2026 FINANCIAL REPORT

UNIVERSITY *of* WASHINGTON



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University Facts

	FISCAL YEAR 2026 Academic Year 2025-2026	FISCAL YEAR 2021 Academic Year 2020-2021	FISCAL YEAR 2016 Academic Year 2015-2016
STUDENTS			
Autumn Enrollment (headcount)			
Undergraduate	46,079	43,069	40,163
Graduate	15,351	15,148	13,595
Professional	2,297	2,201	2,009
TOTAL	**63,727**	**60,418**	**55,767**
Professional and Continuing Education - Course and Conference Registrations	74,931	60,418	78,426
Number of Degrees Awarded			
Bachelor's	12,062	11,821	10,589
Master's	5,422	4,920	4,072
Doctoral	976	870	803
Professional	611	628	518
TOTAL	**19,071**	**18,239**	**15,982**
FACULTY[1]	5,971	5,204	4,703
FACULTY AND STAFF[2]	35,943	30,928	28,910
RESEARCH FUNDING - ALL SOURCES *(in thousands of dollars)*	$ 1,658,630	$ 1,890,274	$ 1,367,366
SELECTED REVENUES *(in thousands of dollars)*			
Medical Centers and Related Revenues[3]	$ 5,519,098	$ 3,185,974	$ 2,459,792
Gifts, Grants and Contracts	2,233,402	1,833,394	1,457,142
Investment Income	1,367,865	1,341,974	44,877
Tuition and Fees[4]	1,248,073	1,032,697	948,751
Auxiliary Enterprises and Other Revenues	976,661	836,694	623,438
State Operating Appropriations	552,480	480,826	302,097
SELECTED EXPENSES *(in thousands of dollars)*			
Medical-Related[3]	$ 6,360,555	$ 2,476,472	$ 2,152,161
Instruction, Academic Support, and Student Services	2,199,260	2,205,548	1,772,651
Research and Public Service	1,498,911	908,679	830,617
Institutional Support and Physical Plant	1,154,934	940,900	790,218
Auxiliary Enterprises	467,785	517,531	422,474
SQUARE FOOTAGE[5] *(in thousands of square feet)*	26,006	29,208	23,129

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
4. Net of scholarship allowances of $309.6 million in 2026, $230.9 million in 2021 and $144.5 million in 2016
5. 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, 2026 and 2025, and the related statements of revenue, expenses and changes in net position, statements of changes in fiduciary net position, and, where applicable, 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, 2026 and 2025, 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, 2026 and 2025, 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 in note 1 to the financial statements, in 2026, the University adopted Governmental Accounting Standards Board Statement No. 103, *Financial Reporting Model Improvements*. 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 its subsidiaries are part 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 opinions on the basic financial statements as a whole. The University Facts included under the table of contents is presented for the purposes 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 audits of the basic financial statements, and accordingly, we do not express an opinion or any form of assurance thereon.

KPMG LLP

Seattle, Washington
October 30, 2026

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MANAGEMENT'S DISCUSSION & ANALYSIS



MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis (MD&A) provides an overview of the financial position and activities of the University of Washington ("University") for the fiscal years ended June 30, 2026 and 2025, with comparative financial information for 2024. 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 the financial statements that follow this section.

Overview of 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 consist of 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, 2026 and 2025). 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, 2026 and 2025). 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, 2026 and 2025). 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, 2026 and 2025).

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, 2026 and 2025).

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 discrete component units are presented separately from the University and are included in the combined component units Statements of Net Position and Statements of Revenue, Expenses, and Changes in Net Position.

In April 2024, the Government Accounting Standards Board (GASB) issued Statement No. 103, Financial Reporting Model Improvements, which was effective for the fiscal year ending June 30, 2026. This statement updates certain presentation and disclosure requirements intended to enhance the consistency, transparency, and usefulness of governmental financial reporting. The adoption of this standard affected the presentation and classification of certain financial statement amounts and related disclosures. As a result of implementation, the University applied the standard retroactively to the fiscal year ending June 30, 2025. In accordance with GASB 103 implementation requirements, fiscal year 2025 information has been restated to conform to the current-year presentation. Fiscal year 2024 information as presented in the MD&A has not been restated and continues to be presented in accordance with the accounting standards in effect during that period. Accordingly, certain fiscal year 2026 and 2025 amounts may not be directly comparable to fiscal year 2024 amounts.

Financial Summary

The University's financial position remains strong, with total assets and deferred outflows of $22.1 billion and total liabilities and deferred inflows of $8.7 billion as of June 30, 2026, compared to total assets and deferred outflows of $20.6 billion and total liabilities and deferred inflows of $8.9 billion at June 30, 2025. Net position, which represents the residual interest in the University's total assets and deferred outflows after total liabilities and deferred inflows are deducted, total $13.4 billion and $11.7 billion at June 30, 2026 and 2025, respectively. Changes in net position represent the University's results of operations and are summarized for the years ended June 30 as follows:

(in millions)	2026	2025	2024
Operating revenues	$ 8,562	$ 8,211	$ 7,458
Operating expenses	9,076	8,902	8,481
Operating loss	(514)	(691)	(1,023)
Appropriations, gifts and other noncapital subsidies	807	885	783
Investment income, net	1,368	977	764
Other nonoperating revenues	120	174	455
Increase in net position	**$ 1,781**	**$ 1,346**	**$ 978**

Unaudited – see accompanying notes to financial statements

CONSOLIDATED STATEMENTS OF NET POSITION

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

(in millions)	2026	2025	2024
Current assets	$ 3,673	$ 3,483	$ 3,062
Noncurrent assets:			
Investments, net of current portion	9,526	8,197	7,722
Capital assets, net	6,593	6,528	6,282
Other	1,397	1,342	1,423
Total assets	21,189	19,550	18,489
Deferred outflows	958	1,037	967
Total assets and deferred outflows	22,147	20,587	19,456
Current liabilities	1,779	1,709	1,728
Noncurrent liabilities:			
Bonds payable	2,310	2,311	2,382
Pensions and OPEB	1,280	1,541	1,647
Other	1,522	1,482	1,279
Total liabilities	6,891	7,043	7,036
Deferred inflows	1,808	1,877	2,098
Total liabilities and deferred inflows	8,699	8,920	9,134
Net position	**$ 13,449**	**$ 11,668**	**$ 10,322**

Current Assets and Liabilities

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 $1,894 million in 2026, and $1,774 million in 2025, reflects the continuing ability of the University to meet its short-term obligations.

Current assets increased $190 million, or 5%, in 2026, primarily due to higher cash and short term investment balances at year end by $51 million and $76 million, respectively. Cash balance was higher at fiscal year end due to timing of receipts. The short term investment balance was built up to better capture yield and to ensure liquidity positioning to address federal volatility.

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 liabilities increased $70 million, or 4%, in 2026, due primarily to advance payments from private grants resulting in higher unearned revenues of $79 million at fiscal year end.

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 across reporting periods.

Noncurrent Assets and Liabilities

Noncurrent assets increased $1,449 million, or 9%, in 2026 driven by investment growth of $1,329 million, or 16%, due to strong investment performance. See discussion of Endowments and Other Investments below.

Noncurrent assets increased $640 million, or 4%, in 2025 mainly due to an increase in 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 liabilities decreased $222 million, or 4%, in 2026 driven by pension and other post-employment benefits (OPEB) liabilities. Total net pension liabilities declined by $103 million, including decreases of $48 million in the Supplemental Retirement Plan (SRP) and $55 million in the plans administered by the Washington State Department of Retirement Systems (DRS), primarily reflecting favorable investment earnings. OPEB liabilities decreased $158 million as a result of actuarial assumption changes, including an increase in the discount rate.

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 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.

Deferred Outflows and Inflows of Resources

Deferred outflows of resources represent the consumption of net assets attributable to a future period and are primarily associated with the University's obligation for pension and post-employment benefits. Deferred outflows totaled $958 million and $1,037 million at June 30, 2026 and 2025, respectively.

Deferred inflows of resources represent the acquisition of net assets attributable to a future period and primarily represent obligations associated with the University's obligations for pension, post-employment benefits, lease-related deferrals, subscription-related deferrals, and the University's remainder interest in split-interest agreements. Deferred inflows totaled $1,808 million and $1,877 million at June 30, 2026 and 2025, respectively.

Unaudited – see accompanying notes to financial statements

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 composition of the University's endowment and other investments at June 30 is summarized below:

(in millions)	2026	2025	2024
Consolidated endowment fund	$ 6,616	$ 5,847	$ 5,547
Invested funds	3,911	3,383	3,069
Funds held by medical and real estate component units	402	309	260
Externally managed trusts	170	153	145
Life income trusts and annuities	166	117	110
Debt service reserve	57	108	97
Other	8	8	8
Total investments	**$ 11,330**	**$ 9,925**	**$ 9,236**

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. In addition to the University's endowment assets, the CEF includes fiduciary accounts. The balances of these fiduciary accounts are reported in the Statements of Fiduciary Net Position and are not included in the University's Statements of Net Position.

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%.

The CEF has experienced considerable growth due to endowment gifts and investment returns. The number of individual endowments in the CEF has grown to 6,011 at June 30, 2026. For the fiscal year ended June 30, 2026, the CEF returned +17.1% versus +17.2% for the passive benchmark. The CEF performed well during the fiscal year with solid returns across all strategies and closely in line with the passive benchmark. Global public equity markets experienced their third consecutive year of strong returns in fiscal year 2026 driven by robust earnings growth and the artificial intelligence (AI) buildout. While markets remain heavily concentrated, performance continued to broaden beyond U.S. mega-cap tech stocks with AI-related infrastructure and hardware companies as the primary beneficiaries. Consistent with the broader market, the CEF's public equity strategies drove absolute performance, and the Capital Preservation portfolio also performed well, boosted by historically high returns in Absolute Return.

A portion of the University's operating funds are invested in the CEF. As of June 30, 2026, these funds comprise $1,247 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. Capital asset additions totaled $625 million in 2026 compared to $651 million in 2025. Significant capital asset expenditures (greater than $20 million) during fiscal year 2026 included $79 million for Haggett Hall restoration, and $25 million for Magnuson Health Sciences Center renovation.

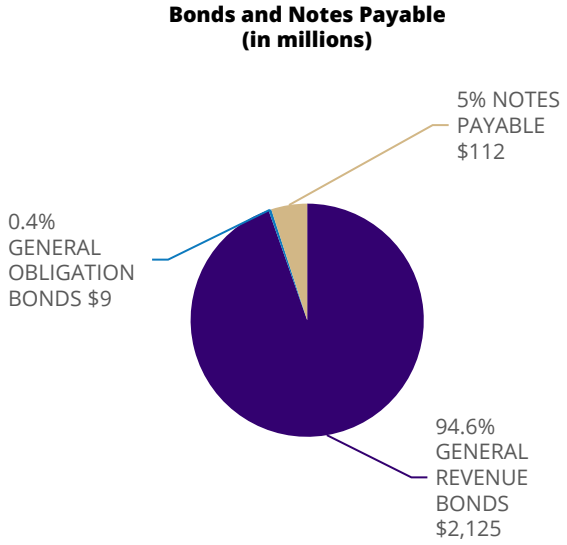
Leases

The University's lease obligation as of fiscal year end 2026 was $969 million reflecting a slight increase from fiscal year end 2025 of $964 million. The lease portfolio is primarily concentrated in office, lab, clinical, and research space. While the overall lease obligation is expected to remain generally consistent in the near term, annual obligations may fluctuate as leases are renewed or terminated and as market rental rates and operating expenses change over time.

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. As of June 30, 2026, the University had $2,246 million of bonds and notes payable outstanding excluding bond premiums, a decrease of $130 million, or 5.5%, from June 30, 2025.



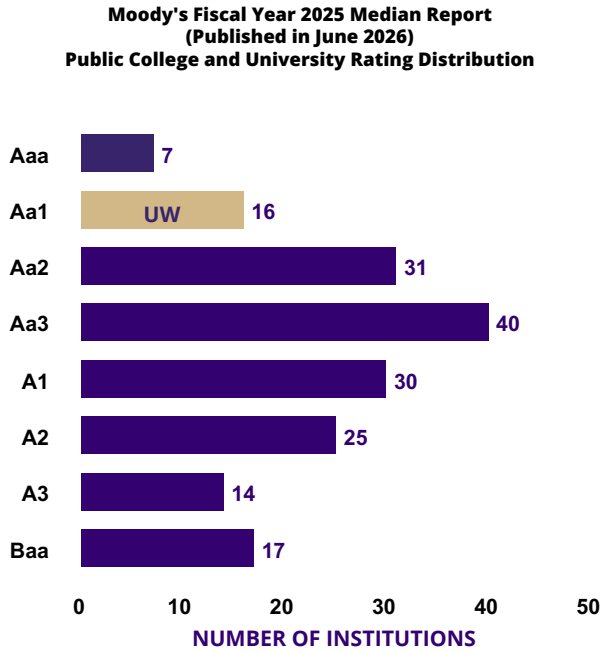
In January of 2026, the University issued $84.3 million of tax-exempt General Revenue Refunding Bonds, 2026 with an all-in true interest cost of 3.08%. The Series 2026 bonds were issued to refund the Series 2015C General Revenue and Refunding Bonds, resulting in debt service savings.

As of June 30, 2026, the University had a $750 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. Following approval by the Board of Regents in August of 2025, the University increased the program from $250 million to $750 million in September of 2025 and extended the final maturity from 2039 to 2055.

As of June 30 2026, the University had a $100 million line of credit to provide general institutional liquidity. The line of credit was undrawn at fiscal year end and expires on September 30, 2027.

As of June 30, 2026, 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, which was previously set to expire on September 14, 2026, but was extended through September 14, 2027. The outstanding balance on the 2023 Master Financing Agreement and prior master financing agreements was $14.6 million as of June 30, 2026. 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 2026, Moody's reaffirmed the University's credit rating of Aa1 (stable 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).



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, 2027, 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.

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, lease and subscription liabilities, 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 category consists of resources that are not subject to externally imposed restrictions. Although unrestricted net position is not externally restricted, substantially all of it is allocated to mission aligned initiatives and programs, capital projects or other purposes.

The University's net position at June 30 is summarized as follows:

(in millions)	2026	2025	2024
Net investment in capital assets	$ 3,343	$ 3,205	$ 3,060
Restricted:			
Nonexpendable	2,662	2,533	2,366
Expendable	4,855	3,931	3,446
Unrestricted	2,589	1,999	1,450
Total net position	**$ 13,449**	**$ 11,668**	**$ 10,322**

Net investment in capital assets increased $138 million, or 4%, in 2026 and $145 million, or 5%, in 2025. The current year change is driven by increasing capital assets at $65 million and lower capital related debt at $73 million. In fiscal year 2025, the change is driven by increasing capital assets at $246 million offset by higher capital related debt at $95 million.

Restricted nonexpendable net position increased $129 million, or 5%, in 2026 and $167 million, or 7%, in 2025. The current year change is primarily the result of receiving $96 million in new endowment gifts and $17 million increase in the market value of investments underlying the University's split-interest agreements. In fiscal year 2025, the increase is 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).

Restricted expendable net position increased $924 million, or 24%, in 2026 and $485 million, or 14%, in 2025. The current year change is driven by $976 million increase in investment income. In fiscal year 2025, restricted expendable net position increase was 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.

Unrestricted net position increased $590 million, or 30%, in 2026 following an increase of $549 million, or 38%, in 2025. The increase in 2026 was primarily driven by $626 million in state operating and capital appropriations and $373 million of investment income on unrestricted investments, partially offset by operating loss of $229 million. In fiscal year 2025, the increase was attributable to $711 million in state operating and capital appropriations and $253 million of investment income on unrestricted investments, offset by $347 million in operating losses.

CONSOLIDATED 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 activities 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 noncapital subsidy or nonoperating revenue, including state appropriations, 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.

The University recorded a $1,781 million, or 32% increase in net position in 2026, an improvement from the $1,346 million, or 38% increase reported in fiscal year 2025. Operating performance strengthened during the year with the operating loss decreasing by 26%, reflecting revenue growth that exceeded growth in operating expenses. In particular, net patient service revenue of $3,667 million contributed substantially to operating gains. Favorable investment market performance generated strong investment income and served as a principal driver of the University's overall financial results for fiscal year 2026.

A comparison of the University's revenues, expenses and changes in net position for the years ended June 30 is summarized below:

(in millions)	2026	2025	2024
Net patient services	$ 3,667	$ 3,335	$ 3,046
Grants and contracts	1,977	2,007	1,694
Tuition and fees, net	1,248	1,203	1,174
Other operating revenues	1,670	1,665	1,544
Total operating revenues	8,562	8,211	7,458
Salaries and benefits	5,659	5,535	5,143
Other operating expenses	3,417	3,367	3,338
Operating loss	**(514)**	**(691)**	**(1,023)**
State operating appropriations	552	621	604
Gifts for current use	257	230	178
Other noncapital subsidies	(2)	34	—
Operating income (loss) and noncapital subsidies	**293**	**194**	**(240)**
Investment income, net	1,368	977	764
Other nonoperating revenues, net	151	189	482
State capital appropriations	73	90	77
Revenues (expenses) related to financing	(104)	(105)	(105)
Increase in net position	**1,781**	**1,346**	**978**
Net position, beginning of year	11,668	10,322	9,248
Cumulative effect of change in accounting principle :			
GASB 101 - Compensated Absences	—	—	96
Net position, beginning of year as restated	11,668	10,322	9,344
Net position, end of year	**$ 13,449**	**$ 11,668**	**$ 10,322**

Revenues

The University has a diversified revenue base. No single source generated more than 33% of the total fiscal year 2026 revenues (operating and nonoperating) of $11,059 million.

The following table summarizes revenues from all sources comprising of operating, noncapital subsidies and nonoperating revenues for the years ended June 30:

(in millions)	2026		2025		2024	
Net patient services	$ 3,667	33%	$ 3,335	32%	$ 3,046	32%
Grants and contracts	1,977	18	2,007	19	1,747	18
Tuition and fees, net	1,248	11	1,203	12	1,174	12
Investment income	1,368	12	977	9	764	8
Sales and services of educational departments	693	6	701	7	534	6
Auxiliary enterprises	574	5	567	5	569	6
State funding for operations	552	5	621	6	604	6
Gifts	410	4	419	4	317	3
State funding for capital projects	73	1	90	1	77	1
Other	497	5	492	5	731	8
Total revenue - all sources	**$11,059**	**100%**	**$10,412**	**100%**	**$ 9,563**	**100%**

Patient Service Revenues

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 2024 and prior, an associated physician practice group, 14 free standing clinics, an emergency air transport service and the University's share of a joint venture. These entities, together with Harborview Medical Center (not included in the University's financial statements) 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 two-campus hospital that provides comprehensive healthcare services to the Puget Sound community and patients from throughout the Pacific Northwest and beyond. The Montlake campus is a 529-licensed-bed hospital and is the main campus. The Northwest campus is a 381-licensed-bed, full service medical facility. UWMC also serves as the major clinical, teaching and research site for students and faculty in Health Sciences at the University. More than 33,000 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.

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. The affiliation between UW Medicine and VMC is ending December 31, 2026.

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 reported in the discretely presented component units 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 204 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 Venture - The University is currently a participant in a joint venture with Children's University Medical Group.

In combination, these organizations (not including VMC or FHCC) contributed $3,667 million in net patient service revenue in fiscal year 2026, compared with $3,335 million in fiscal year 2025, an increase of $332 million, or 10%, primarily due to higher admissions, surgical cases, ambulatory visits and increased UWP billing revenues due to strong volumes. UWMC generated 78% of net patient service revenue in 2026 and 77% in 2025. UWMC admissions were 33,230 in 2026 compared with 31,292 in 2025, an increase in admissions of 6%.

Grants and Contracts Revenues

Grants and contracts revenue was $1,977 million in 2026 and continues to be one of the largest sources of revenue for the University. Grants and contracts revenue decreased by $31 million, or 2%, compared with fiscal year 2025. The decline was driven primarily by lower revenue from federal sponsors including the National Institutes of Health (NIH), the Center for Disease Control and Prevention (CDC), and the National Science Foundation (NSF). These declines were partially offset by growth in nongovernmental, state and local grant revenue, including increased support from the Gates Foundation and state-funded college financial aid programs. Federal funding represented approximately 70% of total grants and contracts revenue and continues to represent the University's most significant source of external support for research activity.

In fiscal year 2025, grants and contracts revenue increased $314 million, or 19%, from the prior fiscal year. This reflected a broad spending increase across federal awards from the National Science Foundation (NSF), Department of Defense (DOD), Department of Health and Human Services (DHHS), and Department of Commerce (DOC).

Grants and contracts 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 result of this direct expense reimbursement process.

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 2026 and 2025 indirect cost recovery rates for research grants was approximately 27 cents on every direct expenditure dollar.

Primary Nongrant Funding Sources

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

State operating appropriations are considered noncapital subsidy revenue under GASB principles, and are reflected in the operating income (loss) and noncapital subsidies subtotal of the Statements of Revenues, Expenses and Changes in Net Position.

Revenues from tuition and fees, net of scholarship allowances, increased $45 million, or 3.7%, in 2026 compared to an increase of $29 million, or 2.5%, in 2025. 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 most tuition-based graduate and professional program rates increased 0-5%. Most fee-based program rates increased 0-5% in 2026.

Revenue growth was also partly due to modest increases in student enrollment. Full-time equivalent (FTE) enrollment in 2026 in undergraduate tuition and fee-based programs increased by 2.8% in the resident student category, while nonresident student enrollment stayed steady, decreasing by 0.1%.

Endowments and Investment Revenues

Net investment income consisted of the following for the years ended June 30:

(in millions)	2026	2025	2024
Unrealized gains	$ 674	$ 534	$ 450
Realized gains	454	216	167
Interest and dividends, net	240	227	147
Net investment income	**$ 1,368**	**$ 977**	**$ 764**

Net investment income increased $391 million, or 40%, in 2026 driven primarily by strong realized and unrealized gains. The CEF generated a +17.1% return in 2026 compared with a +12.4% in fiscal year 2025, reflecting favorable market performance.

Gift Revenues

Gifts are an important and necessary source of support for the University and provide funding for a variety of purposes, including current operating activities. Gifts support scholarships, research, capital improvements, and are used to fund permanent endowments for various academic and research purposes. Total gift revenue was $410 million in 2026, a decrease of $9 million, or 2%, from

$419 million in fiscal year 2025. The decrease was primarily attributable to a $35 million decline in contributions to permanent endowments, partially offset by a $27 million increase in current use gifts. Capital gifts decreased modestly by $1 million compared to the prior year. In 2025, total gift revenue increased $102 million, or 33%, from fiscal year 2024. The increase was driven in growth across all major gift categories, including $51 million increase in current use gifts, a $34 million increase in endowment gifts, and a $16 million increase in capital gifts.

Expenses

Two primary functions of the University, instruction and research, comprised 26% of total operating expenses in 2026. These dollars provided instruction to over 63,000 students and funded 1,685 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 2026.

A comparison of the University's expenses by functional classification (purpose for which the costs are incurred) for the years ended June 30 is shown in the table below.

(in millions)	2026		2025		2024	
INSTRUCTION	$1,058	12%	$ 990	11%	$1,159	14%
RESEARCH	1,249	14	1,322	15	1,255	15
PUBLIC SERVICE	250	3	289	3	299	4
ACADEMIC SUPPORT	797	9	822	9	846	10
STUDENT SERVICE	82	1	84	1	45	1
INSTITUTIONAL SUPPORT	339	4	362	4	342	4
OPERATION & MAINTENANCE OF PLANT	271	3	267	3	249	3
SCHOLARSHIPS & FELLOWSHIPS	262	3	254	3	209	2
AUXILIARY ENTERPRISES	468	5	453	5	374	4
MEDICAL-RELATED	3,755	40	3,528	40	3,196	37
DEPRECIATION/ AMORTIZATION	545	6	530	6	507	6
Total operating expenses	**$9,076**	**100%**	**$8,902**	**100%**	**$8,481**	**100%**

Overall, the University's operating expenses increased by $174 million, or 2%, in 2026 compared to an increase of $421 million, or 5%, in fiscal year 2025, due to a slower rate of expense growth in 2026. Salary and benefits expense comprised approximately 62% of total operating expenses in fiscal years 2026 and 2025, underscoring the labor intensive nature of the University's academic, research, clinical and administrative operations.

Salaries expense increased $111 million, or 2%, in 2026 compared to an increase of $275 million, or 7%, in 2025. The increase in 2026 was largely concentrated within UW Medicine and reflected negotiated compensation under union collective bargaining agreements and merit increases. Salary expense for faculty and staff increased from merit-based adjustments partially offset by lower FTEs. The larger expense increase in 2025 was primarily attributable to growth in FTEs, including expanded permanent staffing within UW Medicine to support increased patient volumes, and wage increases.

Benefits expense increased $13 million, or 1% in 2026, significantly below the the $117 million, or 13%, increase recorded in 2025. The 2026 increase was primarily attributable to higher employer costs associated with salary growth and higher healthcare benefits expenses, which together increased costs by $78 million. These increases were largely offset by a $65 million reduction in pension and OPEB expense. Pension expense for plans administrated by the DRS decreased by $25 million, primarily due to favorable investment earnings on plan assets. OPEB expense decreased by $42 million, reflecting the impact of a higher discount rate. The increase in 2025 was driven primarily by salary growth, additional FTEs, which drive employer related costs, and rising healthcare costs.

Operating expenses are influenced by the level of grant and contract activity, as many grant-funded expenditures are recognized through the direct reimbursement process. Consequently, the decline in grants and contracts revenue in 2026 contributed to lower spending on purchased goods and services. Combined with the continued total revenue growth, this moderation in expense growth was a key factor contributing to the 26% reduction in operating loss during the year.

Currently Known Facts, Decisions, or Conditions

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 6% of the University's total revenues in fiscal year 2026, has seen decreasing tax collections and a four-year budget shortfall of over $15 billion at the beginning of the biennium. Consequently, the state implemented a 1.5% state funding cut to the University in the biennial budget ($15 million over the biennium).

During the 2026 legislative session, the state passed a supplemental operating budget, which included an additional 1.5% reduction in administrative spending ($1.25 million) and a net neutral shift in funds from the University's building account to the operating account, with the building account then backfilled by state bonds. Additionally, the state decreased its contribution toward incremental salary and benefit cost increases for state-funded University employees. At the same time, the state provided ongoing funding for the Center for Behavioral Health & Learning.

Looking ahead to the upcoming biennial budget cycle, the September 2026 revenue forecast revised state revenue projections slightly upward as a result of better than expected GDP, personal income, and employment growth. The University will continue to monitor state revenue collections as a new revenue forecast is released in November 2026.

The University's fiscal year 2027 general operating appropriation from the state (excluding $37 million appropriated to UW Medicine for hospital support and proviso allocations) currently totals approximately $523 million. This amount includes $43 million shift in funding from the state capital budget to the University' operating fund. State appropriations increased from approximately $508 million in 2026. This increase is due, in large part, to new ongoing funding provided for the Center for Behavioral Health and Learning.

During the 2015-17 biennium, the state approved a tuition policy that reduced 2016 resident undergraduate tuition rates to 5% below the 2015 rates, and in 2017 to 15% below the 2015 rates. 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. Assuming this policy continues, resident undergraduate tuition increases will continue to be limited to just over 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 2026 supplemental capital budget provided Climate Commitment Act (CCA) funding for the Power Plant Electrification and Hot Water Loop, an important step in the University's decarbonization efforts. The underlying 2025-27 biennial capital budget provided funding for building a new Chemical Sciences Building, which assumed University 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 fiscal year 2026, the University experienced a 13% decline in federal awards compared to the five-year historical average for the same period. Although the University's non-federal awards increased by 33% during the same period, this funding does not entirely mitigate the effects of federal funding reductions. The outlook for future awards depends significantly on the 2027 federal budget and proposed changes to the Uniform Guidance. In addition, potential changes to the federal facilities and administrative (F&A) rate methodology creates additional funding uncertainty.

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 could impact 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. UW Medicine continues to focus on labor efficiency. The use of contract labor, premium and overtime continues to be stable throughout the UW Medicine. 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.

Reimbursement for patient services from federal, state, and private insurance payers continues to be a concern as healthcare costs continue to rise. There is continued downward pressure on average realized payment rates from commercial payer plans and a reduction in the number or percentage of UW Medicine's patients under such plans. 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 Affordable Care Act (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. 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.

Accounts receivable continues to be affected by reimbursement delays from insurers, technology transitions, and broader macroeconomic factors. UW Medicine is actively monitoring these challenges and implementing processes designed to enhance revenue cycle performance and support liquidity.

In addition, changes to Medicare reimbursement under the Hospital Outpatient Prospective Payment System (OPPS), including reduced reimbursement for certain 340B-acquired drugs, may further negatively impact reimbursement for hospital outpatient services and pharmacy margins. UW Medicine participates in the 340B Drug Pricing Program, which is a federal program that requires drug manufacturers to 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, coupled with demands to provide patient-level claims data to continue to be eligible for upfront discounts. While Washington State was successful in passing legislation to bar drug manufacturers from these restrictions and requirements, inconsistent compliance has been seen in other states with similar protections, and 340B entities have been compelled to sue drug manufacturers.

The Health Resources and Services Administration (HRSA) has approved a revised rebate pilot for drugs selected by Centers for Medicare and Medicaid (CMS) as part of the drugs selected for the Inflation Reduction Act (IRA) for 2026 and 2027. The pilot would move from an upfront discount to a rebate model in all sites of care (hospital, retail and contract pharmacies). The rebate model is expected to begin in January 2027, with the specific drugs to be included determined by HRSA in late 2026. Additional drugs are anticipated to be added in connection with the IRA and Medicare Drug Price Negotiation (MFRP) process. The impact of the IRA and 340B rebate model may include loss of contract pharmacy revenue, higher upfront costs, administrative and operational costs associated with rebate processing, and decreased Medicare Part D reimbursement. These impacts, combined with reduced OPPS reimbursement for certain 340B-acquired drugs, may further reduce the financial benefits of the 340B program and place additional pressure on hospital and outpatient pharmacy margins. Due to the continued erosion and uncertainty surrounding the 340B program, including changes to OPPS reimbursement and the implementation of the HRSA rebate model, management cannot predict the full extent of potential revenue reductions or increased costs that may impact UW Medicine.

However, UW Medicine believes that its ultimate success in financial resiliency depends in part on its success in executing strategic and operational improvement initiatives. These initiatives are focused on growing revenue, managing expenses, advancing advocacy efforts, and modernizing clinical and administrative operations to improve efficiency and effectiveness. Operational improvement initiatives also include evaluating opportunities related to medical supply standardization, contract labor utilization, overtime management, leadership structure optimization, and other cost-efficiency measures. Through these efforts, UW Medicine aims to strengthen operating performance and liquidity while continuing to invest in its workforce, programs, and infrastructure. Further, UW Medicine is seeing improvements in length of stay due to continued focus on discharge management and is making strides to address the issue through a variety of capacity improvement initiatives and discharge planning.

UW Medicine continues to engage with state and federal government policymakers to advocate for sustainable healthcare funding and practical policy solutions. Advocacy efforts are focused on addressing declining reimbursement rates for government-sponsored health insurance programs and supporting initiatives that help alleviate healthcare workforce shortages.

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FINANCIAL STATEMENTS & NOTES



STATEMENTS OF NET POSITION

	UNIVERSITY OF WASHINGTON June 30, 2026	2025
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
CURRENT ASSETS:		
CASH AND CASH EQUIVALENTS (NOTE 2)	$ 214,385	$ 163,127
INVESTMENTS, CURRENT PORTION (NOTE 5)	1,803,275	1,727,642
ACCOUNTS RECEIVABLE (NET OF ALLOWANCE OF $140,694 and $84,248) (NOTE 4)	1,524,687	1,477,668
OTHER CURRENT ASSETS	130,623	114,628
TOTAL CURRENT ASSETS	3,672,970	3,483,065
NONCURRENT ASSETS:		
DEPOSIT WITH STATE OF WASHINGTON (NOTE 3)	84,088	99,309
INVESTMENTS, NET OF CURRENT PORTION (NOTE 5)	9,526,442	8,197,222
STUDENT LOANS RECEIVABLE (NET OF ALLOWANCE OF $2,675 and $3,078)	33,974	37,352
OTHER NONCURRENT ASSETS (NOTE 1)	27,791	27,709
LEASE RECEIVABLES, NET OF CURRENT PORTION (NOTES 4, 9)	359,688	354,339
NET PENSION ASSETS (NOTE 10)	461,886	394,383
CAPITAL ASSETS (NET OF ACCUMULATED DEPRECIATION OF $7,917,648 and $7,498,099) (NOTE 6)	6,593,190	6,527,645
INVESTMENT IN FRED HUTCHINSON CANCER CENTER (NOTE 1)	428,827	428,827
TOTAL NONCURRENT ASSETS	17,515,886	16,066,786
TOTAL ASSETS	21,188,856	19,549,851
DEFERRED OUTFLOWS OF RESOURCES (NOTE 12)	958,481	1,037,482
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	**$ 22,147,337**	**$ 20,587,333**
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES		
CURRENT LIABILITIES:		
ACCOUNTS PAYABLE	$ 183,493	$ 183,815
ACCRUED COMPENSATION & OTHER, CURRENT PORTION	997,501	994,570
UNEARNED REVENUES	308,426	229,486
LONG-TERM LIABILITIES, CURRENT PORTION (NOTES 7, 8)	289,214	300,827
TOTAL CURRENT LIABILITIES	1,778,634	1,708,698
NONCURRENT LIABILITIES:		
U.S. GOVERNMENT GRANTS REFUNDABLE	22,319	23,222
ACCRUED COMPENSATION & OTHER, NET OF CURRENT PORTION	73,073	65,838
LONG-TERM LIABILITIES, NET OF CURRENT PORTION (NOTES 7, 8)	3,736,475	3,703,738
NET PENSION LIABILITIES (NOTE 10)	181,434	284,122
OTHER POST-EMPLOYMENT BENEFITS (NOTE 11)	1,098,902	1,256,930
TOTAL NONCURRENT LIABILITIES	5,112,203	5,333,850
TOTAL LIABILITIES	6,890,837	7,042,548
DEFERRED INFLOWS OF RESOURCES (NOTE 12)	1,807,957	1,877,091
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	**8,698,794**	**8,919,639**
NET POSITION		
NET INVESTMENT IN CAPITAL ASSETS	3,342,831	3,204,693
RESTRICTED:		
NONEXPENDABLE	2,662,196	2,533,079
EXPENDABLE	4,854,712	3,930,555
UNRESTRICTED	2,588,804	1,999,367
TOTAL NET POSITION	13,448,543	11,667,694
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	**$ 22,147,337**	**$ 20,587,333**

See accompanying notes to financial statements
Dollars in thousands

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

	UNIVERSITY OF WASHINGTON Year ended June 30, 2026	2025
REVENUES		
OPERATING REVENUES:		
NET PATIENT SERVICE REVENUES (NET OF PROVISION FOR UNCOLLECTIBLE ACCOUNTS OF $68,209 and $31,306)	$ 3,666,842	$ 3,335,185
GRANTS AND CONTRACTS	1,976,804	2,007,338
STUDENT TUITION AND FEES (NET OF SCHOLARSHIP ALLOWANCE OF $309,630 and $310,618)	1,248,073	1,203,035
SALES AND SERVICES OF EDUCATIONAL DEPARTMENTS	693,306	701,046
AUXILIARY ENTERPRISES (NET OF SCHOLARSHIP ALLOWANCE OF $8,543 and $9,576)	573,839	566,858
OTHER OPERATING REVENUE	402,822	397,587
TOTAL OPERATING REVENUES	**8,561,686**	**8,211,049**
EXPENSES		
OPERATING EXPENSES (NOTE 14):		
SALARIES	4,597,908	4,486,934
BENEFITS	1,061,031	1,048,315
PURCHASED SERVICES	1,258,314	1,236,156
SUPPLIES AND MATERIALS	1,030,487	1,047,232
DEPRECIATION/AMORTIZATION	544,847	529,941
SCHOLARSHIPS AND FELLOWSHIPS	261,544	254,297
UTILITIES	87,615	90,961
OTHER	234,224	207,835
TOTAL OPERATING EXPENSES	**9,075,970**	**8,901,671**
OPERATING LOSS	**(514,284)**	**(690,622)**
NONCAPITAL SUBSIDIES		
STATE OPERATING APPROPRIATIONS	552,480	621,216
GIFTS FOR CURRENT USE	256,598	229,913
OTHER NONCAPITAL SUBSIDIES	(1,886)	33,706
TOTAL NONCAPITAL SUBSIDIES	**807,192**	**884,835**
OPERATING LOSS AND NONCAPITAL SUBSIDIES	**292,908**	**194,213**
OTHER NONOPERATING REVENUES (EXPENSES)		
INVESTMENT INCOME (NET OF INVESTMENT EXPENSE OF $8,649 and $8,788)	1,367,865	977,444
GIFTS TO PERMANENT ENDOWMENTS	103,861	138,978
REVENUES (EXPENSES) RELATED TO FINANCING	(104,052)	(105,354)
STATE CAPITAL APPROPRIATIONS	73,331	90,263
CAPITAL GRANTS, GIFTS AND OTHER	46,936	49,983
TOTAL OTHER NONOPERATING REVENUES (EXPENSES)	**1,487,941**	**1,151,314**
INCREASE IN NET POSITION	**1,780,849**	**1,345,527**
NET POSITION		
NET POSITION – BEGINNING OF YEAR	11,667,694	10,322,167
NET POSITION – END OF YEAR	**$ 13,448,543**	**$ 11,667,694**

See accompanying notes to financial statements
Dollars in thousands

STATEMENTS OF CASH FLOWS

	UNIVERSITY OF WASHINGTON Year Ended June 30, 2026	2025
CASH FLOWS FROM OPERATING ACTIVITIES		
PATIENT SERVICES	$ 3,574,132	$ 3,260,654
GRANTS AND CONTRACTS	2,025,046	1,959,765
STUDENT TUITION AND FEES	1,275,595	1,197,994
SALES AND SERVICES OF EDUCATIONAL DEPARTMENTS	682,330	684,201
AUXILIARY ENTERPRISES	571,883	573,755
OTHER RECEIPTS	432,644	401,780
PAYMENTS FOR SALARIES	(4,580,975)	(4,462,848)
PAYMENTS FOR BENEFITS	(1,375,276)	(1,345,002)
PAYMENTS TO SUPPLIERS	(1,051,501)	(1,072,388)
PAYMENTS FOR UTILITIES	(87,842)	(91,088)
PURCHASED SERVICES	(1,258,082)	(1,247,963)
PAYMENTS FOR SCHOLARSHIPS AND FELLOWSHIPS	(261,544)	(254,297)
OTHER OPERATING DISBURSEMENTS	(234,695)	(209,355)
LOANS ISSUED TO STUDENTS	(2,420)	(6,286)
COLLECTION OF LOANS TO STUDENTS	5,799	6,534
RECEIPTS FROM OUTSIDE AFFILIATED AGENCIES	2,105,178	1,783,905
DISBURSEMENTS TO OUTSIDE AFFILIATED AGENCIES	(2,056,287)	(1,864,529)
NET CASH USED BY OPERATING ACTIVITIES	**(236,015)**	**(685,168)**
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
STATE APPROPRIATIONS	574,617	610,663
GIFTS AND GRANTS FOR OTHER THAN CAPITAL PURPOSES	71,410	72,356
PRIVATE GIFTS	210,868	178,792
PERMANENT ENDOWMENT RECEIPTS	103,861	138,978
DIRECT LENDING RECEIPTS	220,239	196,128
DIRECT LENDING DISBURSEMENTS	(220,239)	(196,128)
OTHER	19,550	70,510
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	**980,306**	**1,071,299**
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
PROCEEDS FROM CAPITAL DEBT	95,568	413,950
STATE CAPITAL APPROPRIATIONS	73,331	90,263
CAPITAL GRANTS AND GIFTS RECEIVED	50,237	52,665
ACQUISITION AND CONSTRUCTION OF CAPITAL ASSETS	(410,256)	(470,552)
PRINCIPAL PAYMENTS ON CAPITAL-RELATED DEBT AND LEASES	(342,334)	(557,971)
INTEREST PAYMENTS ON CAPITAL-RELATED DEBT AND LEASES	(128,085)	(133,707)
OTHER	16,227	3,666
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	**(645,312)**	**(601,686)**

See accompanying notes to financial statements
Dollars in thousands

	UNIVERSITY OF WASHINGTON	
	Year Ended June 30,	
CASH FLOWS FROM INVESTING ACTIVITIES	**2026**	**2025**
PROCEEDS FROM SALES OF INVESTMENTS	13,349,083	11,153,399
DISBURSEMENTS FOR PURCHASES OF INVESTMENTS	(13,636,873)	(11,197,719)
INVESTMENT INCOME	240,069	226,792
NET CASH (USED BY) PROVIDED BY INVESTING ACTIVITIES	**(47,721)**	**182,472**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	51,258	(33,083)
CASH AND CASH EQUIVALENTS-BEGINNING OF THE YEAR	163,127	196,210
CASH AND CASH EQUIVALENTS-END OF THE YEAR	**$ 214,385**	**$ 163,127**
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES		
OPERATING LOSS	$ (514,284)	$ (690,622)
ADJUSTMENTS TO RECONCILE OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:		
FEDERAL PELL GRANTS	(71,410)	(72,356)
DEPRECIATION/AMORTIZATION EXPENSE	544,847	529,941
CHANGES IN ASSETS, LIABILITIES AND DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES:		
ACCOUNTS RECEIVABLE	(39,318)	(142,936)
OTHER ASSETS	(16,079)	(315)
OTHER RECEIVABLES	(5,349)	7,245
DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES	2,156	(293,448)
PENSION ASSETS	(67,502)	74,276
PENSION LIABILITIES	(102,688)	(85,329)
OTHER POST-EMPLOYMENT BENEFITS LIABILITY	(158,028)	(20,576)
ACCOUNTS PAYABLE	(18,819)	(25,532)
ACCRUED COMPENSATION & OTHER	23,341	41,143
UNEARNED REVENUE	78,941	(5,137)
OTHER LONG-TERM LIABILITIES	105,701	(3,530)
U.S. GOVERNMENTAL GRANTS REFUNDABLE	(903)	1,760
LOANS TO STUDENTS	3,379	248
NET CASH USED BY OPERATING ACTIVITIES	**$ (236,015)**	**$ (685,168)**
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES		
NET UNREALIZED GAINS	$ 673,856	$ 534,294
STOCK GIFTS	52,428	52,599
AMORTIZATION OF BOND PREMIUM	24,462	33,731
INCREASE IN LEASES AND SUBSCRIPTION ASSETS	(208,983)	(300,596)
TOTAL NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES	**$ 541,763**	**$ 320,028**

See accompanying notes to financial statements
Dollars in thousands

STATEMENTS OF FIDUCIARY NET POSITION

UNIVERSITY OF WASHINGTON

JUNE 30,

	2026			2025		
	CUSTODIAL FUNDS			CUSTODIAL FUNDS		
	EXTERNAL INVESTMENT POOL	OTHER	TOTAL	EXTERNAL INVESTMENT POOL	OTHER	TOTAL
ASSETS:						
POOLED INVESTMENTS AT FAIR VALUE	$ 91,182	$ —	$ 91,182	$ 77,293	$ —	$ 77,293
OTHER ASSETS	—	1,415	1,415	—	1,496	1,496
TOTAL ASSETS	**$ 91,182**	**$ 1,415**	**$ 92,597**	**$ 77,293**	**$ 1,496**	**$ 78,789**
FIDUCIARY NET POSITION:						
POOL PARTICIPANTS	$ 91,182	$ —	$ 91,182	$ 77,293	$ —	$ 77,293
ORGANIZATIONS AND OTHER GOVERNMENTS	—	1,415	1,415	—	1,496	1,496
TOTAL FIDUCIARY NET POSITION	**$ 91,182**	**$ 1,415**	**$ 92,597**	**$ 77,293**	**$ 1,496**	**$ 78,789**

See accompanying notes to financial statements
Dollars in thousands

STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION

UNIVERSITY OF WASHINGTON

YEAR ENDED JUNE 30,

	2026			2025		
	CUSTODIAL FUNDS			CUSTODIAL FUNDS		
	EXTERNAL INVESTMENT POOL	OTHER	TOTAL	EXTERNAL INVESTMENT POOL	OTHER	TOTAL
ADDITIONS:						
GIFTS	$ 5,771	$ 23,374	$ 29,145	$ 1,661	$ 22,705	$ 24,366
COLLATERAL RECEIVED AND RELATED ADDITIONS	—	18,627	18,627	—	18,659	18,659
INVESTMENT (LOSSES) EARNINGS:						
CHANGE IN FAIR VALUE	6,610	—	6,610	5,070	—	5,070
INTEREST, DIVIDENDS, AND OTHER	6,183	—	6,183	3,062	—	3,062
TOTAL INVESTMENT EARNINGS	12,793	—	12,793	8,132	—	8,132
LESS INVESTMENT ACTIVITY COSTS	(52)	—	(52)	(46)	—	(46)
NET INVESTMENT EARNINGS	12,741	—	12,741	8,086	—	8,086
TOTAL ADDITIONS	**18,512**	**42,001**	**60,513**	**9,747**	**41,364**	**51,111**
DEDUCTIONS:						
BENEFITS PAID TO PARTICIPANTS OR BENEFICIARIES	—	23,655	23,655	—	22,715	22,715
DISTRIBUTION TO POOL PARTICIPANTS	4,623	—	4,623	7,487	—	7,487
COLLATERAL DISBURSED AND RELATED DEDUCTIONS	—	18,427	18,427	—	18,729	18,729
TOTAL DEDUCTIONS	**4,623**	**42,082**	**46,705**	**7,487**	**41,444**	**48,931**
NET INCREASE (DECREASE) IN FIDUCIARY NET POSITION	**13,889**	**(81)**	**13,808**	**2,260**	**(80)**	**2,180**
FIDUCIARY NET POSITION:						
FIDUCIARY NET POSITION - BEGINNING OF YEAR	77,293	1,496	78,789	75,033	1,576	76,609
FIDUCIARY NET POSITION - END OF YEAR	**$ 91,182**	**$ 1,415**	**$ 92,597**	**$ 77,293**	**$ 1,496**	**$ 78,789**

See accompanying notes to financial statements

Dollars in thousands

DISCRETELY PRESENTED COMPONENT UNITS
STATEMENTS OF NET POSITION

	June 30, 2026			June 30, 2025		
	Fred Hutchinson Cancer Center	University of Washington Foundation	Total Discrete Component Units	Fred Hutchinson Cancer Center	University of Washington Foundation	Total Discrete Component Units
ASSETS						
CURRENT ASSETS:						
CASH AND CASH EQUIVALENTS	$ 356,287	$ 364	$ 356,651	$ 197,558	$ 376	$ 197,934
ACCOUNTS RECEIVABLE	263,991	3,153	267,144	253,792	20,599	274,391
OTHER CURRENT ASSETS	59,722	2	59,724	58,463	2	58,465
TOTAL CURRENT ASSETS	680,000	3,519	683,519	509,813	20,977	530,790
NONCURRENT ASSETS:						
INVESTMENTS	1,203,139	—	1,203,139	1,120,626	—	1,120,626
OTHER NONCURRENT ASSETS	529,479	—	529,479	620,768	—	620,768
CAPITAL ASSETS (NET OF ACCUMULATED DEPRECIATION OF $731,168 and $663,210)	1,307,843	—	1,307,843	1,338,372	—	1,338,372
TOTAL NONCURRENT ASSETS	3,040,461	—	3,040,461	3,079,766	—	3,079,766
TOTAL ASSETS	**$ 3,720,461**	**$ 3,519**	**$ 3,723,980**	**$ 3,589,579**	**$ 20,977**	**$ 3,610,556**
LIABILITIES						
CURRENT LIABILITIES:						
ACCOUNTS PAYABLE	$ 168,819	$ —	$ 168,819	$ 178,182	$ —	$ 178,182
ACCRUED COMPENSATION & OTHER	192,056	34	192,090	156,747	—	156,747
LONG-TERM LIABILITIES, CURRENT PORTION (NOTE 7)	36,043	—	36,043	35,829	—	35,829
TOTAL CURRENT LIABILITIES	396,918	34	396,952	370,758	—	370,758
NONCURRENT LIABILITIES:						
LONG-TERM LIABILITIES, NET OF CURRENT PORTION (NOTE 7)	1,629,982	—	1,629,982	1,667,280	—	1,667,280
TOTAL NONCURRENT LIABILITIES	1,629,982	—	1,629,982	1,667,280	—	1,667,280
TOTAL LIABILITIES	**2,026,900**	**34**	**2,026,934**	**2,038,038**	**—**	**2,038,038**
NET POSITION						
NET INVESTMENT IN CAPITAL ASSETS	375,090	—	375,090	369,854	—	369,854
RESTRICTED:						
NONEXPENDABLE	195,210	364	195,574	174,530	20,601	195,131
EXPENDABLE	610,679	3,121	613,800	587,187	376	587,563
UNRESTRICTED	512,582	—	512,582	419,970	—	419,970
TOTAL NET POSITION	1,693,561	3,485	1,697,046	1,551,541	20,977	1,572,518
TOTAL LIABILITIES AND NET POSITION	**$ 3,720,461**	**$ 3,519**	**$ 3,723,980**	**$ 3,589,579**	**$ 20,977**	**$ 3,610,556**

See accompanying notes to financial statements
Dollars in thousands

DISCRETELY PRESENTED COMPONENT UNITS
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

	Year Ended June 30, 2026			Year Ended June 30, 2025		
	Fred Hutchinson Cancer Center	University of Washington Foundation	Total Discrete Component Units	Fred Hutchinson Cancer Center	University of Washington Foundation	Total Discrete Component Units
REVENUES						
OPERATING REVENUES:						
NET PATIENT SERVICE REVENUES	$ 1,852,256	$ —	$ 1,852,256	$ 1,583,727	$ —	$ 1,583,727
GRANTS AND CONTRACTS	493,009	137,491	630,500	500,242	123,875	624,117
OTHER OPERATING REVENUE	109,527	—	109,527	95,069	—	95,069
TOTAL OPERATING REVENUES	**2,454,792**	**137,491**	**2,592,283**	**2,179,038**	**123,875**	**2,302,913**
EXPENSES						
OPERATING EXPENSES:						
SALARIES	707,443	—	707,443	674,804	—	674,804
BENEFITS	195,227	—	195,227	181,447	—	181,447
PURCHASED SERVICES	349,183	1,260	350,443	349,450	1,073	350,523
SUPPLIES AND MATERIALS	891,121	83	891,204	732,382	87	732,469
DEPRECIATION/AMORTIZATION	87,706	—	87,706	81,216	—	81,216
SCHOLARSHIPS AND FELLOWSHIPS	—	5	5	—	—	—
OTHER	374,794	57	374,851	365,891	50	365,941
TOTAL OPERATING EXPENSES	**2,605,474**	**1,405**	**2,606,879**	**2,385,190**	**1,210**	**2,386,400**
OPERATING (LOSS) INCOME	**(150,682)**	**136,086**	**(14,596)**	**(206,152)**	**122,665**	**(83,487)**
NONCAPITAL SUBSIDIES						
GIFTS FOR CURRENT USE	123,585	98,808	222,393	172,250	70,925	243,175
TRANSFERS TO UNIVERSITY OF WASHINGTON	—	(252,386)	(252,386)	—	(176,177)	(176,177)
TOTAL NONCAPITAL SUBSIDIES	**123,585**	**(153,578)**	**(29,993)**	**172,250**	**(105,252)**	**66,998**
OPERATING (LOSS) INCOME AND NONCAPITAL SUBSIDIES	**(27,097)**	**(17,492)**	**(44,589)**	**(33,902)**	**17,413**	**(16,489)**
OTHER NONOPERATING REVENUES (EXPENSES)						
INVESTMENT INCOME (NET OF INVESTMENT EXPENSE $2,243 and $2,086)	166,112	—	166,112	116,680	—	116,680
GIFTS TO PERMANENT ENDOWMENTS	18,193	—	18,193	22,145	—	22,145
REVENUES (EXPENSES) RELATED TO FINANCING	(42,252)	—	(42,252)	(43,500)	—	(43,500)
CAPITAL GRANTS, GIFTS AND OTHER	27,064	—	27,064	41,815	—	41,815
TOTAL OTHER NONOPERATING REVENUES (EXPENSES)	**169,117**	**—**	**169,117**	**137,140**	**—**	**137,140**
INCREASE (DECREASE) IN NET POSITION	**142,020**	**(17,492)**	**124,528**	**103,238**	**17,413**	**120,651**
NET POSITION						
NET POSITION – BEGINNING OF YEAR	1,551,541	20,977	1,572,518	1,448,303	3,564	1,451,867
NET POSITION – END OF YEAR	**$ 1,693,561**	**$ 3,485**	**$ 1,697,046**	**$ 1,551,541**	**$ 20,977**	**$ 1,572,518**

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 an 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 Fred Hutchinson Cancer Center (FHCC) and The University of Washington Foundation (UWF). FHCC is reported discretely since it has a separate board of trustees, does not provide services exclusively to the University, is not a nonprofit corporation of which the University is the sole corporate member and the University has determined that it would be misleading to exclude due to the level of integration between the organizations. UWF is reported discretely because its activities are conducted almost entirely for the direct benefit of the University. The significance of the resources transferred to the University and the close relationship between the organizations have led the University to determine that excluding UWF from reporting would be misleading.

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 $536.1 million and $503.2 million for the years ended June 30, 2026 and 2025, 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 $103.5 million and $108.4 million for the years ended June 30, 2026 and 2025, 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, 2026 and 2025, these entities had net capital assets of $222.0 million and $240.2 million, respectively, and long-term debt of $112.8 million and $119.1 million, respectively (see note 8). These amounts are reflected in the University's financial statements.

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, 2026, the University's financial statements included PBI self-insurance claims-made liabilities of $181.1 million and a provision for incurred but not reported (IBNR) liabilities of $91.4 million totaling $272.5 million. As of June 30, 2025, the University's financial statements included PBI self-insurance claims-made liabilities of $152.5 million and a provision for IBNR liabilities of $81.7 million totaling $234.2 million.

DISCRETELY PRESENTED COMPONENT UNITS

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.

The University of Washington Foundation

The University of Washington Foundation (UWF) is a nonprofit, public 501(c)(3) organization that performs fundraising activities on behalf of the University. UWF was incorporated in 1988 to solicit and otherwise facilitate private contributions to, or for the benefit of, the University and its affiliated nonprofit entities. Donors may direct gifts either to UWF or to the University. The audited financial statements of UWF are available by contacting UWF at 4333 Brooklyn Avenue NE, Seattle, Washington 98105 or online at the following address: https://uwfoundationboard.org.

JOINT VENTURE

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, 2026 and 2025 includes amounts due from CUMG of $41.8 million and $35.1 million, respectively.

METROPOLITAN TRACT OWNERSHIP AND OPERATION

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 (MD&A), 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, Discretely Presented Component Units Statement of Net Position, Discretely Presented Component Units Statement of Revenue, Expenses, and Changes in 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, 2025, the University adopted GASB Statement No. 103, "Financial Reporting Model Improvements," which was effective for the fiscal year ended June 30, 2026. The statement improves key components of the financial reporting model including MD&A, unusual or infrequent items, presentation of the proprietary fund statements of revenues, expenses and changes in fund net position distinguishing between operating and nonoperating revenues and expenses, major component unit information and budgetary comparison information. The purpose of the required disclosures is to enhance the quality of the MD&A analysis of changes from prior years and comparability of presentation of other sections. As a result of adoption, the University applied the standard retroactively to the fiscal year ending June 30, 2025. The Statements of Revenues, Expenses and Changes in Net Position for the fiscal year ending June 30, 2025, have been restated to conform with the requirements of this statement and current year presentation. The adoption of GASB Statement No. 103 resulted in the University now reporting certain amounts previously reported as nonoperating revenues and expenses as operating revenues and expenses and vice versa. The impact of adopting the statement resulted in an increase of operating revenues totaling $76.3 million and a decrease of operating expenses totaling $31.4 million at June 30, 2025 that were previously included in nonoperating revenues (expenses) in the Statements of Revenues, Expenses, and Changes in Net Position lowering the operating loss by $107.7 million. This includes the reclassification of Pell Grant revenue being presented as operating revenue instead of nonoperating revenue. This statement also added a section for noncapital subsidies in the Statements of Revenues, Expenses, and Changes in Net Position. Noncapital subsidies were $884.8 million at June 30, 2025 and were previously included in nonoperating revenues (expenses) in the Statements of Revenues, Expenses, and Changes in Net Position. The statement impacted the reconciliation of operating loss to net cash used by operating activities within the Statement of Cash Flows due to the various reclassifications between operating and nonoperating activities. These reclassifications did not change previously reported net position of the University.

On July 1, 2025, the University adopted GASB Statement No. 104, "Disclosure of Certain Capital Assets," which was effective for the fiscal year ended 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 University applied this standard retroactively to the fiscal year ending June 30, 2025, ensuring all capital asset footnotes include comparative level of detail under the new standard (see note 6).

ACCOUNTING STANDARDS IMPACTING THE FUTURE

In December 2025, the GASB issued Statement No. 105, "Subsequent Events," which will be effective for the fiscal year ending June 30, 2027. This statement establishes requirements for identifying, accounting for, and disclosing subsequent

events and revises the subsequent events period and related disclosure requirements. The University is currently analyzing the impacts of this statement.

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.

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).

The University estimates the pollution remediation liabilities (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.

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 lease 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.

The University recognized interest expense incurred on capital asset-related debt totaling $111.6 million and $109.8 million as of June 30, 2026 and 2025, respectively, reported in revenue (expenses) related to financing in the Statements of Revenues, Expenses and Changes in Net Position.

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, 2026 and 2025, 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, 2026 and 2025, the University recorded $75.0 million and $70.2 million in financial alignment income, respectively, which is included in investment income 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 receivable (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 2 and 7 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, 2026 and 2025, 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. Fluctuations 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 absences are reported within accrued compensation and other, respectively. Changes in compensated absences during the fiscal years ended June 30, 2026 and 2025 are summarized below:

(Dollars in thousands)	Balance as of June 30, 2024	Change	Balance as of June 30, 2025	Change	Balance as of June 30, 2026	Current portion as of June 30, 2025	Current portion as of June 30, 2026
COMPENSATED ABSENCES	$ 229,311	14,741	244,052	13,538	257,590	178,214	184,517

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: https://finance.uw.edu/treasury/bondholders/other-investor-material.

Financial Assistance. UW Medicine provides care 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, these are not reported as net

patient service revenues. The charges associated with financial assistance provided were $136.2 million for the year ended June 30, 2026 and $118.3 million for the year ended June 30, 2025. The cost of financial assistance provided is calculated based on the aggregate relationship of costs to charges. The estimated cost of financial assistance provided for fiscal years ended June 30, 2026 and 2025 was $42.5 million and $35.6 million, respectively.

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

Operating and Nonoperating Activities. The University's Statements of Revenues, Expenses, and Changes in Net Position distinguish between operating and nonoperating revenues and expenses. Operating revenues and expenses are revenues and expenses other than nonoperating revenues and expenses. Operating revenues result from exchange transactions. Exchange transactions are those in which each party to the transaction receives and gives up essentially equal values. Examples of exchange transactions are payments received for student tuition and fees, patient services or grants under which services are performed, as well as payments made for the delivery of goods or services. Nonoperating revenues and expenses are revenues and expenses not derived from the principal operations of the University. Nonoperating revenues and expenses are: 1) Subsidies received and provided, 2) Contributions to permanent and term endowments, 3) Revenues and expenses related to financing, 4) Resources from the disposal of capital assets and inventory, and 5) Investment income and expenses. Nonoperating revenues and expenses are presented in two separate sections: noncapital subsidies and other nonoperating revenues (expenses). Subsidies must be nonexchange transactions and are defined as: 1) resources received from another party or fund (a) for which the proprietary fund does not provide goods and services to the other party or fund and (b) that directly or indirectly keep the proprietary fund's current or future fees and charges lower than they would be otherwise, 2) resources provided to another party or fund (a) for which the other party or fund does not provided goods and services to the proprietary fund and (b) that are recoverable through the proprietary fund's current or future pricing policies, and 3) all other transfers. This includes noncapital subsidies received and provided, such as state operating appropriations and gifts for current use. Other nonoperating revenues and expenses include investment income, gifts to permanent endowments, interest expense, and state capital appropriations.

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, lease and subscription liabilities, and 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. Substantially all unrestricted balances are internally designated for use by university departments to support working capital needs, to fund related academic or research programs, and to provide for unanticipated shortfalls in revenues and deviations in enrollment.

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 include 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, 2026 and 2025 are as follows:

(Dollars in thousands)	2026	2025
NET PATIENT SERVICES	$ 842,864	$ 677,622
INVESTMENTS	224,612	158,504
GRANTS AND CONTRACTS	185,482	254,539
DUE FROM OTHER AGENCIES	156,550	205,441
SALES AND SERVICES	122,128	111,152
TUITION	23,465	17,189
LEASE RECEIVABLES	27,168	31,495
STATE APPROPRIATIONS	20,651	42,787
SELF INSURANCE RECEIVABLE	21,021	14,187
OTHER	41,440	49,000
SUBTOTAL	1,665,381	1,561,916
LESS: ALLOWANCE FOR DOUBTFUL ACCOUNTS	(140,694)	(84,248)
TOTAL	**$ 1,524,687**	**$ 1,477,668**

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	**2026**	**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	$ 2,154,864	$ 9,338	$ 2,145,526	$ —
U.S. GOVERNMENT AGENCY	394,364	15,586	378,778	—
MORTGAGE BACKED	234,117	—	234,117	—
ASSET BACKED	390,575	—	390,575	—
CORPORATE AND OTHER	284,036	41,060	242,976	—
TOTAL FIXED INCOME SECURITIES	**3,457,956**	**65,984**	**3,391,972**	**—**
EQUITY SECURITIES				
GLOBAL EQUITY INVESTMENTS	1,583,759	797,232	786,527	—
REAL ESTATE	20,400	18,821	—	1,579
OTHER	5,592	—	—	5,592
TOTAL EQUITY SECURITIES	**1,609,751**	**816,053**	**786,527**	**7,171**
EXTERNALLY MANAGED TRUSTS	**170,233**	**—**	**—**	**170,233**
TOTAL INVESTMENTS BY FAIR VALUE LEVEL	**5,237,940**	**$ 882,037**	**$ 4,178,499**	**$ 177,404**

INVESTMENTS MEASURED USING NET ASSET VALUE (NAV)	
GLOBAL EQUITY INVESTMENTS	2,988,834
ABSOLUTE RETURN STRATEGY FUNDS	1,188,213
PRIVATE EQUITY AND VENTURE CAPITAL FUNDS	1,277,044
REAL ASSET FUNDS	222,996
OTHER	90,823
TOTAL INVESTMENTS MEASURED USING NAV	**5,767,910**
TOTAL INVESTMENTS MEASURED AT FAIR VALUE AND NAV	11,005,850
CASH EQUIVALENTS AT AMORTIZED COST	323,867
TOTAL INVESTMENTS	**$ 11,329,717**

INVESTMENTS BY FAIR VALUE LEVEL	2025	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	$ 1,654,251	$ 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**

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)*

2026	Fair Value	Total Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
GLOBAL EQUITY INVESTMENTS	$ 2,988,834	$ —	MONTHLY TO ANNUALLY	15-180 days
ABSOLUTE RETURN STRATEGY FUNDS	1,188,213	—	QUARTERLY TO ANNUALLY	30-90 days
PRIVATE EQUITY AND VENTURE CAPITAL FUNDS	1,277,044	644,896	N/A	—
REAL ASSET FUNDS	222,996	127,424	N/A	—
OTHER	90,823	93,827	QUARTERLY TO ANNUALLY	30-95 days
TOTAL INVESTMENTS MEASURED USING NAV	**$ 5,767,910**	**$ 866,147**		

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**	**$ 950,330**		

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, 2026 and 2025, approximately 82% and 81%, respectively, of the value of the investments in this category can be redeemed within 90 days. As of June 30, 2026 and 2025, approximately 92% and 95%, respectively, 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, 2026 and 2025, approximately 82% and 84%, 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, 2026 and 2025, approximately 37% and 34%, respectively, of the value of the investments in this category can be redeemed 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, 2026 and 2025, the Short-term and Intermediate-term Invested Funds Pools totaled $3,339.8 million and $2,926.4 million, respectively. The Invested Funds - Long-term Pool also owns units in the Consolidated Endowment Fund (CEF) valued at $1,246.6 million and $1,223.2 million at June 30, 2026 and 2025, respectively. In addition, the Long-term Pool also owns other long-term investments, including a passive global equity index valued at $548.9 million and $328.9 million as of June 30, 2026 and 2025,

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 2026 and 2025. University Advancement received 3.0% of the average balances in endowment operating and gift accounts in fiscal years 2026 and 2025. 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 has 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 2026 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, 2026 and 2025, there was no net deficiency from the original gift value.

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 $453.9 million and $215.5 million in fiscal years 2026 and 2025, 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, 2026 and 2025 was $673.9 million and $534.3 million, respectively.

FUNDING COMMITMENTS

The University enters into contracts with investment managers to fund alternative investments. As of June 30, 2026 and 2025, the University had outstanding commitments to fund alternative investments of $866.1 million and $950.3 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, 2026 and 2025, the University had outstanding futures contracts with notional amounts totaling $519.6 million and $711.8 million, respectively. As of June 30, 2026, accumulated unrealized losses on these contracts totaled $1.8 million and as of June 30, 2025, accumulated unrealized gains on these contracts totaled $3.6 million. The accumulated unrealized gains and losses 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, 2026 or 2025. 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 2.34 and 2.42 years at June 30, 2026 and 2025, 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, 2026 and 2025, along with credit quality and effective duration measures, is summarized as follows:

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

2026

Investments	U.S. Government	Investment Grade*	Non-Investment Grade	Not Rated	Total	Duration (In years)
U.S. TREASURY SECURITIES	$ 2,154,864	$ —	$ —	$ —	$ 2,154,864	2.45
U.S. GOVERNMENT AGENCY	394,364	—	—	—	394,364	2.60
MORTGAGE BACKED	—	60,465	89,798	83,854	234,117	1.63
ASSET BACKED	21,708	169,368	89,253	110,246	390,575	1.67
CORPORATE AND OTHER	—	241,034	194	42,808	284,036	2.64
TOTAL	**$ 2,570,936**	**$ 470,867**	**$ 179,245**	**$ 236,908**	**$ 3,457,956**	**2.34**

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	1.20
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**

*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 $2.3 billion and $1.8 billion at June 30, 2026 and 2025, respectively.

TABLE 4 – INVESTMENTS DENOMINATED IN FOREIGN CURRENCY

(Dollars in thousands)	2026	2025
JAPANESE YEN (JPY)	$ 374,401	$ 183,245
EURO (EUR)	360,689	298,286
BRITISH POUND (GBP)	286,498	274,501
CHINESE RENMINBI (CNY)	244,564	166,693
SOUTH KOREAN WON (KRW)	167,308	76,063
TAIWANESE DOLLAR (TWD)	116,292	41,419
CANADIAN DOLLAR (CAD)	80,214	75,828
INDIAN RUPEE (INR)	69,781	144,242
HONG KONG DOLLAR (HKD)	63,352	46,874
AUSTRALIAN DOLLAR (AUD)	45,475	42,027
SWEDISH KRONA (SEK)	44,072	43,251
SINGAPORE DOLLAR (SGD)	42,951	28,777
SWISS FRANC (CHF)	42,338	42,307
BRAZIL REAL (BRL)	42,116	70,836
NORWEGIAN KRONE (NOK)	37,286	24,918
DANISH KRONE (DKK)	35,291	27,206
SOUTH AFRICAN RAND (ZAR)	22,728	24,120
MEXICAN PESO (MXN)	19,962	14,837
THAI BAHT (THB)	15,847	7,867
REMAINING CURRENCIES	201,928	205,113
TOTAL	**$ 2,313,093**	**$ 1,838,410**

NOTE 6:

Capital Assets

Capital asset activity for the years ended June 30, 2026 and 2025 is summarized as follows:

(Dollars in thousands)	Balance as of June 30, 2024	Additions/ Transfers	Retirements	Balance as of June 30, 2025	Additions/ Transfers	Retirements	Balance as of June 30, 2026
NON-DEPRECIATED CAPITAL ASSETS							
LAND	$ 165,735	$ 11	$ —	$ 165,746	$ —	$ —	$ 165,746
CAPITALIZED COLLECTIONS	8,740	49	—	8,789	38	—	8,827
CONSTRUCTION IN PROGRESS	332,929	152,285	17,401	467,813	51,496	10,141	509,168
INTANGIBLES IN PROCESS	—	1,912	—	1,912	139	—	2,051
TOTAL NON-DEPRECIATED CAPITAL ASSETS	**507,404**	**154,257**	**17,401**	**644,260**	**51,673**	**10,141**	**685,792**
DEPRECIATED AND AMORTIZED CAPITAL ASSETS							
BUILDINGS	8,596,207	186,378	21,497	8,761,088	274,550	8,258	9,027,380
INFRASTRUCTURE	354,113	4,996	—	359,109	2,350	291	361,168
FURNITURE, FIXTURES AND EQUIPMENT	1,872,148	134,339	37,562	1,968,925	118,744	40,159	2,047,510
LIBRARY MATERIALS	455,283	15,589	2,520	468,352	15,465	2,598	481,219
SOFTWARE AND OTHER INTANGIBLES	459,560	9,481	89	468,952	4,903	6,230	467,625
RIGHT OF USE ASSETS (NOTE 9)							
LAND	404,832	142,531	—	547,363	—	—	547,363
BUILDINGS	431,181	87,628	38,204	480,605	44,364	17,262	507,707
AIRCRAFT AND EQUIPMENT	103,331	24,979	15,752	112,558	8,232	2,082	118,708
SUBSCRIPTION ASSETS	176,896	45,458	7,822	214,532	156,386	104,552	266,366
TOTAL DEPRECIATED AND AMORTIZED CAPITAL ASSETS	**12,853,551**	**651,379**	**123,446**	**13,381,484**	**624,994**	**181,432**	**13,825,046**
LESS ACCUMULATED DEPRECIATION AND AMORTIZATION:							
BUILDINGS	4,491,027	274,607	19,224	4,746,410	285,328	8,255	5,023,483
INFRASTRUCTURE	180,102	10,034	—	190,136	10,097	291	199,942
FURNITURE, FIXTURES AND EQUIPMENT	1,543,655	84,873	36,885	1,591,643	88,741	36,320	1,644,064
LIBRARY MATERIALS	355,180	13,543	2,003	366,720	13,854	2,073	378,501
SOFTWARE AND OTHER INTANGIBLES	223,964	36,774	88	260,650	31,208	6,230	285,628
RIGHT OF USE ASSETS (NOTE 9)							
LAND	37,732	12,498	—	50,230	13,111	—	63,341
BUILDINGS	131,716	39,880	38,136	133,460	37,818	16,769	154,509
AIRCRAFT AND EQUIPMENT	53,861	19,164	6,885	66,140	19,890	1,902	84,128
SUBSCRIPTION ASSETS	61,963	38,568	7,821	92,710	44,800	53,458	84,052
TOTAL ACCUMULATED DEPRECIATION AND AMORTIZATION	**7,079,200**	**529,941**	**111,042**	**7,498,099**	**544,847**	**125,298**	**7,917,648**
TOTAL DEPRECIATED AND AMORTIZED CAPITAL ASSETS, NET	**5,774,351**	**121,438**	**12,404**	**5,883,385**	**80,147**	**56,134**	**5,907,398**
TOTAL CAPITAL ASSETS, NET	**$ 6,281,755**	**$ 275,695**	**$ 29,805**	**$ 6,527,645**	**$ 131,820**	**$ 66,275**	**$ 6,593,190**

NOTE 7:

Long-Term Liabilities

UNIVERSITY OF WASHINGTON

Long-term liability activity for the years ended June 30, 2026 and 2025 is summarized as follows:

(Dollars in thousands)	Balance as of June 30, 2024	Additions	Reductions	Balance as of June 30, 2025	Additions	Reductions	Balance as of June 30, 2026	Current portion as of June 30, 2025	Current portion as of June 30, 2026
BONDS PAYABLE:									
GENERAL OBLIGATION BONDS PAYABLE (NOTE 8)	$ 23,030	$ —	$ 8,910	$ 14,120	$ —	$ 5,265	$ 8,855	$ 5,265	$ 5,210
BONDS PAYABLE (NOTE 8)	2,286,639	359,155	416,213	2,229,581	84,310	188,726	2,125,165	94,160	95,140
UNAMORTIZED PREMIUM ON BONDS	182,173	40,768	33,731	189,210	10,942	24,462	175,690	22,268	22,023
TOTAL BONDS PAYABLE	**2,491,842**	**399,923**	**458,854**	**2,432,911**	**95,252**	**218,453**	**2,309,710**	**121,693**	**122,373**
NOTES PAYABLE:									
NOTES PAYABLE & OTHER - CAPITAL ASSET RELATED (NOTE 8)	28,753	13,119	16,632	25,240	316	7,161	18,395	5,673	5,158
NOTES PAYABLE & OTHER – NONCAPITAL ASSET RELATED (NOTE 8)	119,415	908	12,712	107,611	—	13,949	93,662	17,185	17,227
TOTAL NOTES PAYABLE	**148,168**	**14,027**	**29,344**	**132,851**	**316**	**21,110**	**112,057**	**22,858**	**22,385**
OTHER LONG-TERM LIABILITIES:									
OBLIGATIONS UNDER SPLIT-INTEREST AGREEMENTS	50,872	—	966	49,906	41,543	—	91,449	—	—
REMEDIATION LIABILITIES (NOTE 1)	33,609	—	—	33,609	22,000	—	55,609	—	—
HMC ITS FUNDING (NOTE 15)	21,761	600	617	21,744	654	3,831	18,567	8,200	7,600
SELF-INSURANCE (NOTE 13)	255,455	53,866	75,076	234,245	65,801	27,551	272,495	72,523	51,313
LEASE LIABILITIES (NOTE 9)	767,151	261,922	65,054	964,019	52,601	47,936	968,684	45,292	48,009
SUBSCRIPTION LIABILITIES (NOTE 9)	98,029	43,061	38,449	102,641	147,997	93,245	157,393	30,159	37,480
OTHER NONCURRENT LIABILITIES	13,976	20,557	1,894	32,639	12,432	5,346	39,725	102	54
TOTAL OTHER LONG-TERM LIABILITIES	**1,240,853**	**380,006**	**182,056**	**1,438,803**	**343,028**	**177,909**	**1,603,922**	**156,276**	**144,456**
TOTAL LONG-TERM LIABILITIES	**$3,880,863**	**$ 793,956**	**$ 670,254**	**$4,004,565**	**$ 438,596**	**$ 417,472**	**$4,025,689**	**$ 300,827**	**$ 289,214**

DISCRETELY PRESENTED COMPONENT UNITS

Long-term liability activity for the years ended June 30, 2026 and 2025 is summarized as follows:

(Dollars in thousands)	Balance as of June 30, 2024	Additions	Reductions	Balance as of June 30, 2025	Additions	Reductions	Balance as of June 30, 2026	Current portion as of June 30, 2025	Current portion as of June 30, 2026
FRED HUTCHINSON CANCER CENTER									
LONG TERM DEBT	$1,070,150	$ 185,660	$ 204,694	$1,051,116	$ —	$ 21,457	$1,029,659	$ 14,694	$ 15,260
COLLABORATIVE ARRANGEMENT LIABILITIES	428,824	—	—	428,824	—		428,824	—	—
LEASE LIABILITIES	195,273	35,943	13,814	217,402	5,174	19,481	203,095	21,135	20,783
DEFERRED CREDIT ON CASH FLOW HEDGES	5,612	155	—	5,767	—	1,320	4,447	—	—
TOTAL LONG-TERM LIABILITIES	**$1,699,859**	**$ 221,758**	**$ 218,508**	**$1,703,109**	**$ 5,174**	**$ 42,258**	**$1,666,025**	**$ 35,829**	**$ 36,043**

NOTE 8:

Bonds and Notes Payable

The bonds and notes payable at June 30, 2026 consist of State of Washington General Obligation Bonds, University Revenue Bonds, and Notes Payable. As of June 30, 2026, substantially all of the University's debt was publicly offered debt. Debt service requirements as of June 30, 2026 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**
2027	$ 5,210	$ 266	$ 95,140	$ 95,410	$ 22,385	$ 4,564
2028	2,105	104	114,110	90,991	18,715	3,737
2029	1,540	31	105,150	86,346	19,261	2,917
2030	—	—	106,405	81,728	19,655	2,065
2031	—	—	107,825	77,026	17,932	1,210
2032-2036	—	—	493,895	310,799	14,109	343
2037-2041	—	—	515,425	185,972	—	—
2042-2046	—	—	441,390	67,701	—	—
2047-2051	—	—	145,825	12,760	—	—
TOTAL PAYMENTS	**$ 8,855**	**$ 401**	**$ 2,125,165**	**$ 1,008,733**	**$ 112,057**	**$ 14,836**

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, 2026 and 2025:

BONDS PAYABLE *(Dollars in thousands)*

Issue	Date Issued	Maturity Date (Fiscal Year)	Original Issue	Balance as of June 30, 2026	Balance as of June 30, 2025
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	$ 77,985	$ 84,285
WBRP 3.2 Lease Revenue Bonds, Series 2015A; 4.000%	10/7/2015	2048	107,615	34,810	34,810
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, 2010B Taxable (Build America Bonds - Direct Payment); 4.208%-4.997%	10/5/2010	2041	144,740	118,125	119,675
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	28,705	29,805
General Revenue and Refunding Bonds, 2015C; 4.000%-5.000%	9/23/2015	2046	159,160	34,380	133,150
General Revenue and Refunding Bonds, 2015D (Taxable); 3.100%-3.250%	9/23/2015	2028	36,350	3,335	6,085
General Revenue and Refunding Bonds, 2016A; 4.000%-5.250%	11/9/2016	2047	195,145	151,895	156,885
General Revenue Refunding Bonds, 2016B (Taxable); 2.600%-3.400%	11/9/2016	2037	10,015	3,925	4,415
General Revenue Bonds, 2018; 5.000%	2/15/2018	2048	133,785	89,980	96,435
General Revenue Bonds, 2020A; 4.000%-5.000%	3/17/2020	2050	51,000	43,760	45,120
General Revenue Bonds, 2020B (Taxable); 1.669%-2.685%	3/17/2020	2040	51,000	36,740	39,205
General Revenue Refunding Bonds, 2020C (Delayed Delivery Bonds); 5.000%	2/9/2021	2034	117,815	67,165	73,790
General Revenue and Refunding Bonds, 2021A; 4.000%-5.000%	3/4/2021	2051	77,435	74,585	76,225
General Revenue and Refunding Bonds, 2021B (Taxable); 0.972%-2.618%	3/4/2021	2042	249,335	114,010	127,035
General Revenue Bonds, 2022A; 5.000%	3/8/2022	2037	75,000	58,685	63,130
General Revenue Refunding Bonds, 2022B (Taxable); 2.211%-3.350%	3/8/2022	2042	209,090	62,120	67,455
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	205,385	212,710
General Revenue Refunding Bonds, 2024B; 5.000%	2/15/2024	2042	168,090	162,640	168,090
General Revenue and Refunding Bonds, 2025A; 5.000%	3/6/2025	2045	245,320	233,615	245,320
General Revenue Refunding Bonds, 2025B; 5.000%	3/7/2025	2036	52,815	49,640	52,815
General Revenue Refunding Bonds, 2025C; 5.000%	4/4/2025	2040	61,020	57,250	61,020
General Revenue Refunding Bonds, 2026; 5.000%	1/29/2026	2041	84,310	84,310	—
State of WA General Obligations					
Various Purpose General Obligation Refunding Bonds, Series R-2020A; 1.384%	10/4/2019	2026	1,585	—	295
Various Purpose General Obligation Refunding Bonds, Series R-2020C; 1.100%-1.120%	4/29/2020	2027	7,705	3,185	6,215
Various Purpose General Obligation Refunding Bonds, Series R-2022C; 2.820%	5/11/2022	2029	8,400	5,670	7,610
TOTAL			**$ 3,130,505**	**$ 2,134,020**	**$ 2,243,700**

ISSUANCE AND REFUNDING ACTIVITY

On January 29, 2026, the University issued $84.3 million of tax-exempt General Revenue Refunding Bonds, 2026, at a premium of $10.9 million and an average coupon of 5.00%. The average life was 7.5 years with a final maturity on December 1, 2040. Proceeds were used to partially refund the General Revenue and Refunding Bonds, 2015C. The refunding reduced the total debt service payments to be made by the University over the next 15 years by $7.0 million and resulted in a total economic gain of $5.8 million.

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

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

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%, with an average life of 9.2 years and a final maturity on April 1, 2045. Proceeds are expected 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 also refunded $197.1 million in par with coupon rates ranging from 3.625% to 5.00%. The refunding reduced the total debt service payments over the next 14 years by $17.9 million and resulted in a total economic gain of $13.8 million.

COMMERCIAL PAPER PROGRAM

The University has a commercial paper borrowing program which is typically used to fund project expenditures until long-term funding is secured. Following approval by the Board of Regents in August of 2025, the University increased the maximum authorized amount of the existing commercial paper program from $250 million to $750 million on September 11, 2025 and extended the final maturity of the program from June 30, 2039 to June 30, 2055. During fiscal year 2026, the University did not issue any commercial paper and had no commercial paper outstanding as of June 30, 2026.

CREDIT LINES

Effective June 9, 2026, the University extended by one year (through September 14, 2027) its Master Financing Agreement ("2023 Master Financing Agreement") with JP Morgan Chase Bank (originally entered into on September 14, 2023), 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, 2026 totaled $14.6 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 U.S. 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 borrowings with respect to this agreement as of June 30, 2026.

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, 2026, $10.0 million of bonds outstanding are considered defeased. In addition, $10.3 million of in-substance defeased debt remains outstanding as of June 30, 2026 and is included in long-term liabilities on the Statements of Net Position.

NOTE 9:

Leases and Related Subscription-Based Information Technology Arrangements (SBITA)

LESSEE & 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 $69.8 million and $75.7 million as of June 30, 2026 and 2025, 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 2035. 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.

Total future annual lease payments under lessee agreements as of June 30, 2026 are as follows:

Year *(Dollars in thousands)*	**Principal**	**Interest**	**Total**
2027	$ 48,009	$ 35,002	$ 83,011
2028	32,603	33,424	66,027
2029	25,286	32,244	57,530
2030	23,686	32,780	56,466
2031	22,418	33,085	55,503
2032-2036	110,973	155,909	266,882
2037-2041	94,886	143,566	238,452
2042-2046	65,054	122,319	187,373
2047-2051	95,844	93,739	189,583
2052-2056	146,912	71,443	218,355
2057-2061	205,852	38,484	244,336
2062-2063	97,161	3,661	100,822
Total	**$ 968,684**	**$ 795,656**	**$ 1,764,340**

Total future annual subscription payments under subscription-based arrangements as of June 30, 2026 are as follows:

Year *(Dollars in thousands)*	**Principal**	**Interest**	**Total**
2027	$ 37,480	$ 7,260	$ 44,740
2028	26,689	5,963	32,652
2029	18,455	4,717	23,172
2030	13,323	3,827	17,150
2031	11,596	3,174	14,770
2032 - 2035	49,850	6,757	56,607
Total	**$ 157,393**	**$ 31,698**	**$ 189,091**

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 $29.8 million and $37.1 million as of June 30, 2026 and 2025, respectively. The University recognized revenues related to lease agreements totaling $80.1 million and $95.5 million as of June 30, 2026 and 2025, respectively, reported in other operating revenues in the Statements of Revenues, Expenses and Changes in Net Position.

Future minimum lease payments to be received under lessor agreements as of June 30, 2026 are as follows:

Year *(Dollars in Thousands)*	**Principal**	**Interest**	**Total**
2027	$ 27,168	$ 14,564	$ 41,732
2028	24,816	13,282	38,098
2029	22,182	12,302	34,484
2030	21,005	11,123	32,128
2031	17,363	10,227	27,590
2032 - 2036	51,085	43,556	94,641
2037 - 2041	25,159	35,006	60,165
2042 - 2046	15,596	31,249	46,845
2047 - 2051	14,657	29,542	44,199
2052 - 2056	17,384	27,521	44,905
2057 - 2061	20,458	24,838	45,296
2062 - 2066	18,545	22,430	40,975
2067 - 2071	20,738	20,201	40,939
2072 - 2076	16,774	18,118	34,892
2077 - 2081	19,543	16,313	35,856
2082 - 2086	12,927	13,756	26,683
2087 - 2091	15,542	5,642	21,184
2092 - 2096	20,168	2,715	22,883
2097 - 2098	5,746	125	5,871
Total	**$ 386,856**	**$ 352,510**	**$ 739,366**

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, 2026 and 2025, the University's share of the total net pension assets associated with the defined-benefit pension plans administered by the DRS was $461.9 million and $394.4 million, respectively. The University's share of the total net pension liabilities was $115.5 million and $170.2 million, respectively. As of June 30, 2026 and 2025, the net pension liability associated with the defined benefit pension plan administered by the University was $65.9 million and $113.9 million, respectively. As of June 30, 2026 and 2025, assets held by the University to pay retiree benefits in connection with the pension plan administered by the University were $387.1 million and $378.2 million, respectively. These assets are in addition to those now residing with the Washington State Investment Board. For the years ended June 30, 2026 and 2025, total pension benefit recorded by the University related to both the DRS and University plans was $84.9 million and $61.8 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 2026 pension liabilities are based on an OSA valuation performed as of June 30, 2024, with the results rolled forward to the measurement date of June 30, 2025. Likewise, the University's 2025 pension liabilities are based on a valuation performed as of June 30, 2023, with the results rolled forward to the measurement date of June 30, 2024.

The following table shows significant assumptions used to measure the total pension liability as of June 30, 2026 and 2025:

2026	
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%

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%

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, 2024 and 2023 valuations were based on the results of the 2013-2018 Demographic Experience Study Report, and the 2023 and 2022 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, 2025 and 2024, 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:

	2026 *(Measurement Date 2025)*		2025 (Measurement Date 2024)	
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%	19.00%	2.10%
TANGIBLE ASSETS	8.00%	4.50%	8.00%	4.50%
REAL ESTATE	18.00%	4.80%	18.00%	4.80%
GLOBAL EQUITY	30.00%	5.60%	30.00%	5.60%
PRIVATE EQUITY	25.00%	8.60%	25.00%	8.60%

The inflation component used to create the table above was 2.50% for both the June 30, 2024 and 2023 actuarial valuations, representing 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, 2026 and 2025 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, 2025 and 2024. 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, 2025 and 2024, 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)*

	2026 (Measurement Date 2025)			2025 (Measurement Date 2024)		
Plan	**1% Decrease**	**Current Discount Rate**	**1% Increase**	**1% Decrease**	**Current Discount Rate**	**1% Increase**
PERS 1	$ 185,588	$ 109,985	$ 43,678	$ 241,537	$ 164,202	$ 96,377
PERS 2/3	742,808	(457,746)	(1,443,735)	706,958	(392,168)	(1,294,857)
TRS 1	8,931	5,510	2,503	7,763	5,014	2,597
TRS 2/3	26,693	(1,588)	(24,567)	23,175	992	(17,034)
LEOFF 2	1,920	(2,552)	(6,211)	1,468	(2,215)	(5,228)

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 years 2026 and 2025. 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, 2026 and 2025:

(Dollars in Thousands)	PERS 1	PERS 2/3[(a)]	TRS 1	TRS 2/3[(a)]	LEOFF 2
2026					
CONTRIBUTION RATE	5.58 %	5.58 %	7.74 %	7.74 %	8.73 %
CONTRIBUTIONS MADE	$ 2,564	$ 114,460	$ 162	$ 4,260	$ 411
2025					
CONTRIBUTION RATE	9.53 %	9.53 %	9.70 %	9.70 %	8.73 %
CONTRIBUTIONS MADE	$ 51,432	$ 127,301	$ 837	$ 4,292	$ 359

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

Employer contributions to PERS 1 decreased significantly from $51.4 million in fiscal year 2025 to $2.6 million in fiscal year 2026. The decrease primarily reflects the suspension of the PERS Plan 1 unfunded actuarial accrued liability (UAAL) component effective July 1, 2025, for the 2025-2027 and 2027-2029 fiscal biennia, as provided under RCW 41.45. Accordingly, the University's fiscal year 2026 contributions primarily reflect the regular employer contribution rate and applicable administrative expense, rather than the additional UAAL funding component.

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, 2026 was June 30, 2025. Employer contributions received and processed by the DRS during the fiscal year ended June 30, 2025 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, 2025 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, 2025 was June 30, 2024, with employer contributions received and processed by the DRS during the fiscal year ended June 30, 2024, 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, 2026	9.33 %	11.99 %	0.58 %	0.58 %	0.13 %
YEAR ENDED JUNE 30, 2025	9.24 %	11.90 %	0.45 %	0.49 %	0.12 %

UNIVERSITY AGGREGATED BALANCES

The table below presents the University's aggregated balance of net pension liability and net pension asset as of June 30, 2026 and 2025:

(Dollars in Thousands)	PERS 1	PERS 2/3	TRS 1	TRS 2/3	LEOFF 2	TOTAL
2026						
NET PENSION LIABILITY	$ 109,985	$ —	$ 5,510	$ —	$ —	$ 115,495
NET PENSION ASSET	—	457,746	—	1,588	2,552	461,886
2025						
NET PENSION LIABILITY	$ 164,202	$ —	$ 5,014	$ 992	$ —	$ 170,208
NET PENSION ASSET	—	392,168	—	—	2,215	394,383

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, 2026	$ (8,364)	$ (28,930)	$ 1,202	$ 1,541	$ 110	$ (34,441)
YEAR ENDED JUNE 30, 2025	$ 7,594	$ (19,738)	$ 282	$ 2,190	$ 248	$ (9,424)

DEFERRED OUTFLOWS OF RESOURCES *(Dollars in Thousands)*

2026	PERS 1	PERS 2/3	TRS 1	TRS 2/3	LEOFF 2	TOTAL
CHANGE IN ASSUMPTIONS	$ —	$ 176,901	$ —	$ 5,212	$ 905	$ 183,018
DIFFERENCE BETWEEN EXPECTED AND ACTUAL EXPERIENCE	—	334,676	—	8,423	2,222	345,321
CHANGE IN UNIVERSITY'S PROPORTIONATE SHARE	—	—	—	—	1,205	1,205
UNIVERSITY CONTRIBUTIONS SUBSEQUENT TO THE MEASUREMENT DATE OF THE COLLECTIVE NET PENSION LIABILITY [(a)]	2,564	114,460	162	4,260	411	121,857
TOTAL	**$ 2,564**	**$ 626,037**	**$ 162**	**$ 17,895**	**$ 4,743**	**$ 651,401**
2025						
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 [(b)]	51,432	127,301	837	4,292	359	184,221
TOTAL	**$ 51,432**	**$ 566,695**	**$ 837**	**$ 16,136**	**$ 4,816**	**$ 639,916**

(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)*						
2026	**PERS 1**	**PERS 2/3**	**TRS 1**	**TRS 2/3**	**LEOFF 2**	**TOTAL**
DIFFERENCE BETWEEN PROJECTED AND ACTUAL EARNINGS ON PLAN INVESTMENTS, NET	$ 7,561	$ 103,081	$ 341	$ 2,192	$ 363	$ 113,538
CHANGE IN ASSUMPTIONS	—	12,640	—	284	155	13,079
DIFFERENCE BETWEEN EXPECTED AND ACTUAL EXPERIENCE	—	—	—	72	12	84
CHANGE IN UNIVERSITY'S PROPORTIONATE SHARE	—	19,336	—	2,401	—	21,737
TOTAL	**$ 7,561**	**$ 135,057**	**$ 341**	**$ 4,949**	**$ 530**	**$ 148,438**
2025						
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**

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**
2027	$ 7,215	$ 158,752	$ 343	$ 2,859	$ 802	$ 169,971
2028	(5,256)	59,780	(239)	831	423	55,539
2029	(5,458)	57,062	(258)	742	431	52,519
2030	(4,062)	19,506	(187)	828	501	16,586
2031	—	54,404	—	1,411	637	56,452
THEREAFTER	—	27,016	—	2,015	1,008	30,039
TOTAL	**$ (7,561)**	**$ 376,520**	**$ (341)**	**$ 8,686**	**$ 3,802**	**$ 381,106**

(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, 2026 and 2025 was 20,994 and 20,569, 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 years ended June 30, 2026 and 2025 were $186.2 million and $180.1 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, 2026 and 2025 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, 2026 and 2025:

NUMBER OF PARTICIPANTS	2026 (Measurement Date: 2025)	2025 (Measurement Date: 2024)
ACTIVE EMPLOYEES	3,611	4,117
INACTIVE EMPLOYEES RECEIVING BENEFITS	1,379	1,289
INACTIVE EMPLOYEES ENTITLED TO, BUT NOT RECEIVING, BENEFITS	283	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, 2026 and 2025 were $12.1 million and $11.8 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 years ended June 30, 2026 and 2025 per RCW 28B.10.423 was 0.38% of UWRP covered salaries. Contributions made in the fiscal years ended June 30, 2026 and 2025 were $9.0 million and $8.9 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, 2025 and 2024 was 9.66% and 8.12%, 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, 2026 and 2025, the University had set aside $387.1 million and $378.2 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 trust 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 was 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, 2025 NPL is based on a measurement date of June 30, 2024. There was no material impact associated with this change.

UWSRP pension benefit for the years ended June 30, 2026 and 2025 were $50.4 million and $52.3 million, respectively. Additionally, the contributions made after the June 30, 2025 measurement date and before June 30, 2026 are recorded as Deferred Outflows of Resources instead of reflected as a reduction of the NPL in the 2026 fiscal year. Likewise, the contributions made after the June 30, 2024 measurement date and before June 30, 2025 are recorded as Deferred Outflows of Resources instead of reflected as a reduction of the NPL in the 2025 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**
SERVICE COST	3,180	—	3,180
INTEREST ON TPL	16,917	—	16,917
DIFFERENCE BETWEEN EXPECTED AND ACTUAL EXPERIENCE	(10,077)	—	(10,077)
CHANGE IN ASSUMPTIONS	(24,397)	—	(24,397)
EMPLOYER CONTRIBUTIONS	—	8,930	(8,930)
INVESTMENT INCOME	—	12,907	(12,907)
BENEFIT PAYMENTS	(11,761)	—	(11,761)
NET CHANGES	(26,138)	21,837	(47,975)
BALANCE AS OF JUNE 30, 2026	**$ 218,128**	**$ 152,189**	**$ 65,939**

The June 30, 2026 TPL is based on an actuarial valuation performed as of January 1, 2024 by the OSA to roll forward the TPL to the measurement date of June 30, 2025. The June 30, 2025 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. 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, 2026 and 2025:

SIGNIFICANT ASSUMPTIONS USED TO MEASURE THE UWSRP NET PENSION LIABILITY (NPL) *(Dollars in thousands)*		
	2026	**2025**
INFLATION	3.00%	2.75%
SALARY CHANGES	4.00%	4.00%
SOURCE OF MORTALITY ASSUMPTIONS	PUB. T.H-2010 TABLES, WITH THE MP-2017 MORTALITY IMPROVEMENT SCALE	PUB. T.H-2010 TABLES, WITH THE MP-2017 MORTALITY IMPROVEMENT SCALE
DATE OF EXPERIENCE STUDY	AUGUST 2025	AUGUST 2023
DISCOUNT RATE	7.25%	7.00%
CHANGE IN DISCOUNT RATE SINCE PRIOR MEASUREMENT DATE	0.25%	NA
SOURCE OF DISCOUNT RATE	2025 REPORT ON FINANCIAL CONDITION AND ECONOMIC EXPERIENCE STUDY	2023 REPORT ON FINANCIAL CONDITION AND ECONOMIC EXPERIENCE STUDY
INVESTMENT RATE OF RETURN	7.25%	7.00%
NPL MEASUREMENT AT DISCOUNT RATE	$65,939	$113,914
NPL DISCOUNT RATE INCREASED 1%	$47,264	$91,762
NPL DISCOUNT RATE DECREASED 1%	$87,561	$139,690

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, 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, 2025 and 2024, are summarized in the following table:

	2026 (Measurement Date 2025)		2025 (Measurement Date 2024)	
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%	19.00%	2.10%
TANGIBLE ASSETS	8.00%	4.50%	8.00%	4.50%
REAL ESTATE	18.00%	4.80%	18.00%	4.80%
GLOBAL EQUITY	30.00%	5.60%	30.00%	5.60%
PRIVATE EQUITY	25.00%	8.60%	25.00%	8.60%

As noted above, the discount rate used to measure the total pension liability was 7.25%. 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)*		
2026		
DIFFERENCE BETWEEN EXPECTED AND ACTUAL EXPERIENCE	$	46,182
CHANGE IN ASSUMPTIONS		40,184
UNIVERSITY CONTRIBUTIONS SUBSEQUENT TO THE MEASUREMENT DATE OF THE COLLECTIVE NET PENSION LIABILITY [(a)]		21,175
TOTAL	**$**	**107,541**
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 [(b)]		20,659
TOTAL	**$**	**161,970**

(a) Recognized as a reduction of the net pension liability as of June 30, 2027
(b) Recognized as a reduction of the net pension liability as of June 30, 2026

DEFERRED INFLOWS OF RESOURCES *(Dollars in thousands)*		
2026		
DIFFERENCE BETWEEN EXPECTED AND ACTUAL EXPERIENCE	$	161,631
CHANGE IN ASSUMPTIONS		99,600
NET DIFFERENCE BETWEEN PROJECTED AND ACTUAL EARNINGS ON PLAN INVESTMENTS		2,195
TOTAL	**$**	**263,426**
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**

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		
2027	$	(51,763)
2028		(86,070)
2029		(23,087)
2030		(14,188)
2031		(1,952)
TOTAL	**$**	**(177,060)**

(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 is 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 2026.

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, 2026 and 2025:

NUMBER OF PARTICIPANTS	2026 (Measurement Date: 2025)	2025 (Measurement Date: 2024)
ACTIVE EMPLOYEES	41,207	40,924
INACTIVE EMPLOYEES RECEIVING BENEFITS	10,807	10,733
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, 2026 and 2025:

SIGNIFICANT ASSUMPTIONS USED TO MEASURE THE TOTAL OPEB LIABILITY (TOL) *(Dollars in thousands)*		
	2026	**2025**
INFLATION	2.40%	2.40%
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 ABOUT (4.5%) - 9.5%, 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.	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.
DATE OF EXPERIENCE STUDY	2023 EXPERIENCE STUDY REPORT	2023 EXPERIENCE STUDY REPORT
DISCOUNT RATE	5.20%	3.93%
SOURCE OF DISCOUNT RATE	BOND BUYER GENERAL OBLIGATION 20-BOND MUNICIPAL BOND INDEX AS OF 6/30/25 (MEASUREMENT DATE)	BOND BUYER GENERAL OBLIGATION 20-BOND MUNICIPAL BOND INDEX AS OF 6/30/24 (MEASUREMENT DATE)
POST-RETIREMENT PARTICIPATION PERCENTAGE	60.00%	60.00%
TOL MEASUREMENT AT DISCOUNT RATE	$1,098,902	$1,256,930
TOL DISCOUNT RATE INCREASED 1%	$956,450	$1,079,801
TOL DISCOUNT RATE DECREASED 1%	$1,275,395	$1,478,769
TOL MEASUREMENT AT HEALTHCARE COST TREND RATE	$1,098,902	$1,256,930
TOL HEALTHCARE COST TREND RATE INCREASED 1%	$1,311,092	$1,510,467
TOL HEALTHCARE COST TREND RATE DECREASED 1%	$932,783	$1,060,321

Material assumption changes during the measurement period ending June 30, 2025 include updating the discount rate, as required by GASB 75. Material assumption changes during the measurement period ending June 30, 2024 include updating the discount rate, as required by GASB 75, updating the inflation rate, and the forecast of healthcare cost trend rate.

CHANGES IN THE TOTAL OPEB LIABILITY

The TOL for the state of Washington as of June 30, 2026 was determined by an actuarial valuation, conducted by the OSA, using data as of June 30, 2024, with the results rolled forward to the measurement date of June 30, 2025. 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 28.9% and 28.7% as of June 30, 2026 and 2025, 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 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**
SERVICE COST		46,919
INTEREST ON TOL		50,934
CHANGE IN ASSUMPTIONS		(231,241)
BENEFIT PAYMENTS		(33,338)
CHANGE IN PROPORTIONATE SHARE		8,698
BALANCE AS OF JUNE 30, 2026	**$**	**1,098,902**

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, 2026	$	(57,086)
YEAR ENDED JUNE 30, 2025	$	(14,676)

DEFERRED OUTFLOWS OF RESOURCES *(Dollars in Thousands)*		
2026		
DIFFERENCES BETWEEN EXPECTED AND ACTUAL EXPERIENCE IN THE MEASUREMENT OF THE TOTAL OPEB LIABILITY	$	25,147
CHANGE IN ASSUMPTIONS		45,212
UNIVERSITY CONTRIBUTIONS SUBSEQUENT TO THE MEASUREMENT DATE OF THE COLLECTIVE TOTAL OPEB LIABILITY		34,841
CHANGE IN PROPORTIONATE SHARE		89,821
TOTAL	**$**	**195,021**
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**

DEFERRED INFLOWS OF RESOURCES *(Dollars in Thousands)*		
2026		
DIFFERENCES BETWEEN EXPECTED AND ACTUAL EXPERIENCE IN THE MEASUREMENT OF THE TOTAL OPEB LIABILITY	$	26,244
CHANGE IN ASSUMPTIONS		738,777
CHANGE IN PROPORTIONATE SHARE		33,782
TOTAL	**$**	**798,803**
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**

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		
2027	$	(124,985)
2028		(85,245)
2029		(96,683)
2030		(111,110)
2031		(118,773)
THEREAFTER		(101,827)
TOTAL	**$**	**(638,623)**

(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, 2026 and 2025 is summarized as follows:

DEFERRED OUTFLOWS AND DEFERRED INFLOWS OF RESOURCES *(Dollars in thousands)*				
2026		**DEFERRED OUTFLOWS OF RESOURCES**		**DEFERRED INFLOWS OF RESOURCES**
Pensions	$	758,942	$	411,864
Leases		—		514,192
OPEB		195,021		798,803
Split-Interest Agreements		—		28,446
Public-Private Partnership		—		17,102
Unamortized Gain on Refinancing		—		37,550
Other		4,518		—
Total	**$**	**958,481**	**$**	**1,807,957**
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**

NOTE 13:

Commitments and Contingencies

Purchase Commitments. Authorized expenditures for construction projects unexpended as of June 30, 2026 and 2025 were $177.6 million and $255.3 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 payments are reduced to equivalent Medicare rates.

The 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 involved in various 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, 2026 and 2025 are noted below:

(Dollars in thousands)	2026	2025
RESERVE AT BEGINNING OF FISCAL YEAR	$ 234,245	$ 255,455
INCURRED CLAIMS AND CHANGES IN ESTIMATES	65,801	53,866
CLAIM PAYMENTS	(27,551)	(75,076)
RESERVE AT END OF FISCAL YEAR	**$ 272,495**	**$ 234,245**

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, 2026 and 2025 are summarized as follows:

OPERATING EXPENSES *(Dollars in thousands)*		**2026**		**2025**
INSTRUCTION	$	1,058,068	$	989,749
RESEARCH		1,248,937		1,322,342
PUBLIC SERVICE		249,974		288,624
ACADEMIC SUPPORT		797,402		821,542
STUDENT SERVICES		82,246		84,423
INSTITUTIONAL SUPPORT		338,928		361,943
OPERATION & MAINTENANCE OF PLANT		271,158		267,494
SCHOLARSHIPS & FELLOWSHIPS		261,544		254,297
AUXILIARY ENTERPRISES		467,785		453,337
MEDICAL-RELATED		3,755,081		3,527,979
DEPRECIATION/AMORTIZATION		544,847		529,941
TOTAL OPERATING EXPENSES	**$**	**9,075,970**	**$**	**8,901,671**

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. In November 2025, the second amendment to the agreement auto-renewed for the period January 1, 2026 through December 31, 2035.

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, 2026, the University's financial statements included accounts receivable and long-term receivables from HMC of $89.0 million and $19.0 million, respectively, and current accrued liabilities of $56.5 million related to HMC. 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.

Under an annual agreement, HMC provides strategic funding to UW Medicine Primary Care. Funding from HMC to UW Medicine Primary Care was $16.1 million and $18.6 million during fiscal years 2026 and 2025, 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 2026 and other operating revenue in fiscal year 2025.

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 $7.6 million and $11.0 million as of June 30, 2026 and $8.2 million and $13.2 million as of June 30, 2025. HMC's advance funding entitles HMC access to enterprise-wide software and services over the useful life of the assets.

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 $6.6 million and $6.5 million from the University in support of its operations in fiscal years 2026 and 2025, respectively. These amounts were expensed by the University.

NOTE 16:

Blended Component Units

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

(Dollars in thousands) **Condensed Statements of Net Position – June 30, 2026**	**Combined Entities**	**Eliminations**	**University of Washington**	**Total Blended Component Units**	**Medical Entities**	**Real Estate Entities**	**Portage Bay Insurance**
ASSETS							
CURRENT ASSETS	$ 3,672,970	$ (985,005)	$ 4,125,856	$ 532,119	$ 142,840	$ 15,022	$ 374,257
OTHER NONCURRENT ASSETS	10,922,696	(99,800)	10,524,042	498,454	391,682	106,772	—
CAPITAL ASSETS, NET	6,593,190	(258,002)	6,576,353	274,839	52,823	222,016	—
TOTAL ASSETS	21,188,856	(1,342,807)	21,226,251	1,305,412	587,345	343,810	374,257
DEFERRED OUTFLOWS OF RESOURCES	958,481	—	958,481	—	—	—	—
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	**$ 22,147,337**	**$ (1,342,807)**	**$ 22,184,732**	**$ 1,305,412**	**$ 587,345**	**$ 343,810**	**$ 374,257**
LIABILITIES							
CURRENT LIABILITIES	$ 1,778,634	$ (984,742)	$ 2,016,173	$ 747,203	$ 530,863	$ 17,349	$ 198,991
NONCURRENT LIABILITIES	5,112,203	(100,063)	4,844,175	368,091	37,095	109,814	221,182
TOTAL LIABILITIES	6,890,837	(1,084,805)	6,860,348	1,115,294	567,958	127,163	420,173
DEFERRED INFLOWS OF RESOURCES	1,807,957	(258,002)	1,812,600	253,359	—	253,359	—
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	8,698,794	(1,342,807)	8,672,948	1,368,653	567,958	380,522	420,173
NET POSITION							
NET INVESTMENT IN CAPITAL ASSETS	3,342,831	—	3,370,367	(27,536)	11,094	(38,630)	—
RESTRICTED:							
NONEXPENDABLE	2,662,196	—	2,662,066	130	130	—	—
EXPENDABLE	4,854,712	—	4,854,712	—	—	—	—
UNRESTRICTED	2,588,804	—	2,624,639	(35,835)	8,163	1,918	(45,916)
TOTAL NET POSITION	13,448,543	—	13,511,784	(63,241)	19,387	(36,712)	(45,916)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	**$ 22,147,337**	**$ (1,342,807)**	**$ 22,184,732**	**$ 1,305,412**	**$ 587,345**	**$ 343,810**	**$ 374,257**

(Dollars in thousands) **Condensed 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							
CURRENT ASSETS	$ 3,483,065	$ (872,699)	$ 3,900,920	$ 454,844	$ 119,455	$ 14,664	$ 320,725
OTHER NONCURRENT ASSETS	9,539,141	(108,782)	9,234,766	413,157	299,842	113,315	—
CAPITAL ASSETS, NET	6,527,645	(266,956)	6,509,135	285,466	45,312	240,154	—
TOTAL ASSETS	19,549,851	(1,248,437)	19,644,821	1,153,467	464,609	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)**	**$ 20,682,303**	**$ 1,153,467**	**$ 464,609**	**$ 368,133**	**$ 320,725**
LIABILITIES							
CURRENT LIABILITIES	$ 1,708,698	$ (872,730)	$ 1,928,268	$ 653,160	$ 416,985	$ 15,977	$ 220,198
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	—	3,207,106	(2,413)	11,883	(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	—	11,734,244	(66,550)	19,282	(24,637)	(61,195)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	**$ 20,587,333**	**$ (1,248,437)**	**$ 20,682,303**	**$ 1,153,467**	**$ 464,609**	**$ 368,133**	**$ 320,725**

(Dollars in thousands)

Condensed Statements of Revenues, Expenses and Changes in Net Position - Year Ended June 30, 2026	Combined Entities	Eliminations	University of Washington	Total Blended Component Units	Medical Entities	Real Estate Entities	Portage Bay Insurance
OPERATING REVENUES	$ 8,561,686	$ (283,226)	$ 8,113,287	$ 731,625	$ 639,606	$ 18,882	$ 73,137
OPERATING EXPENSES OTHER THAN DEPRECIATION/ AMORTIZATION EXPENSE	8,531,123	(274,270)	8,046,715	758,678	676,689	13,053	68,936
DEPRECIATION/AMORTIZATION	544,847	(8,956)	527,588	26,215	8,077	18,138	—
OPERATING (LOSS) INCOME	(514,284)	—	(461,016)	(53,268)	(45,160)	(12,309)	4,201
NONCAPITAL SUBSIDIES	807,192	—	807,080	112	112	—	—
OPERATING (LOSS) INCOME AND NONCAPITAL SUBSIDIES	292,908	—	346,064	(53,156)	(45,048)	(12,309)	4,201
OTHER NONOPERATING REVENUES (EXPENSES)	1,487,941	—	1,431,476	56,465	45,153	234	11,078
INCREASE (DECREASE) IN NET POSITION	1,780,849	—	1,777,540	3,309	105	(12,075)	15,279
NET POSITION							
NET POSITION – BEGINNING OF YEAR	11,667,694	—	11,734,244	(66,550)	19,282	(24,637)	(61,195)
NET POSITION – END OF YEAR	**$ 13,448,543**	**$ —**	**$ 13,511,784**	**$ (63,241)**	**$ 19,387**	**$ (36,712)**	**$ (45,916)**

(Dollars in thousands)

Condensed 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
OPERATING REVENUES	$ 8,211,049	$ (282,103)	$ 7,800,894	$ 692,258	$ 611,640	$ 13,787	$ 66,831
OPERATING EXPENSES OTHER THAN DEPRECIATION/ AMORTIZATION EXPENSE	8,371,730	(273,257)	7,948,854	696,133	628,750	21,096	46,287
DEPRECIATION/AMORTIZATION	529,941	(8,846)	511,677	27,110	8,950	18,160	—
OPERATING (LOSS) INCOME	(690,622)	—	(659,637)	(30,985)	(26,060)	(25,469)	20,544
NONCAPITAL SUBSIDIES	884,835	—	884,827	8	8	—	—
OPERATING (LOSS) INCOME AND NONCAPITAL SUBSIDIES	194,213	—	225,190	(30,977)	(26,052)	(25,469)	20,544
OTHER NONOPERATING REVENUES (EXPENSES)	1,151,314	—	1,110,449	40,865	30,411	2,968	7,486
INCREASE (DECREASE) IN NET POSITION	1,345,527	—	1,335,639	9,888	4,359	(22,501)	28,030
NET POSITION							
NET POSITION – BEGINNING OF YEAR	10,322,167	—	10,398,605	(76,438)	14,923	(2,136)	(89,225)
NET POSITION – END OF YEAR	**$ 11,667,694**	**$ —**	**$ 11,734,244**	**$ (66,550)**	**$ 19,282**	**$ (24,637)**	**$ (61,195)**

(Dollars in thousands) **Condensed Statements of Cash Flows - Year Ended June 30, 2026**	**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	$ (236,015)	$ —	$ (233,193)	$ (2,822)	$ (47,466)	$ 8,863	$ 35,781
NONCAPITAL FINANCING ACTIVITIES	980,306	—	877,800	102,506	102,506	—	—
CAPITAL AND RELATED FINANCING ACTIVITIES	(645,312)	—	(631,931)	(13,381)	(6,633)	(6,748)	—
INVESTING ACTIVITIES	(47,721)	—	35,286	(83,007)	(47,226)	—	(35,781)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	**51,258**	**—**	**47,962**	**3,296**	**1,181**	**2,115**	**—**
CASH AND CASH EQUIVALENTS - BEGINNING OF THE YEAR	163,127	—	62,206	100,921	99,371	1,550	—
CASH AND CASH EQUIVALENTS - END OF YEAR	**$ 214,385**	**$ —**	**$ 110,168**	**$ 104,217**	**$ 100,552**	**$ 3,665**	**$ —**

(Dollars in thousands) **Condensed 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	$ (685,168)	$ —	$ (747,789)	$ 62,621	$ (23,519)	$ 59,491	$ 26,649
NONCAPITAL FINANCING ACTIVITIES	1,071,299	—	1,003,520	67,779	67,779	—	—
CAPITAL AND RELATED FINANCING ACTIVITIES	(601,686)	—	(535,182)	(66,504)	(5,702)	(60,802)	—
INVESTING ACTIVITIES	182,472	—	230,803	(48,331)	(21,682)	—	(26,649)
NET INCREASE (DECREASE) 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**	**$ —**

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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)	2026	2025	2024	2023	2022
UNIVERSITY'S PROPORTION OF THE NET PENSION LIABILITY	9.33%	9.24%	8.86%	8.87%	8.80%
UNIVERSITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY	$ 109,985	$ 164,202	$ 202,252	$ 246,895	$ 107,461
UNIVERSITY'S COVERED PAYROLL	$ 2,004,732	$ 1,844,603	$ 1,573,579	$ 1,437,993	$ 1,343,149
UNIVERSITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL	5.49%	8.90%	12.85%	17.17%	8.00%
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	89.07%	84.05%	80.16%	76.56%	88.74%

(Dollars in thousands)	2021	2020	2019	2018	2017
UNIVERSITY'S PROPORTION OF THE NET PENSION LIABILITY	8.17%	8.05%	8.20%	8.44%	8.46%
UNIVERSITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY	$ 288,564	$ 309,671	$ 366,403	$ 400,426	$ 454,341
UNIVERSITY'S COVERED PAYROLL	$ 1,227,868	$ 1,116,298	$ 1,074,943	$ 1,043,335	$ 987,405
UNIVERSITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL	23.50%	27.74%	34.09%	38.38%	46.01%
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	68.64%	67.12%	63.22%	61.24%	57.03%

(Amounts determined as of the measurement date)

PERS 1 - SCHEDULE OF CONTRIBUTIONS

(Dollars in thousands)	2026	2025	2024	2023	2022
CONTRACTUALLY REQUIRED CONTRIBUTION	$ 150	$ 288	$ 332	$ 392	$ 443
CONTRIBUTIONS IN RELATION TO THE CONTRACTUALLY REQUIRED CONTRIBUTION	$ 150	$ 288	$ 332	$ 392	$ 442
CONTRIBUTION DEFICIENCY (EXCESS)	$ —	$ —	$ —	$ —	$ 1
UNIVERSITY'S COVERED PAYROLL	$ 2,112,815	$ 2,004,732	$ 1,844,603	$ 1,573,579	$ 1,437,993
CONTRIBUTIONS AS A PERCENTAGE OF COVERED PAYROLL	0.01%	0.01%	0.02%	0.02%	0.03%

(Dollars in thousands)	2021	2020	2019	2018	2017
CONTRACTUALLY REQUIRED CONTRIBUTION	$ 710	$ 970	$ 1,231	$ 1,582	$ 1,788
CONTRIBUTIONS IN RELATION TO THE CONTRACTUALLY REQUIRED CONTRIBUTION	$ 710	$ 971	$ 1,234	$ 1,578	$ 1,769
CONTRIBUTION DEFICIENCY (EXCESS)	$ —	$ (1)	$ (3)	$ 4	$ 19
UNIVERSITY'S COVERED PAYROLL	$ 1,343,149	$ 1,227,868	$ 1,116,298	$ 1,074,943	$ 1,043,335
CONTRIBUTIONS AS A PERCENTAGE OF COVERED PAYROLL	0.05%	0.08%	0.11%	0.15%	0.17%

(Amounts determined as of the fiscal year end)

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

(Dollars in thousands)	2026	2025	2024	2023	2022
UNIVERSITY'S PROPORTION OF THE NET PENSION LIABILITY	11.99%	11.90%	11.36%	11.47%	11.18%
UNIVERSITY'S PROPORTIONATE SHARE OF THE NET PENSION (ASSET) LIABILITY	$ (457,745)	$ (392,168)	$ (465,417)	$ (425,399)	$ (1,114,120)
UNIVERSITY'S COVERED PAYROLL	$ 2,001,575	$ 1,841,127	$ 1,569,796	$ 1,433,725	$ 1,337,667
UNIVERSITY'S PROPORTIONATE SHARE OF THE NET PENSION (ASSET) LIABILITY AS A PERCENTAGE OF COVERED PAYROLL	(22.87)%	(21.30)%	(29.65)%	(29.67)%	(83.29)%
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	105.53%	105.17%	107.02%	106.73%	120.29%

Unaudited – see accompanying notes to financial statements

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

(Dollars in thousands)	2021	2020	2019	2018	2017
UNIVERSITY'S PROPORTION OF THE NET PENSION LIABILITY	10.47%	10.18%	10.24%	10.48%	10.36%
UNIVERSITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY	$ 133,891	$ 98,901	$ 174,913	$ 364,073	$ 521,777
UNIVERSITY'S COVERED PAYROLL	$ 1,220,321	$ 1,106,678	$ 1,062,415	$ 1,027,338	$ 967,955
UNIVERSITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL	10.97%	8.94%	16.46%	35.44%	53.91%
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	97.22%	97.77%	95.77%	90.97%	85.82%

(Amounts determined as of the measurement date)

PERS 2/3 - SCHEDULE OF CONTRIBUTIONS

(Dollars in thousands)	2026	2025	2024	2023	2022
CONTRACTUALLY REQUIRED CONTRIBUTION	$ 121,100	$ 182,455	$ 175,695	$ 162,654	$ 148,636
CONTRIBUTIONS IN RELATION TO THE CONTRACTUALLY REQUIRED CONTRIBUTION	$ 121,101	$ 182,462	$ 175,671	$ 162,738	$ 147,638
CONTRIBUTION DEFICIENCY (EXCESS)	$ (1)	$ (7)	$ 24	$ (84)	$ 998
UNIVERSITY'S COVERED PAYROLL	$ 2,110,212	$ 2,001,575	$ 1,841,127	$ 1,569,796	$ 1,433,725
CONTRIBUTIONS AS A PERCENTAGE OF COVERED PAYROLL	5.74%	9.12%	9.54%	10.36%	10.37%

(Dollars in thousands)	2021	2020	2019	2018	2017
CONTRACTUALLY REQUIRED CONTRIBUTION	$ 173,198	$ 156,919	$ 141,681	$ 134,239	$ 114,852
CONTRIBUTIONS IN RELATION TO THE CONTRACTUALLY REQUIRED CONTRIBUTION	$ 173,204	$ 157,000	$ 141,618	$ 134,366	$ 114,968
CONTRIBUTION DEFICIENCY (EXCESS)	$ (6)	$ (81)	$ 63	$ (127)	$ (116)
UNIVERSITY'S COVERED PAYROLL	$ 1,337,667	$ 1,220,321	$ 1,106,678	$ 1,062,415	$ 1,027,338
CONTRIBUTIONS AS A PERCENTAGE OF COVERED PAYROLL	12.95%	12.86%	12.80%	12.64%	11.18%

(Amounts determined as of the fiscal year end)

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

(Dollars in thousands)	2026	2025	2024	2023	2022
UNIVERSITY'S PROPORTION OF THE NET PENSION LIABILITY	0.58%	0.45%	0.43%	0.37%	0.35%
UNIVERSITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY	$ 5,510	$ 5,014	$ 5,426	$ 6,956	$ 2,337
UNIVERSITY'S COVERED PAYROLL	$ 53,255	$ 43,737	$ 35,776	$ 28,990	$ 25,479
UNIVERSITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL	10.35%	11.46%	15.17%	23.99%	9.17%
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	88.11%	86.53%	85.09%	78.24 %	91.42 %

(Dollars in thousands)	2021	2020	2019	2018	2017
UNIVERSITY'S PROPORTION OF THE NET PENSION LIABILITY	0.28%	0.25%	0.24%	0.20%	0.16%
UNIVERSITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY	$ 6,800	$ 6,200	$ 7,061	$ 6,076	$ 5,463
UNIVERSITY'S COVERED PAYROLL	$ 20,153	$ 16,677	$ 13,986	$ 10,967	$ 7,813
UNIVERSITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL	33.74%	37.18%	50.49%	55.40%	69.92%
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	70.55%	70.37%	66.52%	65.58%	62.07%

(Amounts determined as of the measurement date)

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION (continued)

TRS 1 - SCHEDULE OF CONTRIBUTIONS

(Dollars in thousands)	2026	2025	2024	2023	2022
CONTRACTUALLY REQUIRED CONTRIBUTION	$ —	$ —	$ 17	$ 30	$ 42
CONTRIBUTIONS IN RELATION TO THE CONTRACTUALLY REQUIRED CONTRIBUTION	$ —	$ —	$ 17	$ 30	$ 42
CONTRIBUTION DEFICIENCY (EXCESS)	$ —	$ —	$ —	$ —	$ —
UNIVERSITY'S COVERED PAYROLL	$ 55,796	$ 53,255	$ 43,737	$ 35,776	$ 28,990
CONTRIBUTIONS AS A PERCENTAGE OF COVERED PAYROLL	—%	—%	0.04%	0.09%	0.15%

(Dollars in thousands)	2021	2020	2019	2018	2017
CONTRACTUALLY REQUIRED CONTRIBUTION	$ 56	$ 55	$ 52	$ 48	$ 39
CONTRIBUTIONS IN RELATION TO THE CONTRACTUALLY REQUIRED CONTRIBUTION	$ 56	$ 55	$ 52	$ 48	$ 40
CONTRIBUTION DEFICIENCY (EXCESS)	$ —	$ —	$ —	$ —	$ (1)
UNIVERSITY'S COVERED PAYROLL	$ 25,479	$ 20,153	$ 16,677	$ 13,986	$ 10,967
CONTRIBUTIONS AS A PERCENTAGE OF COVERED PAYROLL	0.22%	0.27%	0.31%	0.34%	0.36%

(Amounts determined as of the fiscal year end)

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

(Dollars in thousands)	2026	2025	2024	2023	2022
UNIVERSITY'S PROPORTION OF THE NET PENSION LIABILITY	0.58%	0.49%	0.42%	0.36%	0.34%
UNIVERSITY'S PROPORTIONATE SHARE OF THE NET PENSION (ASSET) LIABILITY	$ (1,588)	$ 992	$ (520)	$ (712)	$ (9,301)
UNIVERSITY'S COVERED PAYROLL	$ 53,255	$ 43,585	$ 35,569	$ 28,704	$ 25,124
UNIVERSITY'S PROPORTIONATE SHARE OF THE NET PENSION (ASSET) LIABILITY AS A PERCENTAGE OF COVERED PAYROLL	(2.98)%	2.28%	(1.46)%	(2.48)%	(37.02)%
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	100.91%	99.27%	100.49%	100.86%	113.72%

(Dollars in thousands)	2021	2020	2019	2018	2017
UNIVERSITY'S PROPORTION OF THE NET PENSION LIABILITY	0.28%	0.25%	0.24%	0.19%	0.15%
UNIVERSITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY	$ 4,233	$ 1,487	$ 1,066	$ 1,796	$ 2,077
UNIVERSITY'S COVERED PAYROLL	$ 19,800	$ 16,337	$ 13,664	$ 10,669	$ 7,507
UNIVERSITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL	21.38%	9.10%	7.80%	16.83%	27.67%
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	91.72%	96.36%	96.88%	93.14%	88.72%

(Amounts determined as of the measurement date)

TRS 2/3 - SCHEDULE OF CONTRIBUTIONS

(Dollars in thousands)	2026	2025	2024	2023	2022
CONTRACTUALLY REQUIRED CONTRIBUTION	$ 4,534	$ 5,236	$ 4,589	$ 5,210	$ 4,202
CONTRIBUTIONS IN RELATION TO THE CONTRACTUALLY REQUIRED CONTRIBUTION	$ 4,535	$ 5,238	$ 4,588	$ 5,212	$ 4,198
CONTRIBUTION DEFICIENCY (EXCESS)	$ (1)	$ (2)	$ 1	$ (2)	$ 4
UNIVERSITY'S COVERED PAYROLL	$ 55,796	$ 53,255	$ 43,585	$ 35,569	$ 28,704
CONTRIBUTIONS AS A PERCENTAGE OF COVERED PAYROLL	8.13%	9.83%	10.53%	14.65%	14.64%

(Dollars in thousands)	2021	2020	2019	2018	2017
CONTRACTUALLY REQUIRED CONTRIBUTION	$ 3,945	$ 3,068	$ 2,511	$ 2,036	$ 1,401
CONTRIBUTIONS IN RELATION TO THE CONTRACTUALLY REQUIRED CONTRIBUTION	$ 3,943	$ 3,029	$ 2,470	$ 2,029	$ 1,410
CONTRIBUTION DEFICIENCY (EXCESS)	$ 2	$ 39	$ 42	$ 7	$ (9)
UNIVERSITY'S COVERED PAYROLL	$ 25,124	$ 19,800	$ 16,337	$ 13,664	$ 10,669
CONTRIBUTIONS AS A PERCENTAGE OF COVERED PAYROLL	15.70%	15.49%	15.37%	14.90%	13.13%

(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)	2026	2025	2024	2023	2022
UNIVERSITY'S PROPORTION OF THE NET PENSION ASSET	0.13%	0.12%	0.11%	0.15%	0.18%
UNIVERSITY'S PROPORTIONATE SHARE OF THE NET PENSION ASSET	$ 2,552	$ 2,215	$ 2,722	$ 4,212	$ 10,480
UNIVERSITY'S COVERED PAYROLL	$ 4,211	$ 3,398	$ 3,004	$ 3,760	$ 4,187
UNIVERSITY'S PROPORTIONATE SHARE OF THE NET PENSION ASSET AS A PERCENTAGE OF ITS COVERED PAYROLL	60.62%	65.20%	90.64%	112.01%	250.30%
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION ASSET	108.79%	109.27%	113.17%	116.09%	142.00%

(Dollars in thousands)	2021	2020	2019	2018	2017
UNIVERSITY'S PROPORTION OF THE NET PENSION ASSET	0.22%	0.23%	0.23%	0.22%	0.25%
UNIVERSITY'S PROPORTIONATE SHARE OF THE NET PENSION ASSET	$ 4,535	$ 5,365	$ 4,590	$ 2,995	$ 1,430
UNIVERSITY'S COVERED PAYROLL	$ 5,059	$ 4,882	$ 4,487	$ 4,061	$ 4,474
UNIVERSITY'S PROPORTIONATE SHARE OF THE NET PENSION ASSET AS A PERCENTAGE OF ITS COVERED PAYROLL	89.64%	109.91%	102.30%	73.74%	31.97%
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION ASSET	115.83%	119.43%	118.50%	113.36%	106.04%

(Amounts determined as of the measurement date)

LEOFF 2 - SCHEDULE OF CONTRIBUTIONS

(Dollars in thousands)	2026	2025	2024	2023	2022
CONTRACTUALLY REQUIRED CONTRIBUTION	$ 420	$ 368	$ 297	$ 262	$ 328
CONTRIBUTIONS IN RELATION TO THE CONTRACTUALLY REQUIRED CONTRIBUTION	$ 420	$ 368	$ 297	$ 262	$ 327
CONTRIBUTION DEFICIENCY (EXCESS)	$ —	$ —	$ —	$ —	$ 1
UNIVERSITY'S COVERED PAYROLL	$ 4,816	$ 4,211	$ 3,398	$ 3,004	$ 3,760
CONTRIBUTIONS AS A PERCENTAGE OF COVERED PAYROLL	8.73%	8.73%	8.73%	8.71%	8.72%

(Dollars in thousands)	2021	2020	2019	2018	2017
CONTRACTUALLY REQUIRED CONTRIBUTION	$ 367	$ 444	$ 436	$ 400	$ 348
CONTRIBUTIONS IN RELATION TO THE CONTRACTUALLY REQUIRED CONTRIBUTION	$ 367	$ 446	$ 435	$ 403	$ 352
CONTRIBUTION DEFICIENCY (EXCESS)	$ —	$ (2)	$ 1	$ (3)	$ (4)
UNIVERSITY'S COVERED PAYROLL	$ 4,187	$ 5,059	$ 4,882	$ 4,487	$ 4,061
CONTRIBUTIONS AS A PERCENTAGE OF COVERED PAYROLL	8.77%	8.78%	8.93%	8.91%	8.57%

(Amounts determined as of the fiscal year end)

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION (continued)

UNIVERSITY OF WASHINGTON SUPPLEMENTAL RETIREMENT PLAN (UWSRP) SCHEDULE OF CHANGES IN NET PENSION LIABILITY (NPL)

(Dollars in thousands)	2026	2025 (*)	2024 (*)	2023	2022	2021
TOTAL PENSION LIABILITY - BEGINNING	$ 244,266	$ 274,309	$ 274,309	$ 316,127	$ 216,672	$ 781,829
SERVICE COST	3,180	4,198	—	5,068	3,699	22,877
INTEREST ON TPL	16,917	19,094	—	22,106	15,933	17,677
DIFFERENCE BETWEEN EXPECTED AND ACTUAL EXPERIENCE	(10,077)	(41,669)	—	(31,360)	67,986	(372,651)
CHANGE IN ASSUMPTIONS	(24,397)	—	—	(26,643)	22,150	(223,327)
BENEFIT PAYMENTS	(11,761)	(11,666)	—	(10,989)	(10,313)	(9,733)
NET CHANGE IN TOTAL PENSION LIABILITY	(26,138)	(30,043)	—	(41,818)	99,455	(565,157)
TOTAL PENSION LIABILITY - ENDING (a)	**218,128**	**244,266**	**274,309**	**274,309**	**316,127**	**216,672**
PLAN FIDUCIARY NET POSITION - BEGINNING	**130,352**	**112,536**	**112,536**	**96,989**	**90,341**	**60,961**
EMPLOYER CONTRIBUTIONS	8,930	8,423	—	8,358	6,548	7,105
NET INVESTMENT INCOME	12,907	9,393	—	7,189	100	22,275
NET CHANGE IN PLAN FIDUCIARY NET POSITION	21,837	17,816	—	15,547	6,648	29,380
PLAN FIDUCIARY NET POSITION - ENDING (b)	**152,189**	**130,352**	**112,536**	**112,536**	**96,989**	**90,341**
UWSRP NET PENSION LIABILITY (a) minus (b)	**$ 65,939**	**$ 113,914**	**$ 161,773**	**$ 161,773**	**$ 219,138**	**$ 126,331**
PLAN FIDUCIARY NET POSITION AS PERCENTAGE OF THE TOTAL PENSION LIABILITY	69.77 %	53.36 %	41.03 %	41.03 %	30.68 %	41.69 %
UWRP COVERED PAYROLL	$ 2,341,549	$ 2,216,600	$ 2,199,526	$ 2,199,526	$ 1,723,087	$ 1,733,240
NET PENSION LIABILITY AS PERCENTAGE OF COVERED PAYROLL	2.82 %	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, 2026 NPL is based on a measurement date of June 30, 2025.

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%

Unaudited – see accompanying notes to financial statements

UNIVERSITY OF WASHINGTON SUPPLEMENTAL RETIREMENT PLAN (UWSRP) SCHEDULE OF UWSRP CONTRIBUTIONS						
(Dollars in thousands)	**2026**	**2025**	**2024**	**2023**	**2022**	**2021**
CONTRACTUALLY REQUIRED CONTRIBUTION	$ 9,045	$ 8,898	$ 8,371	$ 8,358	$ 6,548	$ 6,586
CONTRIBUTIONS IN RELATION TO THE CONTRACTUALLY REQUIRED CONTRIBUTION	$ 9,045	$ 8,898	$ 8,371	$ 8,358	$ 6,548	$ 7,105
CONTRIBUTION DEFICIENCY (EXCESS)	$ —	$ —	$ —	$ —	$ —	$ (519)
UWRP COVERED PAYROLL	$2,380,393	$ 2,341,549	$ 2,216,600	$ 2,199,526	$ 1,723,087	$ 1,733,240
CONTRIBUTIONS AS PERCENTAGE OF COVERED PAYROLL	0.38 %	0.38 %	0.38 %	0.38 %	0.38 %	0.41 %

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY (TOL)									
(Dollars in thousands)	**2026**	**2025**	**2024**	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**
TOTAL OPEB LIABILITY - BEGINNING	$ 1,256,930	$ 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	46,919	40,781	44,755	91,921	93,039	70,380	62,422	84,665	106,112
INTEREST ON TOL	50,934	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	(231,241)	(106,766)	(21,618)	(713,147)	17,180	38,164	100,838	(370,652)	(242,454)
CHANGE OF BENEFIT TERMS	—	27,447	—	—	—	—	—	—	—
BENEFIT PAYMENTS	(33,338)	(31,660)	(31,314)	(31,335)	(30,635)	(28,031)	(24,769)	(24,584)	(25,330)
CHANGE IN PROPORTIONATE SHARE	8,698	(21,087)	(5,331)	36,728	45,656	83,976	(5,162)	(11,804)	(8,727)
OTHER	—	—	—	—	—	(59,968)	—	—	—
TOTAL OPEB LIABILITY - ENDING	**$1,098,902**	**$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	$ 4,304,964	$ 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	25.53%	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, 2026

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, 2024, and ending June 30, 2026.

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 2026 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, 2026 and 2025 TPL is based on an actuarial valuation performed as of January 1, 2024 by the OSA to roll forward the TPL to the measurement date of June 30, 2025 and 2024, 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. The change in assumptions used for the measurement date of June 30, 2025 resulted in a favorable impact in TPL in Fiscal Year 2026.

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.

The material assumption change in fiscal year 2026 relates to an increase in the discount rate based on the Bond Buyer General Obligation 20-Bond Municipal Bond Index, from 3.93% to 5.20%. The increase in the discount rate resulted in a decrease in TOL.

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.

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This publication was prepared by UW Finance, Planning & Budgeting. Published October 2026.

The 2026 UW Financial Report and reports from previous years are available at annualreport.uw.edu

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

PHOTOGRAPHY: UW Photo

DESIGN, PRODUCTION, AND PRINT COORDINATION: UW Creative Communications

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