)**	**(26,059)**	**(21,219)**	**20,545**
NONOPERATING REVENUES (EXPENSES)							
STATE APPROPRIATIONS	621,216	—	621,216	—	—	—	—
GIFTS	229,797	—	229,789	8	8	—	—
INVESTMENT INCOME	911,869	—	874,148	37,721	30,235	—	7,486
OTHER NONOPERATING REVENUES (EXPENSES)	99,050	1,077	94,752	3,221	(1,170)	4,391	—
NET NONOPERATING REVENUES (EXPENSES)	**1,861,932**	**1,077**	**1,819,905**	**40,950**	**29,073**	**4,391**	**7,486**
INCOME (LOSS) BEFORE OTHER REVENUES	**1,063,621**	**1,077**	**1,048,327**	**14,217**	**3,014**	**(16,828)**	**28,031**
CAPITAL APPROPRIATIONS, GRANTS, GIFTS AND OTHER	142,928	(1,077)	142,659	1,346	1,346	—	—
GIFTS TO PERMANENT ENDOWMENTS	$ 138,978	$ —	$ 138,978	$ —	$ —	$ —	$ —
TOTAL OTHER REVENUES (EXPENSES)	**281,906**	**(1,077)**	**281,637**	**1,346**	**1,346**	**—**	**—**
INCREASE (DECREASE) IN NET POSITION	**1,345,527**	**—**	**1,329,964**	**15,563**	**4,360**	**(16,828)**	**28,031**
NET POSITION							
NET POSITION – BEGINNING OF YEAR	10,322,167	—	10,404,279	(82,112)	14,923	(7,809)	(89,226)
NET POSITION – END OF YEAR	**$ 11,667,694**	**$ —**	**$ 11,734,243**	**$ (66,549)**	**$ 19,283**	**$ (24,637)**	**$ (61,195)**

(Dollars in thousands)

Statements of Revenues, Expenses and Changes in Net Position - Year Ended June 30, 2024	Combined Entities	Eliminations	University of Washington	Total Blended Component Units	Medical Entities	Real Estate Entities	Portage Bay Insurance
REVENUES							
OPERATING REVENUES:							
PATIENT SERVICES	$ 3,046,075	$ 181,300	$ 2,427,393	$ 437,382	$ 437,382	$ —	$ —
STUDENT TUITION AND FEES	1,173,727	—	1,173,727	—	—	—	—
GRANT REVENUE	1,693,793	—	1,693,431	362	362	—	—
OTHER OPERATING REVENUE	1,544,711	(425,651)	1,744,823	225,539	111,992	30,078	83,469
TOTAL OPERATING REVENUES	**7,458,306**	**(244,351)**	**7,039,374**	**663,283**	**549,736**	**30,078**	**83,469**
EXPENSES							
OPERATING EXPENSES:							
OTHER OPERATING EXPENSES	$ 7,973,625	$ (235,795)	$ 7,552,960	$ 656,460	$ 566,553	$ 23,675	$ 66,232
DEPRECIATION / AMORTIZATION	507,400	(8,556)	488,845	27,111	8,947	18,164	—
TOTAL OPERATING EXPENSES	**8,481,025**	**(244,351)**	**8,041,805**	**683,571**	**575,500**	**41,839**	**66,232**
OPERATING (LOSS) INCOME	**(1,022,719)**	**—**	**(1,002,431)**	**(20,288)**	**(25,764)**	**(11,761)**	**17,237**
NONOPERATING REVENUES (EXPENSES)							
STATE APPROPRIATIONS	604,140	—	604,140	—	—	—	—
GIFTS	178,400	—	178,362	38	38	—	—
INVESTMENT INCOME	763,826	—	739,901	23,925	23,925	—	—
OTHER NONOPERATING REVENUES (EXPENSES)	235,875	1,576	231,640	2,659	(1,096)	3,755	—
NET NONOPERATING REVENUES (EXPENSES)	**1,782,241**	**1,576**	**1,754,043**	**26,622**	**22,867**	**3,755**	**—**
INCOME (LOSS) BEFORE OTHER REVENUES	**759,522**	**1,576**	**751,612**	**6,334**	**(2,897)**	**(8,006)**	**17,237**
CAPITAL APPROPRIATIONS, GRANTS, GIFTS AND OTHER	114,213	(1,576)	113,819	1,970	1,970	—	—
GIFTS TO PERMANENT ENDOWMENTS	104,609	—	104,609	—	—	—	—
TOTAL OTHER REVENUES (EXPENSES)	**218,822**	**(1,576)**	**218,428**	**1,970**	**1,970**	**—**	**—**
INCREASE (DECREASE) IN NET POSITION	**978,344**	**—**	**970,040**	**8,304**	**(927)**	**(8,006)**	**17,237**
NET POSITION							
NET POSITION – BEGINNING OF YEAR	9,343,823	—	9,434,239	(90,416)	15,850	197	(106,463)
NET POSITION – END OF YEAR	**$ 10,322,167**	**$ —**	**$ 10,404,279**	**$ (82,112)**	**$ 14,923**	**$ (7,809)**	**$ (89,226)**

(Dollars in thousands) **Statements of Cash Flows - Year Ended June 30, 2025**	**Combined Entities**	**Eliminations**	**University of Washington**	**Total Blended Component Units**	**Medical Entities**	**Real Estate Entities**	**Portage Bay Insurance**
NET CASH PROVIDED (USED) BY:							
OPERATING ACTIVITIES	$ (720,503)	$ —	$ (783,124)	$ 62,621	$ (23,519)	$ 59,491	$ 26,649
NONCAPITAL FINANCING ACTIVITIES	1,166,375	—	1,098,596	67,779	67,779	—	—
CAPITAL AND RELATED FINANCING ACTIVITIES	(595,853)	—	(529,349)	(66,504)	(5,702)	(60,802)	—
INVESTING ACTIVITIES	116,898	—	165,229	(48,331)	(21,682)	—	(26,649)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	**(33,083)**	**—**	**(48,648)**	**15,565**	**16,876**	**(1,311)**	**—**
CASH AND CASH EQUIVALENTS - BEGINNING OF THE YEAR	196,210	—	110,854	85,356	82,495	2,861	—
CASH AND CASH EQUIVALENTS - END OF YEAR	**$ 163,127**	**$ —**	**$ 62,206**	**$ 100,921**	**$ 99,371**	**$ 1,550**	**$ —**

(Dollars in thousands) **Statements of Cash Flows - Year Ended June 30, 2024**	**Combined Entities**	**Eliminations**	**University of Washington**	**Total Blended Component Units**	**Medical Entities**	**Real Estate Entities**	**Portage Bay Insurance**
NET CASH PROVIDED (USED) BY:							
OPERATING ACTIVITIES	$ (593,080)	$ —	$ (646,327)	$ 53,247	$ 14,670	$ 8,988	$ 29,589
NONCAPITAL FINANCING ACTIVITIES	1,261,024	—	1,196,891	64,133	64,133	—	—
CAPITAL AND RELATED FINANCING ACTIVITIES	(680,585)	—	(646,135)	(34,450)	(12,164)	(22,286)	—
INVESTING ACTIVITIES	59,358	—	139,285	(79,927)	(50,338)	—	(29,589)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**46,717**	**—**	**43,714**	**3,003**	**16,301**	**(13,298)**	**—**
CASH AND CASH EQUIVALENTS - BEGINNING OF THE YEAR	149,493	—	67,140	82,353	66,194	16,159	—
CASH AND CASH EQUIVALENTS - END OF YEAR	**$ 196,210**	**$ —**	**$ 110,854**	**$ 85,356**	**$ 82,495**	**$ 2,861**	**$ —**

NOTE 17:

Discretely Presented Component Units

Condensed combining statements for the University's discrete component units is shown below:

(Dollars in thousands) Statements of Net Position	June 30, 2025 Total Discrete Component Units	Valley Medical Center	Fred Hutchinson Cancer Center	June 30, 2024 Total Discrete Component Units	Valley Medical Center	Fred Hutchinson Cancer Center
ASSETS						
TOTAL CURRENT ASSETS	$ 509,813	$ —	$ 509,813	$ 1,261,319	$ 323,972	$ 937,347
NONCURRENT ASSETS:						
TOTAL OTHER ASSETS	1,741,394	—	1,741,394	1,468,851	96,598	1,372,253
CAPITAL ASSETS, NET	1,338,372	—	1,338,372	1,590,121	458,192	1,131,929
TOTAL ASSETS	3,589,579	—	3,589,579	4,320,291	878,762	3,441,529
DEFERRED OUTFLOWS OF RESOURCES	—	—	—	10,689	10,689	—
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	**$ 3,589,579**	**$ —**	**$ 3,589,579**	**$ 4,330,980**	**$ 889,451**	**$ 3,441,529**
LIABILITIES						
TOTAL CURRENT LIABILITIES	$ 370,758	$ —	$ 370,758	$ 528,747	$ 200,313	$ 328,434
TOTAL NONCURRENT LIABILITIES	1,667,280	—	1,667,280	2,022,140	357,348	1,664,792
TOTAL LIABILITIES	2,038,038	—	2,038,038	2,550,887	557,661	1,993,226
DEFERRED INFLOWS OF RESOURCES	—	—	—	46,461	46,461	—
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	2,038,038	—	2,038,038	2,597,348	604,122	1,993,226
NET POSITION						
NET INVESTMENT IN CAPITAL ASSETS	369,854	—	369,854	245,768	79,262	166,506
RESTRICTED:						
NONEXPENDABLE	147,233	—	147,233	131,506	—	131,506
EXPENDABLE	614,484	—	614,484	559,444	2,454	556,990
UNRESTRICTED	419,970	—	419,970	796,914	203,613	593,301
TOTAL NET POSITION	1,551,541	—	1,551,541	1,733,632	285,329	1,448,303
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	**$ 3,589,579**	**$ —**	**$ 3,589,579**	**$ 4,330,980**	**$ 889,451**	**$ 3,441,529**

(Dollars in thousands) Statements of Revenues, Expenses and Changes in Net Position	Year ended June 30, 2025			Year ended June 30, 2024		
	Total Discrete Component Units	Valley Medical Center	Fred Hutchinson Cancer Center	Total Discrete Component Units	Valley Medical Center	Fred Hutchinson Cancer Center
REVENUES						
OPERATING REVENUES:						
PATIENT SERVICES	$ 1,583,727	$ —	$ 1,583,727	$ 2,157,311	$ 855,509	$ 1,301,802
OTHER OPERATING REVENUE	767,561	—	767,561	743,597	52,162	691,435
TOTAL OPERATING REVENUES	**2,351,288**	**—**	**2,351,288**	**2,900,908**	**907,671**	**1,993,237**
EXPENSES						
OPERATING EXPENSES:						
OTHER OPERATING EXPENSES	2,303,974	—	2,303,974	2,878,758	901,070	1,977,688
DEPRECIATION / AMORTIZATION	81,216	—	81,216	129,524	49,349	80,175
TOTAL OPERATING EXPENSES	**2,385,190**	**—**	**2,385,190**	**3,008,282**	**950,419**	**2,057,863**
OPERATING LOSS	**(33,902)**	**—**	**(33,902)**	**(107,374)**	**(42,748)**	**(64,626)**
NONOPERATING REVENUES (EXPENSES)						
PROPERTY TAX REVENUE	—	—	—	26,144	26,144	—
INVESTMENT INCOME	121,822	—	121,822	153,228	7,235	145,993
OTHER NONOPERATING REVENUES	(43,500)	—	(43,500)	15,417	59,564	(44,147)
NET NONOPERATING REVENUES	**78,322**	**—**	**78,322**	**194,789**	**92,943**	**101,846**
INCOME BEFORE OTHER REVENUES	**44,420**	**—**	**44,420**	**87,415**	**50,195**	**37,220**
CAPITAL GRANTS, GIFTS AND OTHER	58,818	—	58,818	36,583	—	36,583
INCREASE IN NET POSITION	**103,238**	**—**	**103,238**	**123,998**	**50,195**	**73,803**
NET POSITION						
NET POSITION – BEGINNING OF YEAR	1,448,303	—	1,448,303	1,609,634	235,134	1,374,500
NET POSITION – END OF YEAR	**$ 1,551,541**	**$ —**	**$ 1,551,541**	**$ 1,733,632**	**$ 285,329**	**$ 1,448,303**

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SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION



SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

PERS 1 - SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

(Dollars in thousands)	2025	2024	2023	2022	2021
UNIVERSITY'S PROPORTION OF THE NET PENSION LIABILITY	9.24%	8.86%	8.87%	8.80%	8.17%
UNIVERSITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY	$ 164,202	$ 202,252	$ 246,895	$ 107,461	$ 288,564
UNIVERSITY'S COVERED PAYROLL	$ 1,844,603	$ 1,573,579	$ 1,437,993	$ 1,343,149	$ 1,227,868
UNIVERSITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL	8.90%	12.85%	17.17%	8.00%	23.50%
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	84.05%	80.16%	76.56%	88.74%	68.64%

(Dollars in thousands)	2020	2019	2018	2017	2016
UNIVERSITY'S PROPORTION OF THE NET PENSION LIABILITY	8.05%	8.20%	8.44%	8.46%	8.33%
UNIVERSITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY	$ 309,671	$ 366,403	$ 400,426	$ 454,341	$ 435,853
UNIVERSITY'S COVERED PAYROLL	$ 1,116,298	$ 1,074,943	$ 1,043,335	$ 987,405	$ 927,002
UNIVERSITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL	27.74%	34.09%	38.38%	46.01%	47.02%
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	67.12%	63.22%	61.24%	57.03%	59.10%

(Amounts determined as of the measurement date)

PERS 1 - SCHEDULE OF CONTRIBUTIONS

(Dollars in thousands)	2025	2024	2023	2022	2021
CONTRACTUALLY REQUIRED CONTRIBUTION	$ 288	$ 332	$ 392	$ 443	$ 710
CONTRIBUTIONS IN RELATION TO THE CONTRACTUALLY REQUIRED CONTRIBUTION	$ 288	$ 332	$ 392	$ 442	$ 710
CONTRIBUTION DEFICIENCY (EXCESS)	$ —	$ —	$ —	$ 1	$ —
UNIVERSITY'S COVERED PAYROLL	$ 2,004,732	$ 1,844,603	$ 1,573,579	$ 1,437,993	$ 1,343,149
CONTRIBUTIONS AS A PERCENTAGE OF COVERED PAYROLL	0.01%	0.02%	0.02%	0.03%	0.05%

(Dollars in thousands)	2020	2019	2018	2017	2016
CONTRACTUALLY REQUIRED CONTRIBUTION	$ 970	$ 1,231	$ 1,582	$ 1,788	$ 2,155
CONTRIBUTIONS IN RELATION TO THE CONTRACTUALLY REQUIRED CONTRIBUTION	$ 971	$ 1,234	$ 1,578	$ 1,769	$ 2,155
CONTRIBUTION DEFICIENCY (EXCESS)	$ (1)	$ (3)	$ 4	$ 19	$ —
UNIVERSITY'S COVERED PAYROLL	$ 1,227,868	$1,116,298	$ 1,074,943	$ 1,043,335	$ 987,405
CONTRIBUTIONS AS A PERCENTAGE OF COVERED PAYROLL	0.08%	0.11%	0.15%	0.17%	0.22%

(Amounts determined as of the fiscal year end)

PERS 2/3 - SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

(Dollars in thousands)	2025	2024	2023	2022	2021
UNIVERSITY'S PROPORTION OF THE NET PENSION LIABILITY	11.90%	11.36%	11.47%	11.18%	10.47%
UNIVERSITY'S PROPORTIONATE SHARE OF THE NET PENSION (ASSET) LIABILITY	$ (392,168)	$ (465,417)	$ (425,399)	$(1,114,120)	$ 133,891
UNIVERSITY'S COVERED PAYROLL	$ 1,841,127	$ 1,569,796	$ 1,433,725	$ 1,337,667	$ 1,220,321
UNIVERSITY'S PROPORTIONATE SHARE OF THE NET PENSION (ASSET) LIABILITY AS A PERCENTAGE OF COVERED PAYROLL	(21.30)%	(29.65)%	(29.67)%	(83.29)%	10.97%
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	105.17%	107.02%	106.73%	120.29%	97.22%

Unaudited – see accompanying notes to financial statements

PERS 2/3 - SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (continued)

(Dollars in thousands)	2020	2019	2018	2017	2016
UNIVERSITY'S PROPORTION OF THE NET PENSION LIABILITY	10.18%	10.24%	10.48%	10.36%	10.20%
UNIVERSITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY	$ 98,901	$ 174,913	$ 364,073	$ 521,777	$ 364,303
UNIVERSITY'S COVERED PAYROLL	$ 1,106,678	$ 1,062,415	$ 1,027,338	$ 967,955	$ 904,661
UNIVERSITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL	8.94%	16.46%	35.44%	53.91%	40.27%
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	97.77%	95.77%	90.97%	85.82%	89.20%

(Amounts determined as of the measurement date)

PERS 2/3 - SCHEDULE OF CONTRIBUTIONS

(Dollars in thousands)	2025	2024	2023	2022	2021
CONTRACTUALLY REQUIRED CONTRIBUTION	$ 182,455	$ 175,695	$ 162,654	$ 148,636	$ 173,198
CONTRIBUTIONS IN RELATION TO THE CONTRACTUALLY REQUIRED CONTRIBUTION	$ 182,462	$ 175,671	$ 162,738	$ 147,638	$ 173,204
CONTRIBUTION DEFICIENCY (EXCESS)	$ (7)	$ 24	$ (84)	$ 998	$ (6)
UNIVERSITY'S COVERED PAYROLL	$ 2,001,575	$ 1,841,127	$ 1,569,796	$ 1,433,725	$ 1,337,667
CONTRIBUTIONS AS A PERCENTAGE OF COVERED PAYROLL	9.12%	9.54%	10.36%	10.37%	12.95%

(Dollars in thousands)	2020	2019	2018	2017	2016
CONTRACTUALLY REQUIRED CONTRIBUTION	$ 156,919	$ 141,681	$ 134,239	$ 114,852	$ 107,424
CONTRIBUTIONS IN RELATION TO THE CONTRACTUALLY REQUIRED CONTRIBUTION	$ 157,000	$ 141,618	$ 134,366	$ 114,968	$ 108,413
CONTRIBUTION DEFICIENCY (EXCESS)	$ (81)	$ 63	$ (127)	$ (116)	$ (989)
UNIVERSITY'S COVERED PAYROLL	$ 1,220,321	$ 1,106,678	$ 1,062,415	$ 1,027,338	$ 967,955
CONTRIBUTIONS AS A PERCENTAGE OF COVERED PAYROLL	12.86%	12.80%	12.64%	11.18%	11.10%

(Amounts determined as of the fiscal year end)

TRS 1 - SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

(Dollars in thousands)	2025	2024	2023	2022	2021
UNIVERSITY'S PROPORTION OF THE NET PENSION LIABILITY	0.45%	0.43%	0.37%	0.35%	0.28%
UNIVERSITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY	$ 5,014	$ 5,426	$ 6,956	$ 2,337	$ 6,800
UNIVERSITY'S COVERED PAYROLL	$ 43,737	$ 35,776	$ 28,990	$ 25,479	$ 20,153
UNIVERSITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL	11.46%	15.17%	23.99%	9.17%	33.74%
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	86.53%	85.09%	78.24%	91.42%	70.55%

(Dollars in thousands)	2020	2019	2018	2017	2016
UNIVERSITY'S PROPORTION OF THE NET PENSION LIABILITY	0.25%	0.24%	0.20%	0.16%	0.13%
UNIVERSITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY	$ 6,200	$ 7,061	$ 6,076	$ 5,463	$ 4,049
UNIVERSITY'S COVERED PAYROLL	$ 16,677	$ 13,986	$ 10,967	$ 7,813	$ 5,790
UNIVERSITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL	37.18%	50.49%	55.40%	69.92%	69.93%
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	70.37%	66.52%	65.58%	62.07%	65.70%

(Amounts determined as of the measurement date)

TRS 1 - SCHEDULE OF CONTRIBUTIONS

(Dollars in thousands)	2025	2024	2023	2022	2021
CONTRACTUALLY REQUIRED CONTRIBUTION	$ —	$ 17	$ 30	$ 42	$ 56
CONTRIBUTIONS IN RELATION TO THE CONTRACTUALLY REQUIRED CONTRIBUTION	$ —	$ 17	$ 30	$ 42	$ 56
CONTRIBUTION DEFICIENCY (EXCESS)	$ —	$ —	$ —	$ —	$ —
UNIVERSITY'S COVERED PAYROLL	$ 53,255	$ 43,737	$ 35,776	$ 28,990	$ 25,479
CONTRIBUTIONS AS A PERCENTAGE OF COVERED PAYROLL	—%	0.04%	0.09%	0.15%	0.22%

(Dollars in thousands)	2020	2019	2018	2017	2016
CONTRACTUALLY REQUIRED CONTRIBUTION	$ 55	$ 52	$ 48	$ 39	$ 38
CONTRIBUTIONS IN RELATION TO THE CONTRACTUALLY REQUIRED CONTRIBUTION	$ 55	$ 52	$ 48	$ 40	$ 38
CONTRIBUTION DEFICIENCY (EXCESS)	$ —	$ —	$ —	$ (1)	$ —
UNIVERSITY'S COVERED PAYROLL	$ 20,153	$ 16,677	$ 13,986	$ 10,967	$ 7,813
CONTRIBUTIONS AS A PERCENTAGE OF COVERED PAYROLL	0.27%	0.31%	0.34%	0.36%	0.49%

(Amounts determined as of the fiscal year end)

TRS 2/3 - SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

(Dollars in thousands)	2025	2024	2023	2022	2021
UNIVERSITY'S PROPORTION OF THE NET PENSION LIABILITY	0.49%	0.42%	0.36%	0.34%	0.28%
UNIVERSITY'S PROPORTIONATE SHARE OF THE NET PENSION (ASSET) LIABILITY	$ 992	$ (520)	$ (712)	$ (9,301)	$ 4,233
UNIVERSITY'S COVERED PAYROLL	$ 43,585	$ 35,569	$ 28,704	$ 25,124	$ 19,800
UNIVERSITY'S PROPORTIONATE SHARE OF THE NET PENSION (ASSET) LIABILITY AS A PERCENTAGE OF COVERED PAYROLL	2.28%	(1.46)%	(2.48)%	(37.02)%	21.38%
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	99.27%	100.49%	100.86%	113.72%	91.72%

(Dollars in thousands)	2020	2019	2018	2017	2016
UNIVERSITY'S PROPORTION OF THE NET PENSION LIABILITY	0.25%	0.24%	0.19%	0.15%	0.12%
UNIVERSITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY	$ 1,487	$ 1,066	$ 1,796	$ 2,077	$ 969
UNIVERSITY'S COVERED PAYROLL	$ 16,337	$ 13,664	$ 10,669	$ 7,507	$ 5,367
UNIVERSITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL	9.10%	7.80%	16.83%	27.67%	18.05%
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	96.36%	96.88%	93.14%	88.72%	92.48%

(Amounts determined as of the measurement date)

TRS 2/3 - SCHEDULE OF CONTRIBUTIONS

(Dollars in thousands)	2025	2024	2023	2022	2021
CONTRACTUALLY REQUIRED CONTRIBUTION	$ 5,236	$ 4,589	$ 5,210	$ 4,202	$ 3,945
CONTRIBUTIONS IN RELATION TO THE CONTRACTUALLY REQUIRED CONTRIBUTION	$ 5,238	$ 4,588	$ 5,212	$ 4,198	$ 3,943
CONTRIBUTION DEFICIENCY (EXCESS)	$ (2)	$ 1	$ (2)	$ 4	$ 2
UNIVERSITY'S COVERED PAYROLL	$ 53,255	$ 43,585	$ 35,569	$ 28,704	$ 25,124
CONTRIBUTIONS AS A PERCENTAGE OF COVERED PAYROLL	9.83%	10.53%	14.65%	14.64%	15.70%

(Dollars in thousands)	2020	2019	2018	2017	2016
CONTRACTUALLY REQUIRED CONTRIBUTION	$ 3,068	$ 2,511	$ 2,036	$ 1,401	$ 956
CONTRIBUTIONS IN RELATION TO THE CONTRACTUALLY REQUIRED CONTRIBUTION	$ 3,029	$ 2,470	$ 2,029	$ 1,410	$ 985
CONTRIBUTION DEFICIENCY (EXCESS)	$ 39	$ 42	$ 7	$ (9)	$(29)
UNIVERSITY'S COVERED PAYROLL	$ 19,800	$ 16,337	$ 13,664	$ 10,669	$ 7,507
CONTRIBUTIONS AS A PERCENTAGE OF COVERED PAYROLL	15.49%	15.37%	14.90%	13.13%	12.73%

(Amounts determined as of the fiscal year end)

Unaudited – see accompanying notes to financial statements

LEOFF 2 - SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION ASSET

(Dollars in thousands)	2025	2024	2023	2022	2021
UNIVERSITY'S PROPORTION OF THE NET PENSION ASSET	0.12%	0.11%	0.15%	0.18%	0.22%
UNIVERSITY'S PROPORTIONATE SHARE OF THE NET PENSION ASSET	$ 2,215	$ 2,722	$ 4,212	$ 10,480	$ 4,535
UNIVERSITY'S COVERED PAYROLL	$ 3,398	$ 3,004	$ 3,760	$ 4,187	$ 5,059
UNIVERSITY'S PROPORTIONATE SHARE OF THE NET PENSION ASSET AS A PERCENTAGE OF ITS COVERED PAYROLL	65.20%	90.64%	112.01%	250.30%	89.64%
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION ASSET	109.27%	113.17%	116.09%	142.00%	115.83%

(Dollars in thousands)	2020	2019	2018	2017	2016
UNIVERSITY'S PROPORTION OF THE NET PENSION ASSET	0.23%	0.23%	0.22%	0.25%	0.20%
UNIVERSITY'S PROPORTIONATE SHARE OF THE NET PENSION ASSET	$ 5,365	$ 4,590	$ 2,995	$ 1,430	$ 2,083
UNIVERSITY'S COVERED PAYROLL	$ 4,882	$ 4,487	$ 4,061	$ 4,474	$ 3,534
UNIVERSITY'S PROPORTIONATE SHARE OF THE NET PENSION ASSET AS A PERCENTAGE OF ITS COVERED PAYROLL	109.91%	102.30%	73.74%	31.97%	58.94%
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION ASSET	119.43%	118.50%	113.36%	106.04%	111.67%

(Amounts determined as of the measurement date)

LEOFF 2 - SCHEDULE OF CONTRIBUTIONS

(Dollars in thousands)	2025	2024	2023	2022	2021
CONTRACTUALLY REQUIRED CONTRIBUTION	$ 368	$ 297	$ 262	$ 328	$ 367
CONTRIBUTIONS IN RELATION TO THE CONTRACTUALLY REQUIRED CONTRIBUTION	$ 368	$ 297	$ 262	$ 327	$ 367
CONTRIBUTION DEFICIENCY (EXCESS)	$ —	$ —	$ —	$ 1	$ —
UNIVERSITY'S COVERED PAYROLL	$ 4,211	$ 3,398	$ 3,004	$ 3,760	$ 4,187
CONTRIBUTIONS AS A PERCENTAGE OF COVERED PAYROLL	8.73%	8.73%	8.71%	8.72%	8.77%

(Dollars in thousands)	2020	2019	2018	2017	2016
CONTRACTUALLY REQUIRED CONTRIBUTION	$ 444	$ 436	$ 400	$ 348	$ 384
CONTRIBUTIONS IN RELATION TO THE CONTRACTUALLY REQUIRED CONTRIBUTION	$ 446	$ 435	$ 403	$ 352	$ 384
CONTRIBUTION DEFICIENCY (EXCESS)	$ (2)	$ 1	$ (3)	$(4)	$ —
UNIVERSITY'S COVERED PAYROLL	$ 5,059	$ 4,882	$,487	$ 4,061	$ 4,474
CONTRIBUTIONS AS A PERCENTAGE OF COVERED PAYROLL	8.78%	8.93%	8.91%	8.57%	8.58%

(Amounts determined as of the fiscal year end)

UNIVERSITY OF WASHINGTON SUPPLEMENTAL RETIREMENT PLAN (UWSRP) SCHEDULE OF CHANGES IN NET PENSION LIABILITY (NPL)					
(Dollars in thousands)	**2025 (*)**	**2024 (*)**	**2023**	**2022**	**2021**
TOTAL PENSION LIABILITY - BEGINNING	$ 274,309	$ 274,309	$ 316,127	$ 216,672	$ 781,829
SERVICE COST	4,198	—	5,068	3,699	22,877
INTEREST ON TPL	19,094	—	22,106	15,933	17,677
DIFFERENCE BETWEEN EXPECTED AND ACTUAL EXPERIENCE	(41,669)	—	(31,360)	67,986	(372,651)
CHANGE IN ASSUMPTIONS	—	—	(26,643)	22,150	(223,327)
BENEFIT PAYMENTS	(11,666)	—	(10,989)	(10,313)	(9,733)
NET CHANGE IN TOTAL PENSION LIABILITY	(30,043)	—	(41,818)	99,455	(565,157)
TOTAL PENSION LIABILITY - ENDING (a)	**244,266**	**274,309**	**274,309**	**316,127**	**216,672**
PLAN FIDUCIARY NET POSITION - BEGINNING	**112,536**	**112,536**	**96,989**	**90,341**	**60,961**
EMPLOYER CONTRIBUTIONS	8,423	—	8,358	6,548	7,105
NET INVESTMENT INCOME	9,393	—	7,189	100	22,275
NET CHANGE IN PLAN FIDUCIARY NET POSITION	17,816	—	15,547	6,648	29,380
PLAN FIDUCIARY NET POSITION - ENDING (b)	**130,352**	**112,536**	**112,536**	**96,989**	**90,341**
UWSRP NET PENSION LIABILITY (a) minus (b)	**$ 113,914**	**$ 161,773**	**$ 161,773**	**$ 219,138**	**$ 126,331**
PLAN FIDUCIARY NET POSITION AS PERCENTAGE OF THE TOTAL PENSION LIABILITY	53.36%	41.03%	41.03%	30.68%	41.69%
UWRP COVERED PAYROLL	$ 2,216,600	$ 2,199,526	$ 2,199,526	$ 1,723,087	$ 1,733,240
NET PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL	5.14%	7.35%	7.35%	12.72%	7.29%

* In fiscal year 2024, the University elected to transition to a measurement date that lags the financial report date by one year. As a result, the June 30, 2024 NPL is based on a measurement date of June 30, 2023. Likewise, the June 30, 2025 NPL is based on a measurement date of June 30, 2024. There was no material impact associated with this change.

UNIVERSITY OF WASHINGTON SUPPLEMENTAL RETIREMENT PLAN (UWSRP) SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY (TPL)				
(Dollars in thousands)	**2020**	**2019**	**2018**	**2017**
TOTAL PENSION LIABILITY - BEGINNING	$ 594,040	$ 412,481	$ 438,753	$ 512,372
SERVICE COST	16,698	11,823	14,788	19,892
INTEREST ON TPL	21,232	16,277	16,127	15,097
DIFFERENCE BETWEEN EXPECTED AND ACTUAL EXPERIENCE	31,426	102,713	(33,952)	(74,919)
CHANGE IN ASSUMPTIONS	126,749	58,228	(17,105)	(28,553)
BENEFIT PAYMENTS	(8,316)	(7,482)	(6,130)	(5,136)
TOTAL PENSION LIABILITY - ENDING	**$ 781,829**	**$ 594,040**	**$ 412,481**	**$ 438,753**
UWSRP COVERED PAYROLL	$ 744,634	$ 787,384	$ 759,688	$ 801,161
TOTAL PENSION LIABILITY AS PERCENTAGE OF COVERED PAYROLL	105.00%	75.44%	54.30%	54.76%

UNIVERSITY OF WASHINGTON SUPPLEMENTAL RETIREMENT PLAN (UWSRP) SCHEDULE OF UWSRP CONTRIBUTIONS					
(Dollars in thousands)	**2025**	**2024**	**2023**	**2022**	**2021**
CONTRACTUALLY REQUIRED CONTRIBUTION	$ 8,898	$ 8,371	$ 8,358	$ 6,548	$ 6,586
CONTRIBUTIONS IN RELATION TO THE CONTRACTUALLY REQUIRED CONTRIBUTION	$ 8,898	$ 8,371	$ 8,358	$ 6,548	$ 7,105
CONTRIBUTION DEFICIENCY (EXCESS)	$ —	$ —	$ —	$ —	$ (519)
UWRP COVERED PAYROLL	$ 2,341,549	$ 2,216,600	$ 2,199,526	$ 1,723,087	$ 1,733,240
CONTRIBUTIONS AS A PERCENTAGE OF COVERED PAYROLL	0.38%	0.38%	0.38%	0.38%	0.41%

Unaudited – see accompanying notes to financial statements

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY (TOL)								
(Dollars in thousands)	**2025**	**2024**	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**
TOTAL OPEB LIABILITY - BEGINNING	$ 1,277,506	$ 1,246,057	$ 1,861,478	$ 1,696,027	$ 1,541,654	$ 1,354,177	$ 1,565,213	$ 1,685,909
SERVICE COST	40,781	44,755	91,921	93,039	70,380	62,422	84,665	106,112
INTEREST ON TOL	46,775	44,957	42,650	40,211	58,874	54,148	58,207	49,703
DIFFERENCE BETWEEN EXPECTED AND ACTUAL EXPERIENCE	23,934	—	(42,238)	—	(9,022)	—	53,132	—
CHANGE IN ASSUMPTIONS	(106,766)	(21,618)	(713,147)	17,180	38,164	100,838	(370,652)	(242,454)
CHANGE OF BENEFIT TERMS	27,447	—	—	—	—	—	—	—
BENEFIT PAYMENTS	(31,660)	(31,314)	(31,335)	(30,635)	(28,031)	(24,769)	(24,584)	(25,330)
CHANGE IN PROPORTIONATE SHARE	(21,087)	(5,331)	36,728	45,656	83,976	(5,162)	(11,804)	(8,727)
OTHER	—	—	—	—	(59,968)	—	—	—
TOTAL OPEB LIABILITY - ENDING	**$ 1,256,930**	**$ 1,277,506**	**$ 1,246,057**	**$ 1,861,478**	**$ 1,696,027**	**$ 1,541,654**	**$ 1,354,177**	**$ 1,565,213**
OPEB COVERED PAYROLL	$ 3,962,153	$ 3,565,520	$ 3,231,736	$ 3,092,943	$ 2,895,664	$ 2,724,791	$ 2,493,991	$ 2,529,127
TOTAL OPEB LIABILITY AS PERCENTAGE OF COVERED PAYROLL	31.72%	35.83%	38.56%	38.56%	58.57%	56.58%	54.30%	61.89%

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED JUNE 30, 2025

Plans administered by DRS

The Office of the State Actuary (OSA) calculates the actuarially determined contributions (ADC) based on the results of an actuarial valuation consistent with the state's funding policy defined in Chapter 41.45 RCW. Consistent with the state's contribution-rate adoption process, the results of an actuarial valuation with an odd-numbered year valuation date determine the ADC for the biennium that ensues two years later. For example, the actuarial valuation with a June 30, 2021 valuation date, completed in the fall of 2022, plus any supplemental contribution rates from the preceding legislative session, determines the ADC for the period beginning July 1, 2023, and ending June 30, 2025.

Additional Considerations on ADC for All Plans:

OSA calculates the ADC consistent with the methods described above. Adopted contribution rates could be different pending the actions of the governing bodies.

For cost-sharing plans, OSA calculates the contractually required contributions (CRC) using the same assumptions and methods as the ADC, except the CRC reflect the adopted contribution rates for the time period shown, which might differ from the contribution rates produced for the ADC.

Plans administered by the University

Washington State's House Bill 1661, effective July 1, 2020, created a trust arrangement for the UWSRP and resulted in the transfer of all funds previously contributed by the University into the account dedicated to paying benefits to the plan's beneficiaries. This arrangement meets the criteria in GASB code P20, paragraph 101 and resulted in a significant change in the accounting for the plan.

Covered payroll for the fiscal years ending June 30, 2021 to 2025 is based on the payroll of participants in the University's 403(b) defined contribution UWRP. Covered payroll for the fiscal year ending June 30, 2020 and preceding years is based on the payroll of the participants of the UWSRP.

The June 30, 2025 and 2024 TPL is based on an actuarial valuation performed as of January 1, 2023 by the OSA to roll forward the TPL to the measurement date of June 30, 2024 and 2023, respectively. OSA's model estimates the SRP benefit of future retirees by relying on assumptions for the benefit calculation performed by Teachers Insurance and Annuity Association of America (TIAA). The valuation was prepared using the entry age actuarial cost method. There are no changes of assumptions used for the above-mentioned measurement periods. During calendar year 2023, College Retirement Equities Fund (CREF) had an actual investment return of 22.37% compared to the assumed investment return of 6.25%, which resulted in a favorable difference between expected and actual return experience in Fiscal Year 2025 and 2024.

OPEB Plan administered by the Healthcare Authority of Washington State

The OPEB Plan has no assets accumulated in a trust that meets the criteria in GASB Statement No. 75, paragraph 4 to pay related benefits.

Material assumption changes in fiscal year 2025 relate to an increase in the discount rate from 3.65% to 3.93%, update on the forecast of healthcare cost trend, and aging factor assumptions. These changes in assumptions decreased TOL.

Material assumption changes in fiscal year 2024 relate to an increase in the Bond Buyer General Obligation 20-Bond Municipal Bond Index, from 3.54% for the June 30, 2022 measurement date, to 3.65% for the June 30, 2023 measurement date. This change in assumption resulted in a decrease in the TOL.

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* As of October 31, 2025

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For more information, contact Financial Accounting at accountg@uw.edu

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