University of Connecticut Board of Trustees
University of Connecticut Health Center Board of Directors

Joint Audit & Compliance Committee
Virtual Meeting

December 11, 2025

# PUBLIC SESSION

Public Streaming Link (with live captioning upon request): https://techsupport.uconn.edu/bot/

*(A recording of the meeting will be posted on the Board website https://boardoftrustees.uconn.edu/ within seven days of the meeting.)*

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AGENDA

University of Connecticut Board of Trustees
University of Connecticut Health Center Board of Directors

**Joint Audit & Compliance Committee**
**Virtual Meeting**

**Thursday, December 11, 2025**

10:00 am – 10:30 am - Executive Session / 10:30 am – 12:00 pm - Public Session

Public Streaming Link (with live captioning upon request): https://techsupport.uconn.edu/bot/

(A recording of the meeting will be posted on the Board website https://boardoftrustees.uconn.edu/ within seven days of the meeting.)

| AGENDA | | |
|---|---|---|
| **CALL TO ORDER** | | |
| **EXECUTIVE SESSION** | | |
| **PUBLIC PARTICIPATION** | | |
| Individuals who wish to speak during the Public Participation portion of the Thursday, December 11, meeting must do so 24 hours in advance of the meeting's start time (i.e., 10:00 a.m. on Wednesday, December 10th) by emailing BoardCommittees@uconn.edu. Speaking requests must include a name, telephone number, topic, and affiliation with the University (i.e., student, employee, member of the public). The Committee may limit the entirety of public comments to a maximum of 30 minutes. As an alternative, individuals may submit written comments to the Committee via email (BoardCommittees@uconn.edu), and all comments will be transmitted to the Committee. | | |
| **Agenda Items** | **Proposed Action** | **Attachment** |
| **MINUTES OF THE PRIOR MEETING** | | |
| Minutes of September 25, 2025, Meeting | Approval | 1.1 |
| **EXTERNAL AUDIT ACTIVITIES** | | |
| Status of External Audit Engagements | Update | 2.1 |
| Clifton Larson Allen, LLP – Audits of UConn Health's John Dempsey Hospital, UConn Medical Group & Finance Corporation Financial Statements for Fiscal Year Ended June 30, 2025 | Presentation | 2.2 |
| James Moore & Co – Independent Accountants' Report on the Application of Agreed-Upon Procedures Performed on the Athletics Program as Required by the NCAA for Fiscal Year Ended June 30, 2025 | Presentation | 2.3 |
| Auditors of Public Accounts – UConn and UConn Health Annual Comprehensive Financial Reports for Fiscal Year Ended June 30, 2025 | Presentation | 2.4 |
| **SIGNIFICANT INTERNAL AUDIT ACTIVITIES** | | |
| Status of Audit Assignments | Update | 3.1 |
| Status of Audit Observations | Update | 3.2 |
| AMAS Organizational Chart/Staffing | Update | 3.3 |
| Association of College and University Auditors Kick Starter – Time and Effort Reporting | Informational | 3.4 |
| **COMPLIANCE ACTIVITIES** | | |
| Financial Aid Compliance and Impacts of Federal Spending Bill | Presentation | 4.1 |
| Office of University Compliance Annual Report | Informational | 4.2 |
| HealthCare Compliance & Privacy Dashboard | Informational | 4.3 |
| Informational/Educational Items | Informational | 4.4 |
| **INFORMATION TECHNOLOGY** | | |
| UConn | Update | 5.1 |
| UConn Health | Update | 5.2 |
| **OTHER BUSINESS** | | |
| 2026 JACC Meeting Schedule | Informational | 6.1 |
| **ADJOURNMENT** | | |

NOTE: If you are an individual with a disability and require accommodations, please e-mail the Board of Trustees Office at boardoftrustees@uconn.edu prior to the meeting.

# ATTACHMENT 1.1

# ATTACHMENT 1.1

**DRAFT MINUTES**

**University of Connecticut and UConn Health**
**Joint Audit and Compliance Committee**

**September 25, 2025**
**Virtual Meeting**

| | |
|---|---|
| Committee Members | Board of Trustees<br>Mark Boxer, Andrea Dennis-LaVigne, Daniel Toscano<br><br>UConn Health Board of Directors<br>Francis Archambault, Jr., Rick Carbray, Jr., Geoffrey Matous |
| University Staff | Radenka Maric, Andrew Agwunobi, Donald Babcock, Mark Buchanan, Anne D'Alleva, Michael Dwyer, Kimberly Fearney, Jeffrey Geoghegan, Kimberly Hill, Philip Hunt, Andrea Keilty, Stacy Koehler, Ted Laskaris, Peggy McCarthy, Rick McCarthy, Gregory Perrotti, Karen Preacher, Angelo Quaresima, Caryl Ryan, Janel Simpson, Scott Simpson, David Wallace, Michelle Williams, and Reka Wrynn |

Vice-Chair Boxer convened the Committee at 10:01 a.m.

1. Executive Session

   On a motion by Director Matous, seconded by Trustee Carbray, the Committee voted unanimously to go into the Executive Session to discuss:

   - C.G.S. 1-210(b)(1) – Preliminary drafts or notes that the public agency has determined that the public's interest in withholding such documents clearly outweighs the public interest in disclosure; and
   - C.G.S. 1-200(6)(B) – Records or the information contained therein pertaining to strategy and negotiations with respect to pending claims; and
   - C.G.S. 1-210(b)(10) – Records, reports and statements privileged by the attorney-client relationship; and
   - C.G.S. 1-210(b)(20) – Records of standards, procedures, processes, software, and codes not otherwise available to the public, the disclosure of which would compromise the security and integrity of an information technology system.

   The entire Executive Session was attended by the following:

   Committee members: Boxer, Archambault, Carbray, Dennis-LaVigne, and Matous.

   University Staff: Maric, Agwunobi, D'Alleva, Fearney, Geoghegan, Hill, Hunt, Keilty, Koehler, Perrotti, Preacher, Quaresima, J. Simpson, S. Simpson, Williams, and Wrynn.

The following University staff were in attendance for part of the Executive Session: Babcock, Laskaris, R. McCarthy, and Wallace.

The Executive Session ended at 10:29 a.m., and the Committee returned to the Open Session at 10:30 a.m.

2. Public Participation

Dr. Mark Buchanan, Clinical Assistant Profession (volunteer), School of Medicine, raised concerns related to academic freedom and the denial of due process.

3. Minutes of June 26, 2025, Meeting

On a motion by Director Matous, seconded by Trustee Dennis-LaVigne, the Committee voted to unanimously approve the minutes of the June 26, 2025, Meeting.

4. External Audit Activities

Associate Vice President and Chief Audit Executive Quaresima provided an update on the status of external audit engagements and requested that the committee approve the appointment of Pharmacy Consultants, Inc., DBA 340B Compliance Partners, to Conduct Audits of UConn Health's 340B Drug Pricing Program.

On a motion by Director Archambault, seconded by Trustee Dennis-LaVigne, the Committee voted to unanimously approve the appointment of Pharmacy Consultants, Inc., DBA 340B Compliance Partners, to Conduct Audits of UConn Health's 340B Drug Pricing Program.

5. Significant Internal Audit Activities

Mr. Quaresima provided an update on the status of internal audits. The Committee reviewed and accepted three audit reports. The Committee was also updated on the status of internal audit observations as well as an updated AMAS Organizational Chart/Staffing.

Mr. Quaresima provided the committee with the draft FY26 Audit Plan for approval. On a motion by Director Archambault, seconded by Trustee Dennis-LaVigne, the Committee voted to unanimously approve the draft FY26 Audit Plan.

6. Compliance Activities

Associate Vice President and Chief Compliance Officer Fearney presented the Committee with an update on significant compliance activities, the Healthcare Compliance and Privacy Dashboard and provided several informational/educational items.

Ms. Fearney provided the Committee with the draft FY26 University Compliance Work Plan.

7. Information Technology Updates

Chief Information Officer R. McCarthy provided an update on UConn Health information technology activities.

Vice President and Chief Information Officer Laskaris provided an update on the UConn information technology activities.

University Director Babcock provided a presentation on Artificial Intelligence & Quantum Risk.

8. Other Business

There was no Other Business.

9. Adjournment

On a motion by Trustee Carbray, seconded by Trustee Toscano, the Committee voted unanimously to adjourn the meeting. The Committee adjourned at 11:22 a.m.

Respectfully submitted,
*Karen Violette*

# ATTACHMENT 2.1

# ATTACHMENT 2.1

University of Connecticut Board of Trustees
University of Connecticut Health Center Board of Directors

## Joint Audit & Compliance Committee
## December 11, 2025

Status of External Audit Engagements

| Auditor | Area | Scope | Current Status of Audit | Recent Report Issued | Recent Report – Recommendations & Areas for Improvement | | |
|---|---|---|---|---|---|---|---|
| | | | | | Total | No Further Action / Implemented | Open |
| Clifton Larson Allen LLP | UConn Health | Audits of UConn Health's John Dempsey Hospital, UConn Medical Group, & Finance Corporation Financial Statements | FY 26 No Activity | FY 25 Issued 11/20/25, 11/20/25 & 11/20/25 | No Recommendations Reported | | |
| James Moore & Co | UConn Athletics | Annual NCAA agreed upon procedures performed on all revenues, expenses, and capital expenditures for the Athletics Program | FY 26 No Activity | FY 25 Issued 12/1/25 | No Recommendations Reported | | |
| CBIZ CPAs P.C. (formerly Mayor Hoffman McCann P.C.) | UConn & UConn Health | Annual agreed upon procedures on UConn 2000 Infrastructure Program as required by Section 10a-109z of the Connecticut General Statues (CGS) | FY 25 Underway | FY 24 Issued 4/16/25 | 2 | 0 | 2 |
| Pharmacy Consultants, Inc. (DBA 340B Compliance Partners) | UConn Health | Mock audits of UConn Health's 340B Drug Pricing Program covered entities recommended by Health Resources and Services Administration | CY 25 No Activity | CY 24 Issued 2/13/25, 1/29/25 & 1/30/25 | 8 | 8 | 0 |
| State Auditors | UConn & UConn Health | Annual audit of Federal Funds required under the Federal Single Audit Act (SWSA) | FY 25 Underway | FY 24 Issued 3/27/25 | 0 | 0 | 0 |
| State Auditors | UConn | Annual audit of financial statements included in the Annual Comprehensive Financial Report (ACFR) | FY 26 No Activity | FY 25 Issued 12/5/25 | No Recommendations Reported | | |
| State Auditors | UConn Health | Annual audit of financial statements included in the Annual Comprehensive Financial Report (ACFR) | FY 26 No Activity | FY 25 Issued 12/5/25 | No Recommendations Reported | | |
| State Auditors | UConn | Departmental statutory required audit (CGS Sec 2-90) | FYs 24 & 25 Underway | FYs 22 & 23 Issued 6/16/25 | 7 | 0 | 7 |
| State Auditors | UConn Health | Departmental statutory required audit (CGS Sec 2-90) | FYs 23 & 24 Underway | FYs 21 & 22 Issued 11/9/23 | 12 | 2 | 10 |

# ATTACHMENT 2.2

# ATTACHMENT 2.2

We'll get you there.

CPAs | CONSULTANTS | WEALTH ADVISORS

# University of Connecticut Health Center

## 2025 Audit Results for John Dempsey Hospital, UConn Medical Group, and the Finance Corporation

Year ended 6/30/2025

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Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor.

# *Agenda*

- Audit scope
- Audit opinions and communications
- Financial statement highlights
- GASB Updates
- Industry Update

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# Audit Scope



Report on the financial statements of JDH, UMG, & FC



Internal control/ Management letter



Required governance communications letter



Tax preparation, 990 – Circle Road Corporation (FC)

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## AUDIT OPINIONS

### Financial statements

Financial statement audit opinions are **unmodified**.



## AUDIT RESULTS

### Internal Control Letters

No material weaknesses noted.

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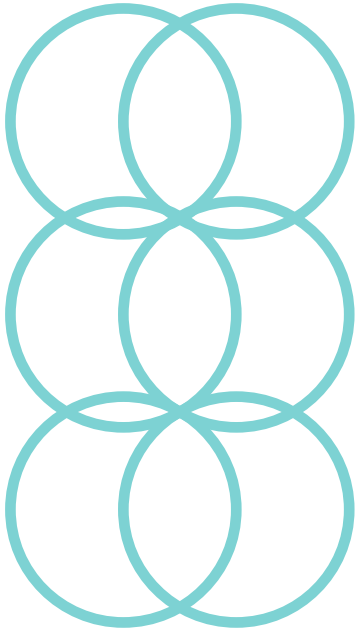
# Governance Communications

## Matters of Significance

- Pension/OPEB treatment – state change (JDH and UMG)

## Difficulties

- No difficulties encountered in performing the audit
- No disagreements with management



## Estimates

- Area of focus under risk-based audit approach
- Significant estimates: Accounts receivable: contractual allowances and allowance for bad debts
- No management bias indicated

## Other

- Management provided signed representation letter dated November 20th, 2025

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# Financial Statement Highlights

| | |
|---|---|
| **JDH: Statements of Net Position** | **JDH: Statements of Revenue, Expense and Changes in Net Position** |
| **UMG: Statements of Net Position** | **UMG: Statements of Revenue, Expense and Changes in Net Position** |
| **FC: Statements of Net Position** | **FC: Statements of Revenue, Expense and Changes in Net Position** |



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# JDH: Statements of Net Position

**UNIVERSITY OF CONNECTICUT HEALTH CENTER**
**JOHN DEMPSEY HOSPITAL (21002 FUND)**

**STATEMENTS OF NET POSITION**

**JUNE 30, 2025 AND 2024**

| | 2025 | 2024 |
|---|---|---|
| **Assets** | | |
| **Current Assets** | | |
| Cash | $ 121,658,271 | $ 53,012,002 |
| Patient accounts receivable, net of estimated uncollectibles of $46,547,588 and $39,519,185 at June 30, 2025 and 2024, respectively | 68,047,679 | 58,607,322 |
| Inventory | 18,495,617 | 17,334,825 |
| Contract and other receivables (Note 6) | 8,739,624 | 4,053,822 |
| Lease receivable, current portion (Note 6) | 999,965 | 2,171,140 |
| Due from other funds | - | 6,040,802 |
| Due from Finance Corporation | 16,002,112 | 8,895,996 |
| Prepaid expenses | 2,149,013 | 1,220,761 |
| **Total Current Assets** | 236,092,281 | 151,336,670 |
| **Noncurrent Assets** | | |
| Deposits with vendors (Note 1) | 14,637,066 | 12,681,647 |
| Other assets | 117,543 | 117,543 |
| Lease receivable, net of current portion (Note 6) | 12,696,945 | - |
| Due from Finance Corporation, noncurrent portion | 14,159,611 | 12,176,334 |
| Property - right-to-use assets, net (Note 7) | 76,085,603 | 78,966,116 |
| Capital and intangible assets, net (Note 7) | 301,093,521 | 308,792,675 |
| **Total Noncurrent Assets** | 418,790,289 | 412,734,315 |
| **Total Assets** | 654,882,570 | 564,070,985 |
| **Deferred Outflows of Resources** | | |
| Deferred amount for pensions (Note 9) | - | 107,038,539 |
| Deferred amount for OPEB (Note 9) | - | 231,735,981 |
| **Total Deferred Outflows of Resources** | $ - | $ 338,774,520 |

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# JDH: Statements of Net Position

(cont'd)

**UNIVERSITY OF CONNECTICUT HEALTH CENTER**
**JOHN DEMPSEY HOSPITAL (21002 FUND)**

**STATEMENTS OF NET POSITION (CONTINUED)**

**JUNE 30, 2025 AND 2024**

| | 2025 | 2024 (Restated) |
|---|---|---|
| **Liabilities and Net Position** | | |
| **Current Liabilities** | | |
| Accounts payable and accrued expenses | $ 27,455,340 | $ 27,488,168 |
| Accrued payroll | 13,207,551 | 11,481,665 |
| Due to UConn Health Malpractice Fund | 361,504 | 361,504 |
| Due to other funds | 4,134,811 | - |
| Due to State of Connecticut | 3,634,489 | 3,200,015 |
| Due to UMG | 204 | - |
| Due to third-party payors | 25,627,108 | 26,513,543 |
| Unearned revenue | 854,146 | 4,419 |
| Right-to-use liabilities, current portion (Note 8) | 11,645,559 | 11,384,025 |
| Accrued compensated absences, current portion (Note 8) | 27,944,944 | 24,327,257 |
| **Total Current Liabilities** | 114,865,656 | 104,760,596 |
| **Noncurrent Liabilities** | | |
| Pension liabilities (Note 9) | - | 356,834,835 |
| OPEB liabilities (Note 9) | - | 580,578,711 |
| Right-to-use liabilities, net of current portion (Note 8) | 79,077,080 | 84,545,216 |
| Accrued compensated absences, net of current portion (Note 8) | 16,709,808 | 16,123,785 |
| **Total Noncurrent Liabilities** | 95,786,888 | 1,038,082,547 |
| **Total Liabilities** | 210,652,544 | 1,142,843,143 |
| **Deferred Inflows of Resources** | | |
| Deferred amount for resources right-to-use assets | 13,642,671 | 2,030,495 |
| Deferred amount for pensions (Note 9) | - | 69,296,557 |
| Deferred amount for OPEB (Note 9) | - | 218,305,191 |
| **Total Deferred Inflows of Resources** | 13,642,671 | 289,632,243 |
| **Net Position** | | |
| Net investment in capital assets | 286,456,485 | 291,829,550 |
| Unrestricted (deficit) | 144,130,870 | (821,459,431) |
| **Total Net Position** | $ 430,587,355 | $ (529,629,881) |

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# JDH: Statements of Revenues, Expenses, and Changes in Net Position

**UNIVERSITY OF CONNECTICUT HEALTH CENTER**
**JOHN DEMPSEY HOSPITAL (21002 FUND)**

**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**

**FOR THE YEARS ENDED JUNE 30, 2025 AND 2024**

| | 2025 | 2024 (Restated) |
|---|---|---|
| **Operating Revenues** | | |
| Net patient service revenues (Note 5) | $ 728,297,063 | $ 660,401,437 |
| Contract and other revenues | 137,437,928 | 101,327,243 |
| **Total Operating Revenues** | 865,734,991 | 761,728,680 |
| **Operating Expenses** | | |
| Salaries and wages | 295,034,052 | 265,837,738 |
| Fringe benefits | 78,640,577 | 196,306,253 |
| Medical/dental house staff | 3,981,510 | 3,816,823 |
| Medical contractual support | 5,446,729 | 4,326,937 |
| Internal contractual support | 56,575,718 | 47,429,079 |
| Outside agency per diems | 20,271,780 | 19,187,545 |
| Depreciation (Note 7) | 21,728,814 | 20,028,414 |
| Amortization (Note 7) | 9,976,419 | 17,270,138 |
| Pharmaceutical/medical supplies | 221,864,570 | 189,085,135 |
| Utilities | 6,802,933 | 4,922,200 |
| Outside and other purchased services | 67,875,765 | 59,148,857 |
| Insurance | 5,716,709 | 5,860,885 |
| Repairs and maintenance | 14,586,716 | 13,369,480 |
| Other expenses | 5,850,028 | 6,463,650 |
| **Total Operating Expenses** | 814,352,320 | 853,053,134 |
| **Operating Income (Loss)** | 51,382,671 | (91,324,454) |
| **Nonoperating Revenues (Expenses)** | | |
| Interest income | 162,005 | 118,970 |
| Lease revenue | 2,208,831 | 2,215,086 |
| Interest expense | (4,613,925) | (4,755,591) |
| Loss on disposals | (271,119) | (62,626) |
| **Net Nonoperating Expenses** | (2,514,208) | (2,484,161) |
| **Income (Loss) before Other Changes in Net Position** | 48,868,463 | (93,808,615) |
| **Other Changes in Net Position** | | |
| Transfers from UConn Health - Unrestricted (Note 10) | 25,107,999 | 14,879,710 |
| Derecognition of pension and OPEB balances (Note 9) | 886,240,774 | - |
| **Net Other Changes in Net Position** | 911,348,773 | 14,879,710 |
| **Increase (Decrease) in Net Position** | 960,217,236 | (78,928,905) |
| **Net Position** - Beginning of year | (529,629,881) | (434,948,345) |
| Cumulative effect of implementing GASB 101 | - | (15,752,631) |
| **Net Position** - Beginning of year (restated) | (529,629,881) | (450,700,976) |
| **Net Position** - End of year | $ 430,587,355 | $ (529,629,881) |

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# UMG: Statements of Net Position

**UNIVERSITY OF CONNECTICUT HEALTH CENTER**
**UCONN MEDICAL GROUP**

**STATEMENTS OF NET POSITION**

**FOR THE YEARS ENDED JUNE 30, 2025 AND 2024**

| | 2025 | 2024 |
|---|---|---|
| **Assets** | | |
| **Current Assets** | | |
| Cash | $ 17,960,103 | $ 2,433,063 |
| Patient accounts receivable, net of estimated uncollectibles of $5,706,206 and $4,885,482 at June 30, 2025 and 2024, respectively | 14,283,712 | 12,367,305 |
| Inventory | 1,295,227 | 1,212,653 |
| Contract and other receivables (Note 6) | 6,410,710 | 7,288,574 |
| Lease receivable, current (Note 4) | - | 31,839 |
| Due from Central Administrative Services | 22,647 | 22,647 |
| Due from JDH | 204 | - |
| Prepaid expenses | 392,344 | 29,263 |
| **Total Current Assets** | 40,364,947 | 23,385,344 |
| **Noncurrent Assets** | | |
| Deposits to vendors | - | 48,629 |
| Right-to-use assets, net (Note 8) | 95,302,416 | 103,495,312 |
| Capital and intangible assets, net (Note 8) | 17,932,884 | 19,029,004 |
| **Total Noncurrent Assets** | 113,235,300 | 122,572,945 |
| **Total Assets** | 153,600,247 | 145,958,289 |
| **Deferred Outflows of Resources** | | |
| Deferred amount for pensions (Note 10) | - | 36,949,011 |
| Deferred amount for OPEB (Note 10) | - | 77,098,554 |
| **Total Deferred Outflows of Resources** | $ - | $ 114,047,565 |

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# UMG: Statements of Net Position (cont'd)

**UNIVERSITY OF CONNECTICUT HEALTH CENTER**
**UCONN MEDICAL GROUP**

**STATEMENTS OF NET POSITION (CONTINUED)**

**FOR THE YEARS ENDED JUNE 30, 2025 AND 2024**

| | 2025 | 2024 (Restated) |
|---|---|---|
| **Liabilities and Net Position** | | |
| **Current Liabilities** | | |
| Accounts payable and accrued expenses | $ 2,775,803 | $ 2,352,621 |
| Accrued payroll | 9,375,476 | 7,574,476 |
| Unearned revenue | 8,467 | - |
| Due to State of Connecticut | 1,945,557 | 1,700,338 |
| Due to UConn Health Malpractice Fund (Note 1) | 24,063 | 24,063 |
| Due to Finance Corporation | 696,166 | 1,371,899 |
| Due to other funds | 1,700 | - |
| Right-to-use liabilities, current portion (Note 9) | 7,451,107 | 7,385,861 |
| Accrued compensated absences, current portion (Note 9) | 10,265,107 | 9,033,370 |
| **Total Current Liabilities** | 32,543,446 | 29,442,628 |
| **Noncurrent Liabilities** | | |
| Pension liabilities (Note 10) | - | 146,383,783 |
| OPEB liabilities (Note 10) | - | 278,999,703 |
| Right-to-use liabilities (Note 9) | 98,915,933 | 105,916,548 |
| Accrued compensated absences, net of current portion (Note 9) | 6,138,068 | 5,987,198 |
| **Total Noncurrent Liabilities** | 105,054,001 | 537,287,232 |
| **Total Liabilities** | 137,597,447 | 566,729,860 |
| **Deferred Inflows of Resources** | | |
| Deferred amount for right-to-use assets | - | 28,912 |
| Deferred amount for pensions (Note 10) | - | 43,218,946 |
| Deferred amount for OPEB (Note 10) | - | 104,907,538 |
| **Total Deferred Inflows of Resources** | - | 148,155,396 |
| **Net Position** | | |
| Net investment in capital assets | 6,868,260 | 9,221,907 |
| Unrestricted (deficit) | 9,134,540 | (464,101,309) |
| **Total Net Position** | $ 16,002,800 | $ (454,879,402) |

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# UMG: Statements of Revenues, Expenses, and Changes in Net Position

**UNIVERSITY OF CONNECTICUT HEALTH CENTER**
**UCONN MEDICAL GROUP**

**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**

**FOR THE YEARS ENDED JUNE 30, 2025 AND 2024**

| | 2025 | 2024 (Restated) |
|---|---|---|
| **Operating Revenues** | | |
| Net patient service revenues (Note 3) | $ 157,642,924 | $ 144,076,567 |
| Contract and other revenues | 9,944,340 | 8,432,211 |
| **Total Operating Revenues** | 167,587,264 | 152,508,778 |
| **Operating Expenses** | | |
| Salaries and wages | 165,964,008 | 150,302,156 |
| Fringe benefits | 36,042,783 | 82,275,633 |
| Medical contractual support | 2,871,927 | 2,038,157 |
| Internal contractual support | 1,664,823 | 1,822,857 |
| Outside agency per diems | 1,876,851 | 1,848,668 |
| Depreciation (Note 8) | 4,083,023 | 3,480,848 |
| Amortization (Note 8) | 8,978,984 | 10,793,023 |
| Pharmaceutical/medical supplies | 11,653,346 | 11,647,698 |
| Utilities | 3,455,451 | 2,497,439 |
| Outside and other purchased services | 14,994,518 | 14,413,034 |
| Insurance | 512,204 | 825,287 |
| Repairs and maintenance | 4,528,935 | 3,635,664 |
| Other expenses | 1,642,383 | 1,958,628 |
| **Total Operating Expenses** | 258,269,236 | 287,539,092 |
| **Operating Loss** | (90,681,972) | (135,030,314) |
| **Nonoperating Revenues (Expenses)** | | |
| Interest expense | (5,518,732) | (5,584,313) |
| Interest income | 370 | 2,112 |
| Lease revenue | 28,912 | 49,563 |
| Loss on disposals (Note 8) | (19,521) | (66,396) |
| **Net Nonoperating Revenues (Expenses)** | (5,508,971) | (5,599,034) |
| **Loss before Other Changes in Net Position** | (96,190,943) | (140,629,348) |
| **Other Changes in Net Position** | | |
| Transfers from UConn Health - Unrestricted (Note 11) | 107,610,740 | 97,359,433 |
| Derecognition of pension and OPEB balances (Note 13) | 459,462,405 | - |
| **Net Other Changes in Net Position** | 567,073,145 | 97,359,433 |
| **Increase(Decrease) in Net Position** | 470,882,202 | (43,269,915) |
| **Net Position -** Beginning of year | (454,879,402) | (406,750,723) |
| Cumulative effect of implementing GASB 101 | - | (4,858,764) |
| **Net Position -** Beginning of year **(restated)** | (454,879,402) | (411,609,487) |
| **Net Position -** End of year | $ 16,002,800 | $ (454,879,402) |

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# FC: Statements of Net Position

**THE UNIVERSITY OF CONNECTICUT HEALTH CENTER**
**FINANCE CORPORATION**

**CONSOLIDATED STATEMENTS OF NET POSITION**

**JUNE 30, 2025 AND 2024**

| | 2025 | 2024 |
|---|---|---|
| **Assets** | | |
| **Current Assets** | | |
| Cash | $ 21,130,727 | $ 15,989,090 |
| Malpractice Fund | 3,852,755 | 1,685,493 |
| Accounts receivable, net of allowances for bad debt of $927,608 and $337,925 at June 30, 2025 and 2024, respectively (note 2) | 8,580,489 | 5,430,145 |
| Lease receivable - current portion (note 3) | 9,600 | 836,382 |
| Other receivables | 93,957 | - |
| Inventory | 3,405,340 | 4,013,170 |
| Due from UConn Medical Group (note 4) | 696,166 | 1,371,899 |
| Prepaid expenses | 366,023 | 37,090 |
| Net investment in direct financing lease, current portion (note 5) | 4,516,027 | 4,265,486 |
| **Total Current Assets** | 42,651,084 | 33,628,755 |
| **Noncurrent Assets** | | |
| Deposits with vendors | 14,159,611 | 12,176,334 |
| Lease receivable - net of current portion (note 3) | 389,475 | 399,075 |
| Investment in CSC | 179,966 | - |
| Net investment in direct financing lease, net of current portion (note 5) | 162,279,230 | 166,797,628 |
| Property - right-to-use assets, net (note 6) | 3,614,057 | 3,848,575 |
| Capital assets, net (note 6) | 26,916,668 | 28,274,331 |
| **Total Noncurrent Assets** | 207,539,007 | 211,495,943 |
| **Total Assets** | $ 250,190,091 | $ 245,124,698 |

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# FC: Statements of Net Position (cont'd)

**THE UNIVERSITY OF CONNECTICUT HEALTH CENTER**
**FINANCE CORPORATION**

**CONSOLIDATED STATEMENTS OF NET POSITION (CONTINUED)**

**JUNE 30, 2025 AND 2024**

| | 2025 | 2024 |
|---|---|---|
| **Liabilities and Net Position** | | |
| **Current Liabilities** | | |
| Accounts payable and accrued expenses | $ 8,679,564 | $ 7,381,444 |
| Due to UConn Health - Malpractice Fund (note 4) | 3,852,755 | 1,685,493 |
| Due to UConn Health (note 4) | 452,181 | 466,952 |
| Due to John Dempsey Hospital, current portion (note 4) | 16,002,111 | 8,895,996 |
| Due to third party payors | 145,197 | 385,049 |
| Lease payable, current portion (note 7) | 962,018 | 880,281 |
| Loans payable, current portion (note 7) | 7,336,126 | 7,810,965 |
| **Total Current Liabilities** | 37,429,952 | 27,506,180 |
| **Noncurrent Liabilities** | | |
| Due to John Dempsey Hospital, net of current portion (note 4) | 14,159,611 | 12,176,334 |
| Lease payable, net of current portion (note 7) | 6,085,148 | 6,935,863 |
| Loans payable, net of current portion (note 7) | 141,225,150 | 148,585,166 |
| **Total Noncurrent Liabilities** | 161,469,909 | 167,697,363 |
| **Total Liabilities** | 198,899,861 | 195,203,543 |
| **Deferred Inflows** | | |
| Deferred inflows - right-to-use assets | 345,482 | 1,095,480 |
| **Net Position** | | |
| Net investment in capital assets | 41,760,005 | 38,973,745 |
| Minority interest in UHI | 686,222 | 511,510 |
| Unrestricted net assets | 8,498,521 | 9,340,420 |
| **Total Net Position** | 50,944,748 | 48,825,675 |
| **Total Liabilities, Deferred Inflows and Net Position** | $ 250,190,091 | $ 245,124,698 |

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# FC: Statements of Revenues, Expenses, and Changes in Net Position

**THE UNIVERSITY OF CONNECTICUT HEALTH CENTER FINANCE CORPORATION**

**CONSOLIDATED STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**

**FOR THE YEARS ENDED JUNE 30, 2025 AND 2024**

| | 2025 | 2024 |
|---|---|---|
| **Operating Revenues** | | |
| Interest income from right-to-use assets | $ 32,583 | $ 138,223 |
| Lease revenue from right-to-use assets | 749,298 | 1,774,805 |
| Interest income from direct financing lease | 9,711,066 | 9,947,708 |
| Contract and other income | 15,847,753 | 11,855,845 |
| Imaging revenue, net | 4,123,894 | 225,282 |
| Pharmaceutical revenue, net (note 2) | 191,114,116 | 149,821,597 |
| **Total Operating Revenues** | 221,578,710 | 173,763,460 |
| **Operating Expenses** | | |
| Professional services | 2,606,352 | 337,782 |
| Outside agency per diems | 13,497,759 | 10,197,746 |
| Internal contractual support | 2,976,494 | 2,160,457 |
| Internal pharmaceutical charges | 80,488,983 | 53,257,525 |
| Pharmaceuticals/medical supplies | 109,945,829 | 94,842,260 |
| Equipment and software leases | 177,734 | 108,017 |
| Insurance, rent and utilities | 121,079 | 26,483 |
| Repairs and maintenance | 352,007 | 9,033 |
| Interest expense | 7,751,034 | 7,862,649 |
| Depreciation | 1,686,164 | 899,393 |
| Amortization - right-to-use assets | 234,518 | 176,279 |
| Other | 210,925 | 154,628 |
| **Total Operating Expenses** | 220,048,878 | 170,032,252 |
| **Operating Income** | 1,529,832 | 3,731,208 |
| **Nonoperating Expense** | | |
| Investment income - CSC | 6,889 | - |
| Loan servicing fees | (10,148) | (11,867) |
| **Total Nonoperating Expense** | (3,259) | (11,867) |
| **Income before transfers** | 1,526,573 | 3,719,341 |
| **Net Transfers from UConn Health - Unrestricted** (note 4) | - | 625,000 |
| **Contributions for minority interest - UHI** | 592,500 | 666,667 |
| **Increase in Net Position - Unrestricted** | 2,119,073 | 5,011,008 |
| **Net Position** - Beginning of year | 48,825,675 | 43,814,667 |
| **Net Position** - Ending | $ 50,944,748 | $ 48,825,675 |

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# GASB Standard Updates - Upcoming



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# GASB 103 Financial Reporting Model Improvements

Effective date
**June 30, 2026**

**Impacts financial statement presentation**

Updated disclosure guidance for:

- MD&A consistency
- Clearer definition of unusual or infrequent items
- Presentation of proprietary fund statements
- Major component unit information
- Budgetary comparison information

**CLA can help by** assisting with or evaluating financial statement presentation and disclosure updates



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# GASB 104 – Disclosure of Certain Capital Assets

Effective date
**June 30, 2026**

**Will clarify how capital assets are disclosed in financials:**

- Capital assets held for sale and related pledged debt
- Leased assets
- Subscription assets
- Right to Use PPP assets
- Other intangible assets

**CLA can help by**
Assisting with or evaluating financial statement disclosure updates



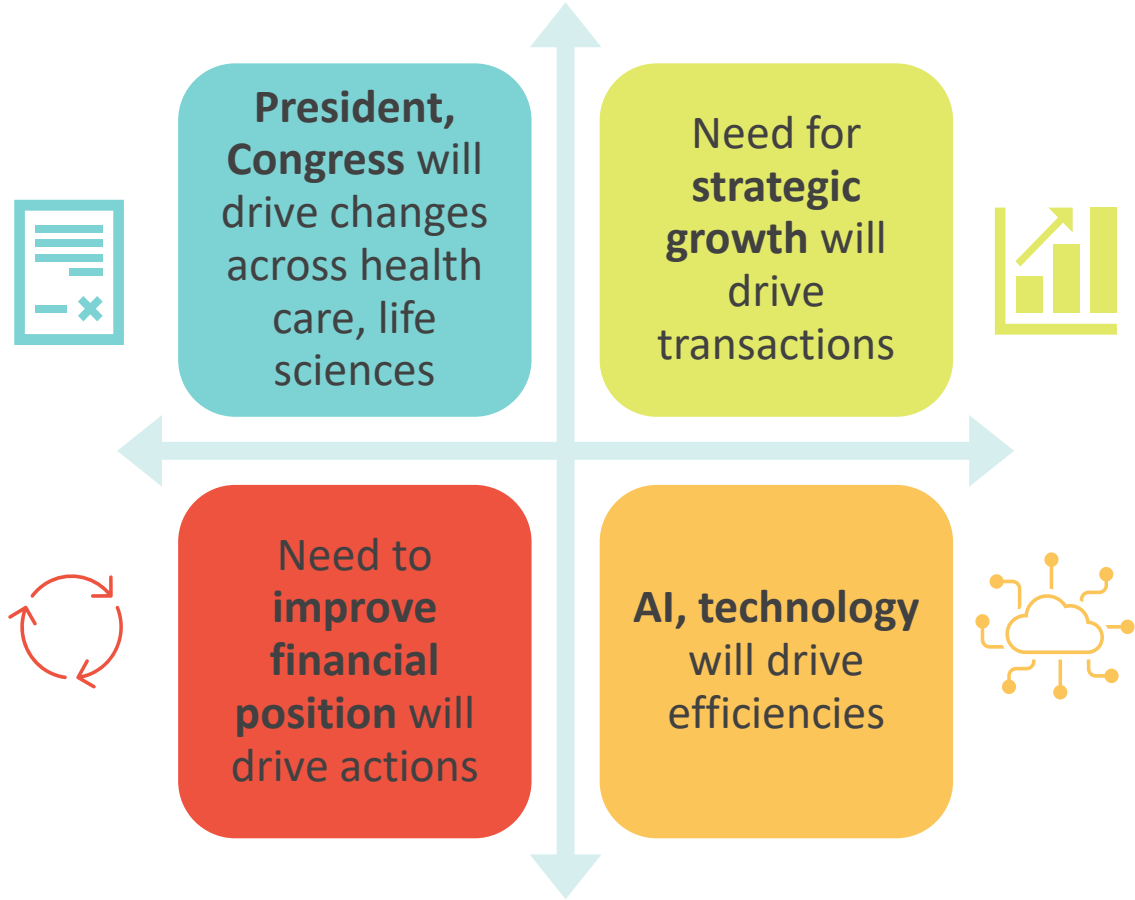
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# Understanding Your Industry



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# 4 Drivers we're watching in 2025




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# Hospitals & Health Systems



### *Administration, Congress*

- Robust Capitol Hill activity
- Site neutral a target
- Price transparency continues
- 340B program
- Medicaid program reforms
- DSH, state-directed payments scrutiny
- Medicare Advantage reforms possible
- Ban on physician owned hospitals potentially



### *Strategic Growth*

- Deals will continue
- New collaborations or unique alliances (ex: Risant Health or Longitude Health) continue
- Segment seeks to transform itself from within
- More joint ventures (ex with ASCs), new partnerships
- Ongoing movement to outpatient setting/services



### *Financial Improvement*

- Management structures will be flattened
- Outsourcing certain functions (like rev cycle) pursued
- Financial calculus for some may require closing unperforming locations or services (OB/labor, behavioral health)
- Continued contract disputes with MA plans
- Labor need, costs



### *AI, Technology*

- Technology and innovations will grow
- Technology and AI will produce improvements and efficiencies in the key areas: patient discharge processes, virtual care delivery, AI scribes, revenue cycle functions, and care quality
- Cybersecurity a must

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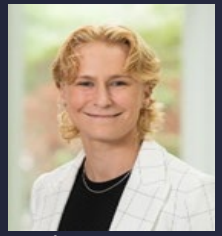
# *Questions and Feedback*

We appreciate the opportunity to serve you and welcome any feedback relative to our performance and to the engagement.

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# UNIVERSITY OF CONNECTICUT HEALTH CENTER
# JOHN DEMPSEY HOSPITAL (21002 FUND)

## FINANCIAL STATEMENTS
## AND SUPPLEMENTARY INFORMATION
(With Management's Discussion and Analysis)

## JUNE 30, 2025 AND 2024



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# UNIVERSITY OF CONNECTICUT HEALTH CENTER
# JOHN DEMPSEY HOSPITAL (21002 FUND)

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# UNIVERSITY OF CONNECTICUT HEALTH CENTER
# JOHN DEMPSEY HOSPITAL (21002 FUND)

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### OVERVIEW OF THE FINANCIAL STATEMENTS

The following discussion and analysis provides an overview of the financial position and activities of the University of Connecticut Health Center John Dempsey Hospital (21002 Fund) (the Hospital) as of and for the fiscal years ended June 30, 2025, 2024, and 2023. The Hospital is operated as a separate, identifiable unit of the University of Connecticut Health Center (UConn Health). This discussion has been prepared by management and should be read in conjunction with the financial statements and the notes thereto, which follow this section.

Through the Hospital (a licensed acute care hospital with 247 certified general acute care beds and 10 bassinets, 248 staffed), UConn Health provides specialized and routine inpatient and outpatient services. The Hospital has long been regarded as the premier facility in the region for high-risk maternity services. It is recognized for its cardiovascular program (interventional cardiology and surgery), cancer, musculoskeletal, neurosurgical care, stroke services and behavioral mental health services. Additionally, the Hospital is home to the only Emergency Department in Connecticut's Farmington Valley. The Hospital also provides comprehensive healthcare services for the State of Connecticut's (State) incarcerated inmates. These services are provided through a variety of contracts with the Hospital and the State's Department of Correction (DOC).

The Hospital received aid from a number of governmental and other sources throughout the pandemic. Notably, the Hospital received federal funding via the Coronavirus Aid, Relief, and Economic Security (CARES) Act; the Coronavirus Relief Fund (CRF); and from the Federal Emergency Management Agency (FEMA). Funding came from both general and targeted distributions. Funds received under these programs carry reporting and other requirements outlined by the federal government, which began September 30, 2021 and ended September 30, 2024. The Hospital believes it has met these requirements.

This annual report consists of management's discussion and analysis and the financial statements. The basic financial statements (Statements of Net Position, Statements of Revenues, Expenses, and Changes in Net Position, Statements of Cash Flows and related notes to the financial statements) present the financial position of the Hospital at June 30, 2025 and 2024, and the results of its operations and its financial activities for the fiscal years then ended. These financial statements report information about the Hospital using accounting methods similar to those used by private-sector companies. The Statements of Net Position include all of the Hospital's assets, liabilities, and deferred inflows and outflows. The Statements of Revenues, Expenses, and Changes in Net Position reflect the years' activities on the accrual basis of accounting (i.e., when services are provided or obligations are incurred, not necessarily when cash is received or paid).

These financial statements report the Hospital's net position and how it has changed. Net position (the difference between assets and liabilities adjusted for deferred outflows and inflows) is one way to measure financial health or position. The Statements of Cash Flows provide relevant information about each year's cash receipts and cash payments and classifies them as operating, investing, noncapital financing activities, and capital and related financing activities. The financial statement footnotes include notes that explain information in the financial statements and provide more detailed data.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### FINANCIAL HIGHLIGHTS

The Hospital's financial position at June 30, 2025, consisted of assets of approximately $654.9 million and liabilities of approximately $210.7 million. The Hospital's financial position at June 30, 2024, consisted of assets of approximately $564.1 million, deferred outflows of approximately $338.8 million, liabilities of approximately $1,142.8 million (of which $937.4 million is related to GASB Statements No. 68 and 75), and deferred inflows of approximately $289.6 million. Net position, which represents the residual interest in the Hospital's assets and deferred outflows after liabilities and deferred inflows are deducted, increased by approximately $960.2 million from fiscal year 2024 to a net position of approximately $430.6 million as of June 30, 2025. Due to a legislative change effective July 1, 2023, the State now fully funds retirement-related fringe benefit costs for eligible Hospital employees. The Hospital is no longer charged for contributions to State-administered pension and OPEB plans through a fringe benefit rate assessment. However, because the measurement period for fiscal year 2024 still reflected prior allocations, the Hospital continued to report related balances in that year. Due to both the legislative change and the timing of the measurement period, the Hospital will no longer recognize pension and OPEB liabilities, related deferred outflows and inflows, and related expenses in its financial statements. As a result, the derecognition of these amounts was recorded as a special item in the accompanying Statements of Revenues, Expenses, and Changes in Net Position for the year ended June 30, 2025 and deferred amounts related to pension and OPEB liabilities have been removed from the Statement of Net Position for fiscal year 2025.

The Hospital finished the year with operating income of $51.4 million compared to an operating loss of $91.3 million in the prior year. Current year income excludes the effect of the Hospital derecognizing its pro-rata share of expenses under GASB Statements No. 68 and 75 as discussed in Note 9. In fiscal year 2025, the Hospital recorded a special item for the removal of the pension and OPEB balances. This derecognition is classified as a special item under GASB Statements No. 34 *Basic Financial Statements – and Management's Discussions and Analysis – for State and Local Governments* and No. 62 *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* because it is infrequent in occurrence and falls within management control, as demonstrated by their participation and influence in decisions regarding State funding. The impact of the derecognition was approximately $886.2 million in fiscal year 2025. In fiscal year 2024, the Hospital recorded the impact of GASB 68 and 75 as part of operations resulting in an increase of $122.8 million of expenses in 2024. The change was driven by changes in plan assumptions and changes in the Hospital's allocated percentage overall liabilities from fiscal 2024 to fiscal 2025. Operating income (losses) exclusive of these entries were $51.4 million and $33.4 million in fiscal years 2025 and 2024, respectively.

The Hospital received net transfers from UConn Health of $25.1 million and $14.9 million in fiscal years 2025 and 2024, respectively. Current year transfers from UConn Health included $4.5 million related to fringe benefit support and $20.6 million for capital improvements. In fiscal year 2024, UConn Health transferred $4.5 million and $10.4 million related to fringe benefit support and working capital, respectively. Total net position increased by approximately $960.2 million in fiscal year 2025, compared to a decrease of approximately $78.9 million in fiscal year 2024.

## FINANCIAL HIGHLIGHTS (CONTINUED)

### SUMMARY OF ASSETS AND LIABILITIES

Summarized components of the Hospital's Statements of Net Position as of June 30, 2025, 2024, and 2023 are presented below:

| | 2025 | 2024 (Restated) | 2023 (Restated) |
|---|---|---|---|
| | | *(in thousands)* | |
| **Summary of assets, liabilities and net position at June 30:** | | | |
| Current assets | $ 236,092 | $ 151,337 | $ 95,046 |
| Other assets | 41,611 | 24,975 | 25,280 |
| Property - right-to-use assets, net | 76,086 | 78,966 | 93,083 |
| Capital assets, net | 301,094 | 308,793 | 306,272 |
| Total assets | $ 654,883 | $ 564,071 | $ 519,681 |
| Deferred amount for pensions | $ - | $ 107,038 | $ 168,794 |
| Deferred amount for OPEB | - | 231,736 | 128,736 |
| Total deferred outflows | $ - | $ 338,774 | $ 297,530 |
| Current liabilities | $ 114,866 | $ 104,761 | $ 89,474 |
| Noncurrent liabilities | 95,787 | 1,038,082 | 884,233 |
| Total liabilities | $ 210,653 | $ 1,142,843 | $ 973,707 |
| Deferred amount for lease liability | $ 13,643 | $ 2,030 | $ 4,245 |
| Deferred amount for pensions | - | 69,297 | 91,282 |
| Deferred amount for OPEB | - | 218,305 | 198,678 |
| Total deferred inflows | $ 13,643 | $ 289,632 | $ 294,205 |
| Net investment in capital assets | $ 286,456 | $ 291,830 | $ 295,166 |
| Unrestricted (deficit) | 144,131 | (821,460) | (745,867) |
| Total net position | $ 430,587 | $ (529,630) | $ (450,701) |

## FINANCIAL HIGHLIGHTS (CONTINUED)

### SUMMARY OF ASSETS AND LIABILITIES (CONTINUED)

In this section, the Hospital explains the reasons for those financial statement items with significant variances relating to fiscal year 2025 amounts compared to fiscal year 2024 amounts.

Changes in assets included the following:

- *Patient accounts receivable* – increased by approximately $9.4 million from June 30, 2024 to June 30, 2025. This increase is primarily attributable to higher patient volumes during the fiscal year. Inpatient discharges rose by 1,078 and outpatient equivalents increased by 3,296 compared to fiscal year 2024.

- *Contract and other receivables* – increased from June 30, 2024 to June 30, 2025 by approximately $4.7 million due to payments outstanding for payroll owed on the contract between the Hospital and the Neonatal Intensive Care Unit (owned and operated by the Connecticut Children's Medical Center).

- *Due from Finance Corporation* – increased from June 30, 2024 to June 30, 2025 by approximately $9.1 million primarily associated with the increase in revenues from the UConn Health Pharmacy Services Inc. (UHPSI) 340B program revenue.

- *Lease receivable, net of current portion* – increased from June 30, 2024 to June 30, 2025 by approximately $12.7 million due to the renewal of the Neonatal Intensive Care Unit lease.

- *Capital and intangible assets, net* – decreased from June 30, 2024 to June 30, 2025 by approximately $7.7 million, as depreciation and disposals outpaced capital acquisitions during the current fiscal year.

Changes in liabilities included the following:

- *Due to other funds* – increased from June 30, 2024 to June 30, 2025 by approximately $4.1 million primarily due to home office allocations for administrative services.

- *Accrued compensated absences, current portion* – increased from June 30, 2024 to June 30, 2025 by approximately $3.6 million, primarily due to the implementation of GASB 101.

- *Pension and OPEB liabilities* – decreased from June 30, 2024 to June 30, 2025 by approximately $937.4 million due to the derecognition of the Hospital's proportional share of the State's pension and OPEB liability.

- *Right-to-use liabilities* – decreased from June 30, 2024 to June 30, 2025 by approximately $5.2 million, primarily as a result of scheduled paydowns of lease obligations.

## FINANCIAL HIGHLIGHTS (CONTINUED)

### SUMMARY OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

Summarized components of the Hospital's Statements of Revenues, Expenses, and Changes in Net Position for the fiscal years ended June 30, 2025, 2024, and 2023 are presented below:

| | 2025 | 2024 (Restated) | 2023 (Restated) |
|---|---|---|---|
| | | *(in thousands)* | |
| **Summary of revenues, expenses and transfers for the year ended June 30:** | | | |
| Operating revenues | $ 865,735 | $ 761,729 | $ 699,116 |
| Operating expenses | (814,353) | (853,054) | (731,915) |
| Operating income (loss) | 51,382 | (91,325) | (32,799) |
| Nonoperating revenue (expense), net | (2,514) | (2,484) | (2,313) |
| Income (loss) before other changes in net position | 48,868 | (93,809) | (35,112) |
| Net transfers | 25,108 | 14,880 | 68,629 |
| Derecognition of pension and OPEB balances | 886,241 | - | - |
| Cumulative effect of change in accounting method GASB 101 | - | - | (15,752) |
| Increase (decrease) in net position | $ 960,217 | $ (78,929) | $ 17,765 |

Hospital discharges of 13,079 represent an increase of 1,078 from 2024 as demand for services continues to grow.

### SIGNIFICANT VARIANCES IN THE FINANCIAL STATEMENTS – REVENUES, EXPENSES, AND CHANGES IN NET POSITION

*Operating revenues* – total operating revenues increased from the fiscal year ended June 30, 2024 to the fiscal year ended June 30, 2025 by approximately $104.0 million or 13.7%.

- *Net patient service revenues* – increased by approximately $67.9 million or 10.3% from prior year due to increased volumes along with certain payor contract increases made in fiscal year 2025.

- *Contract and other revenues* – increased by approximately $36.1 million or 35.6% from the prior year, which was driven by increases in the Ryan White 340B contract and pharmacy 340B contract agreements (340B drug contract).

**FINANCIAL HIGHLIGHTS (CONTINUED)**

**SIGNIFICANT VARIANCES IN THE FINANCIAL STATEMENTS – REVENUES, EXPENSES, AND CHANGES IN NET POSITION (CONTINUED)**

*Operating expenses* – Total operating expenses decreased from the fiscal year ended June 30, 2024 to the fiscal year ended June 30, 2025 by approximately $38.7 million or 4.5%.

- *Salaries and wages* – increased by approximately $29.2 million or 11.0% from the prior year due to planned wage increases. Additionally, full time equivalents (FTE's) rose by 129 year-over-year, reflecting a strategic response to increased patient volume and operational demands associated with expanded bed licensing approved in fiscal year 2025.

- *Fringe benefits* – decreased by approximately $117.7 million or 59.9% from the prior year primarily due to a legislative change enacted in fiscal year 2024. As a result of this change, the State now funds the retirement cost for the employees of the Hospital.

- *Internal contractual support* – increased by approximately $9.1 million or 19.3% from the prior year, which was driven by the increasing volume of transactions with UHPSI and the increase in the billed amount for interns and residents.

- *Amortization* – decreased by approximately $7.3 million or 42.2% from the prior year due to the full amortization of certain subscriptions and the absence of significant additions.

- *Pharmaceutical/medical supplies* – increased by approximately $32.8 million or 17.3% from the prior year due to the increasing volume of transactions with UHPSI and increased supplies associated with higher surgical volumes during fiscal year 2025.

- *Outside and other purchased services* – increased by approximately $8.7 million or 14.8% from the prior year due to the increase in data processing software maintenance and other professional services.

## FINANCIAL HIGHLIGHTS (CONTINUED)

### SUMMARY OF CASH FLOWS

The Statements of Cash Flows provide additional information about the Hospital's financial results by reporting the major sources and uses of cash. A summary of the Statements of Cash Flows for the fiscal years ended June 30, 2025, 2024, and 2023 are as follows:

| | 2025 | 2024 (Restated) | 2023 |
|---|---|---|---|
| | | *(in thousands)* | |
| Cash received from operations | $ 852,658 | $ 761,525 | $ 675,952 |
| Cash expended for operations | (780,360) | (694,983) | (744,322) |
| Net cash provided by (used in) operations | 72,298 | 66,542 | (68,370) |
| Net cash (used in) investing activities | (21,397) | (25,765) | (14,419) |
| Net cash provided by noncapital financing activities | - | - | 292 |
| Net cash provided by capital and related financing activities | 17,745 | 4,058 | 57,280 |
| Net change in cash | 68,646 | 44,835 | (25,217) |
| Cash - Beginning | 53,012 | 8,177 | 33,394 |
| Cash - Ending | $ 121,658 | $ 53,012 | $ 8,177 |

## FINANCIAL HIGHLIGHTS (CONTINUED)

### CAPITAL AND INTANGIBLE ASSETS

At June 30, 2025, the Hospital had capital assets of $566.8 million and property – right to use assets of $134.3 million before accumulated depreciation and amortization, compared to $561.2 million and $131.8 million at June 30, 2024. A summary of capital and intangible asset balances is shown in the table below:

| | 2025 | 2024 | 2023 |
|---|---|---|---|
| | | *(in thousands)* | |
| Land | $ 183 | $ 183 | $ 183 |
| Construction in progress | 9,546 | 15,747 | 7,664 |
| Buildings | 419,022 | 405,905 | 404,149 |
| Equipment | 80,887 | 81,711 | 73,277 |
| Computer software | 57,071 | 57,557 | 56,979 |
| Equipment - financed | 71 | 71 | 71 |
| Total capital assets | 566,780 | 561,174 | 542,323 |
| Less accumulated depreciation and amortization | 265,686 | 252,381 | 236,051 |
| Capital assets, net | $ 301,094 | $ 308,793 | $ 306,272 |
| Property - right-to-use building | $ 92,500 | $ 94,466 | $ 94,397 |
| Property - right-to-use equipment | 15,427 | 12,378 | 17,055 |
| Property - right-to-use subscriptions | 26,331 | 24,989 | 25,266 |
| Total property - right-to-use assets | 134,258 | 131,833 | 136,718 |
| Less accumulated amortization | 58,172 | 52,867 | 43,635 |
| Property - right-to-use assets, net | $ 76,086 | $ 78,966 | $ 93,083 |

For fiscal year 2026, all UConn Health capital requests will be considered for funding on an individual basis. Capital requests will be considered by UConn Health's Capital Prioritization Committee. More detailed information about the Hospital's capital and intangible assets are presented in Note 7 to the financial statements.

## FISCAL YEAR 2026 OUTLOOK

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

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

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

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

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

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

### CONTACTING THE HOSPITAL'S FINANCIAL MANAGEMENT

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

CliftonLarsonAllen LLP
CLAconnect.com

# INDEPENDENT AUDITORS' REPORT

Joint Audit and Compliance Committee
The University of Connecticut Health Center
Farmington, Connecticut

## Report on the Audit of the Financial Statements

### *Opinions*

We have audited the accompanying financial statements of The University of Connecticut Health Center John Dempsey Hospital (21002 Fund) (the Hospital), an enterprise fund of the state of Connecticut, as of and for the years ended June 30, 2025 and 2024, and the related notes to the financial statements, which collectively comprise the Hospital's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of The University of Connecticut Health Center John Dempsey Hospital (21002 Fund) as of June 30, 2025 and 2024, and the respective changes in net position, and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The University of Connecticut Health Center John Dempsey Hospital (21002 Fund) and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### *Emphasis of Matter Regarding a Change in Accounting Principle*

As discussed in Note 1 to the financial statements, in 2025 the Hospital adopted new accounting guidance for the recognition of measurement of compensated absences and associated salary-related payments. Our opinion is not modified with respect to that matter.

### *Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Hospital's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditors' Responsibilities for the Audit of the Financial Statements***

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of The University of Connecticut Health Center John Dempsey Hospital's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The University of Connecticut Health Center John Dempsey Hospital's ability to continue as a going concern for a reasonable period of time.

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

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the required supplementary information, such as management's discussion and analysis, the schedule of changes in the Hospital's net position liability and related ratios, the schedule of pension contributions, the schedule of changes in the Hospital's net OPEB liability and related ratios, the schedule of the Hospital's proportionate share of the net OPEB liability, and the schedule of the Hospital's OPEB contributions, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with 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 Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2025, on our consideration of The University of Connecticut Health Center John Dempsey Hospital's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Hospital's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Hospital's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

**CliftonLarsonAllen LLP**

West Hartford, Connecticut
November 20, 2025

# UNIVERSITY OF CONNECTICUT HEALTH CENTER
# JOHN DEMPSEY HOSPITAL (21002 FUND)

## STATEMENTS OF NET POSITION

## JUNE 30, 2025 AND 2024

| | 2025 | 2024 |
|---|---|---|
| **Assets** | | |
| **Current Assets** | | |
| Cash | $ 121,658,271 | $ 53,012,002 |
| Patient accounts receivable, net of estimated uncollectibles of $46,547,588 and $39,519,185 at June 30, 2025 and 2024, respectively | 68,047,679 | 58,607,322 |
| Inventory | 18,495,617 | 17,334,825 |
| Contract and other receivables (Note 6) | 8,739,624 | 4,053,822 |
| Lease receivable, current portion (Note 6) | 999,965 | 2,171,140 |
| Due from other funds | - | 6,040,802 |
| Due from Finance Corporation | 16,002,112 | 8,895,996 |
| Prepaid expenses | 2,149,013 | 1,220,761 |
| **Total Current Assets** | 236,092,281 | 151,336,670 |
| **Noncurrent Assets** | | |
| Deposits with vendors (Note 1) | 14,637,066 | 12,681,647 |
| Other assets | 117,543 | 117,543 |
| Lease receivable, net of current portion (Note 6) | 12,696,945 | - |
| Due from Finance Corporation, noncurrent portion | 14,159,611 | 12,176,334 |
| Property - right-to-use assets, net (Note 7) | 76,085,603 | 78,966,116 |
| Capital and intangible assets, net (Note 7) | 301,093,521 | 308,792,675 |
| **Total Noncurrent Assets** | 418,790,289 | 412,734,315 |
| **Total Assets** | 654,882,570 | 564,070,985 |
| **Deferred Outflows of Resources** | | |
| Deferred amount for pensions (Note 9) | - | 107,038,539 |
| Deferred amount for OPEB (Note 9) | - | 231,735,981 |
| **Total Deferred Outflows of Resources** | $ - | $ 338,774,520 |

# UNIVERSITY OF CONNECTICUT HEALTH CENTER
# JOHN DEMPSEY HOSPITAL (21002 FUND)

## STATEMENTS OF NET POSITION (CONTINUED)

## JUNE 30, 2025 AND 2024

| | 2025 | 2024 (Restated) |
|---|---|---|
| **Liabilities and Net Position** | | |
| **Current Liabilities** | | |
| Accounts payable and accrued expenses | $ 27,455,340 | $ 27,488,168 |
| Accrued payroll | 13,207,551 | 11,481,665 |
| Due to UConn Health Malpractice Fund | 361,504 | 361,504 |
| Due to other funds | 4,134,811 | - |
| Due to State of Connecticut | 3,634,489 | 3,200,015 |
| Due to UMG | 204 | - |
| Due to third-party payors | 25,627,108 | 26,513,543 |
| Unearned revenue | 854,146 | 4,419 |
| Right-to-use liabilities, current portion (Note 8) | 11,645,559 | 11,384,025 |
| Accrued compensated absences, current portion (Note 8) | 27,944,944 | 24,327,257 |
| **Total Current Liabilities** | 114,865,656 | 104,760,596 |
| **Noncurrent Liabilities** | | |
| Pension liabilities (Note 9) | - | 356,834,835 |
| OPEB liabilities (Note 9) | - | 580,578,711 |
| Right-to-use liabilities, net of current portion (Note 8) | 79,077,080 | 84,545,216 |
| Accrued compensated absences, net of current portion (Note 8) | 16,709,808 | 16,123,785 |
| **Total Noncurrent Liabilities** | 95,786,888 | 1,038,082,547 |
| **Total Liabilities** | 210,652,544 | 1,142,843,143 |
| **Deferred Inflows of Resources** | | |
| Deferred amount for resources right-to-use assets | 13,642,671 | 2,030,495 |
| Deferred amount for pensions (Note 9) | - | 69,296,557 |
| Deferred amount for OPEB (Note 9) | - | 218,305,191 |
| **Total Deferred Inflows of Resources** | 13,642,671 | 289,632,243 |
| **Net Position** | | |
| Net investment in capital assets | 286,456,485 | 291,829,550 |
| Unrestricted (deficit) | 144,130,870 | (821,459,431) |
| **Total Net Position** | $ 430,587,355 | $ (529,629,881) |

# UNIVERSITY OF CONNECTICUT HEALTH CENTER
# JOHN DEMPSEY HOSPITAL (21002 FUND)

## STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

## FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

| | 2025 | 2024 (Restated) |
|---|---|---|
| **Operating Revenues** | | |
| Net patient service revenues (Note 5) | $ 728,297,063 | $ 660,401,437 |
| Contract and other revenues | 137,437,928 | 101,327,243 |
| **Total Operating Revenues** | 865,734,991 | 761,728,680 |
| **Operating Expenses** | | |
| Salaries and wages | 295,034,052 | 265,837,738 |
| Fringe benefits | 78,640,577 | 196,306,253 |
| Medical/dental house staff | 3,981,510 | 3,816,823 |
| Medical contractual support | 5,446,729 | 4,326,937 |
| Internal contractual support | 56,575,718 | 47,429,079 |
| Outside agency per diems | 20,271,780 | 19,187,545 |
| Depreciation (Note 7) | 21,728,814 | 20,028,414 |
| Amortization (Note 7) | 9,976,419 | 17,270,138 |
| Pharmaceutical/medical supplies | 221,864,570 | 189,085,135 |
| Utilities | 6,802,933 | 4,922,200 |
| Outside and other purchased services | 67,875,765 | 59,148,857 |
| Insurance | 5,716,709 | 5,860,885 |
| Repairs and maintenance | 14,586,716 | 13,369,480 |
| Other expenses | 5,850,028 | 6,463,650 |
| **Total Operating Expenses** | 814,352,320 | 853,053,134 |
| **Operating Income (Loss)** | 51,382,671 | (91,324,454) |
| **Nonoperating Revenues (Expenses)** | | |
| Interest income | 162,005 | 118,970 |
| Lease revenue | 2,208,831 | 2,215,086 |
| Interest expense | (4,613,925) | (4,755,591) |
| Loss on disposals | (271,119) | (62,626) |
| **Net Nonoperating Expenses** | (2,514,208) | (2,484,161) |
| **Income (Loss) before Other Changes in Net Position** | 48,868,463 | (93,808,615) |
| **Other Changes in Net Position** | | |
| Transfers from UConn Health - Unrestricted (Note 10) | 25,107,999 | 14,879,710 |
| Derecognition of pension and OPEB balances (Note 9) | 886,240,774 | - |
| **Net Other Changes in Net Position** | 911,348,773 | 14,879,710 |
| **Increase (Decrease) in Net Position** | 960,217,236 | (78,928,905) |
| **Net Position** - Beginning of year | (529,629,881) | (434,948,345) |
| Cumulative effect of implementing GASB 101 | - | (15,752,631) |
| **Net Position** - Beginning of year (restated) | (529,629,881) | (450,700,976) |
| **Net Position** - End of year | $ 430,587,355 | $ (529,629,881) |

# UNIVERSITY OF CONNECTICUT HEALTH CENTER
# JOHN DEMPSEY HOSPITAL (21002 FUND)

## STATEMENTS OF CASH FLOWS

## FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

| | 2025 | 2024 (Restated) |
|---|---|---|
| **Cash Flows from Operating Activities** | | |
| Cash received from patients and third-party payors | $ 717,970,271 | $ 659,393,025 |
| Cash received from contract and other revenues | 133,601,853 | 102,131,959 |
| Cash paid to employees for salaries and fringe benefits | (367,310,559) | (331,798,580) |
| Cash (returned to) received from related parties | 1,086,424 | (11,005,626) |
| Cash paid for other than personnel services | (413,049,749) | (352,179,103) |
| **Net Cash Provided by Operating Activities** | 72,298,240 | 66,541,675 |
| **Cash Flows from Investing Activities** | | |
| Additions to property and equipment | (21,396,685) | (25,765,268) |
| **Net Cash Used in Investing Activities** | (21,396,685) | (25,765,268) |
| **Cash Flows from Capital and Related Financing Activities** | | |
| Interest paid | (4,613,925) | (4,755,591) |
| Transfer from UConn Health - unrestricted | 25,107,999 | 14,879,710 |
| Payments on right-to-use lease liabilities, net | (5,206,602) | (8,256,508) |
| Payments on notes payable | - | (2,917) |
| Interest income | 162,005 | 118,970 |
| Lease revenue | 2,295,237 | 2,074,441 |
| **Net Cash Provided by Capital and Related Financing Activities** | 17,744,714 | 4,058,105 |
| **Net Change in Cash** | 68,646,269 | 44,834,512 |
| **Cash -** Beginning | 53,012,002 | 8,177,490 |
| **Cash** - Ending | $ 121,658,271 | $ 53,012,002 |
| **Supplemental Disclosure of Non-Cash Investing and Financing Activities** | | |
| Lease receivable renewal | $ 13,821,007 | $ - |
| Right-to-use assets acquired by entering into lease agreements | $ 5,273,839 | $ 368,225 |
| Right-to-use subscription acquired by entering into lease agreements | $ 1,822,067 | $ 2,784,939 |
| Derecognition of pension and OPEB balances | $ (886,240,774) | $ - |

## UNIVERSITY OF CONNECTICUT HEALTH CENTER
## JOHN DEMPSEY HOSPITAL (21002 FUND)

## STATEMENTS OF CASH FLOWS (CONTINUED)

## FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

| | 2025 | 2024 (Restated) |
|---|---|---|
| **Reconciliation to Operating Loss to Net Cash Provided (Used) in Operating Activities** | | |
| Operating income (loss) | $ 51,382,671 | $ (91,324,454) |
| Adjustments to reconcile operating loss to net cash used by operating activities: | | |
| Depreciation and amortization | 31,705,233 | 37,298,552 |
| Changes in operating assets and liabilities: | | |
| Patient accounts receivable, net | (9,440,357) | (4,095,249) |
| Inventory | (1,160,792) | (2,014,022) |
| Contract and other receivables | (4,685,802) | 804,716 |
| Prepaid expenses | (928,252) | 631,896 |
| Deposit with vendors | (1,955,419) | (1,556,528) |
| Due from UMG | - | 3,244,811 |
| Due from Finance Corporation | (9,089,393) | (4,422,952) |
| Due from State of Connecticut | - | 222,603 |
| Due from other funds | 6,040,802 | (6,040,802) |
| Change in deferred inflows - pension | - | 43,878 |
| Change in deferred inflows - OPEB | - | (58,210,998) |
| Due to third-party payors | (886,435) | 3,086,837 |
| Due to malpractice | - | (173,126) |
| Due to other funds | 4,134,811 | (3,786,683) |
| Due to UMG | 204 | - |
| Unearned revenue | 849,727 | - |
| Accounts payable and accrued expenses | (32,828) | 4,543,267 |
| Due to State of Connecticut | 434,474 | 602,126 |
| Change in deferred outflows - OPEB | - | 54,126,531 |
| Change in deferred outflows - pension | - | 27,876,506 |
| Change in net pension liability | - | 28,125,609 |
| Change in net OPEB liability | - | 70,870,731 |
| Accrued payroll | 1,725,886 | 2,633,374 |
| Accrued compensated absences | 4,203,710 | 4,055,052 |
| **Net Cash Provided by Operating Activities** | $ 72,298,240 | $ 66,541,675 |

## NOTE 1 – DESCRIPTION OF REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### *REPORTING ENTITY*

The financial statements include those assets, deferred outflows, liabilities, deferred inflows, net position, revenue, and expense accounts reflected in the accounting records of University of Connecticut Health Center John Dempsey Hospital (the Hospital), which are primarily accounted for in the 21002 Fund of the University of Connecticut Health Center (UConn Health).

There are 21 members of the Board of Trustees of the University of Connecticut. Five serve as ex officio voting members by virtue of other positions: The Governor is President of the Board, the Commissioners of Agriculture, Education, and Economic and Community Development are Board members, and the Chair of UConn Health's Board of Directors is a member. Two Board members are elected by alumni for four-year terms (and may be re-elected once, in succession). One undergraduate student is elected by undergraduates for a two-year term. One graduate or professional student is elected by graduate and professional students for a two-year term. Twelve members are appointed by the Governor, subject to confirmation by the General Assembly, for six-year terms, and may be reappointed without limit.

There are 18 members of the UConn Health Board of Directors. Three serve as ex officio voting members and serve concurrently with their positions: The Commissioner of Public Health, the Secretary or a designated under-secretary of the Office of Policy and Management, and the President of the University. All other terms are for three years and include: three members appointed by the Governor, three members appointed by the Chair of the Board of Trustees (two of which must be members of the Board of Trustees and one who serves as the Chair of the Board of Directors), and nine at-large members appointed by the Board of Directors itself.

The Hospital is an enterprise fund of the State of Connecticut (the State) and is, therefore, exempt from federal income taxes under Section 115 of the Internal Revenue Code of 1986.

The University of Connecticut Health Center Finance Corporation (Finance Corporation) was established pursuant to Public Act No 87-458. The purpose of the Finance Corporation is to provide greater flexibility for the Hospital and to promote more efficient provision of health care services. As such, the Finance Corporation has been empowered to purchase supplies and equipment, acquire facilities, approve write-offs of the Hospital's accounts receivable, process malpractice claims on behalf of the Hospital and UConn Health, as well as negotiate joint ventures, shared service, and other agreements for the benefit of the Hospital.

## NOTE 1 – DESCRIPTION OF REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### *BASIS OF PRESENTATION*

The Hospital's financial statements are prepared in accordance with all relevant Governmental Accounting Standards Board (GASB) pronouncements.

### *PROPRIETARY FUND ACCOUNTING*

The Hospital utilizes the proprietary fund method of accounting whereby revenues and expenses are recognized on the accrual basis.

### *USE OF ESTIMATES*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and disclosure of contingencies at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Financial statement areas where management applies the use of estimates consist primarily of the allowance for uncollectible accounts, contractual allowances, compensated absences, pension and OPEB liabilities, lease liabilities, and subscription liabilities.

### *CASH*

Cash includes cash held on behalf of the Hospital by the State.

### *ACCOUNTS RECEIVABLE AND NET PATIENT SERVICE REVENUES*

Patient accounts receivable and net patient service revenues are recorded at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Third-party settlements are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods, as final settlements are determined.

The amount of the allowance for uncollectible accounts is based upon management's assessment of historical and expected net collections, business and economic conditions, trends in Medicare, Medicaid, and commercial health care coverage and other collection indicators. See Note 5 for additional information relative to net patient service revenues and third-party payor programs.

## NOTE 1 – DESCRIPTION OF REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### *CONTRACT AND OTHER REVENUES*

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

The Hospital's 340B pharmacy has an agreement with UConn Health Pharmacy Services, Inc. (UHPSI) related to certain pharmaceutical sales. This revenue is included in contract and other revenues on the statements of revenues, expenses, and changes in net position. See Note 6 for additional details.

### *INVENTORY*

Inventory, with the exception of pharmaceuticals, is recorded at cost, determined by the first-in, first-out (FIFO) method. Pharmaceuticals are valued at market value, which approximates cost due to high turnover rates. Short-term or minor supplies are expensed as incurred.

### *DEPOSITS WITH VENDORS*

As of June 30, 2025 and 2024, deposits with vendors totaled approximately $14.6 million and $12.7 million, respectively. The majority of these funds, approximately $14.3 million and $12.1 million, respectively, were held on deposit by AmerisourceBergen. This is the Hospital's primary pharmaceutical vendor. As part of its contract, the Hospital is required to maintain a deposit with AmerisourceBergen based on a percentage of the prior quarter purchases. The deposits are non-interest bearing and are considered subject to the credit risk of the vendor.

## NOTE 1 – DESCRIPTION OF REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### *LEASES*

The Hospital routinely engages in lease agreements to meet operational needs. The Hospital's lease contracts generally relate to buildings and associated facilities, such as parking, and various machinery and equipment. For short-term leases with a maximum possible term of 12 months or less at commencement, the Hospital recognizes period revenue or expense based on the provisions of the lease contract. For all other contracts where the Hospital is the lessee, the Hospital recognizes a lease liability and an intangible right-to-use (RTU) lease asset based on the present value of future lease payments over the contracted term of the lease. RTU lease assets are amortized over the term of the lease, as the Hospital is not expected to lease assets beyond the underlying asset's useful life. On a more limited basis, the Hospital serves as a lessor providing leases of buildings. The financial statements recognize the lease receivable and a deferred inflow of resources, based on the present value of the future lease payments expected to be received during the contracted lease term, and the deferred inflow of resources is amortized evenly over the life of the lease.

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

In addition, the Hospital has entered various subscription-based information technology arrangements to support its services. Information on the types of arrangements entered into and their financial impact on the Hospital can be found in Note 8.

## NOTE 1 – DESCRIPTION OF REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### *CAPITAL ASSETS*

Property and equipment acquisitions are recorded at cost. Betterments and major renewals are capitalized, and maintenance and repairs are expensed as incurred.

Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed using the straight-line method. Buildings (and related improvements) have an estimated useful life of 5 to 50 years and equipment has an estimated useful life of 2 to 25 years.

For projects, including the development of computer software, construction in progress is capitalized as costs are incurred during the construction phase, and depreciation begins once the assets are placed in service.

### *INTANGIBLE ASSETS*

Intangible assets consist of capitalized computer software costs, including software internally developed, that do not meet the definition of subscription-based information technology agreements. Costs incurred in the development and installation of internal use software are expensed or capitalized depending on whether they are incurred in the preliminary project stage, application development stage, or post-implementation stage, and the nature of the costs. Computer software costs are amortized on a straight-line basis over their expected useful lives, which range from 3 to 10 years. Capitalized computer software costs are included with capital and intangible assets on the statements of net position. See Note 7 for the gross costs capitalized and the accumulated amortization of capitalized computer costs.

### *IMPAIRMENT OF LONG-LIVED ASSETS*

The Hospital records impairment losses on long-lived assets used in operations when events and circumstances indicate that the assets might be impaired and the undiscounted cash flows estimated to be generated by those assets are less than the carrying amounts of those assets.

During 2025, the Hospital disposed of general equipment of approximately $6 million due to equipment reaching the end of their life and having been retired. These assets are reported in Note 7 and resulted in loss on disposal of $62,448. The Hospital also disposed of several smaller, non-individually significant assets, which resulted in a total loss on disposal of $208,671.

**NOTE 1 – DESCRIPTION OF REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***STATE FUNDING FOR EMPLOYEE RETIREMENT AND OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLANS***

Due to a legislative change effective July 1, 2023, the State now fully funds retirement-related fringe benefit costs for eligible Hospital employees. The Hospital no longer is charged for contributions to State-administered pension and OPEB plans through a fringe benefit rate assessment. However, because the measurement period for fiscal year 2024 still reflected prior allocations, the Hospital continued to report related balances in that year. Due to both the legislative change and the timing of the measurement period, the Hospital will no longer recognize pension and OPEB liabilities, related deferred outflows and inflows, and related expenses in its financial statements. As a result, the derecognition of these amounts was recorded as a special item in the accompanying Statements of Revenues, Expenses, and Changes in Net Position for the year ended June 30, 2025. See Note 12 for further details on the accounting treatment and financial statement impact.

Additionally, since the Hospital is included as an enterprise fund of the State and is not a legally separate entity, retirement costs funded directly by the State are not reflected as on-behalf revenues or expenses and therefore are not reflected as fringe benefit expense in the accompanying financial statements. For additional information on the State's funding structure and legislative background, see Note 10.

## NOTE 1 – DESCRIPTION OF REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### *PENSION LIABILITIES*

For fiscal years prior to 2025, the Hospital recorded its proportionate share of the collective net pension liability and collective pension expense for each defined benefit plan offered to its employees. The pro-rata share of the pension liability was calculated based on the percentage of contributions to the plan in the valuation year. The collective net pension liability for each plan was measured as the total pension liability, less the amount of the pension plan's fiduciary net position. The total pension liability was the portion of the actuarial present value of projected benefit payments that are attributable to past periods of plan member service. Information about the fiduciary net position and additions to/deductions from each pension plan's fiduciary net position has been determined on the same basis as they are reported by each pension plan. For this purpose, plan member contributions are recognized in the period in which the contributions are due. Hospital contributions are recognized in the period in which the contributions are appropriated. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan. For fiscal year 2024, the Hospital recorded its proportionate share of the net pension liability based on the valuations performed as of June 30, 2023. Based on the legislative changes discussed, the Hospital did not recognize a proportionate share of the net pension liability and therefore recognized no net pension liability for fiscal year 2025.

### *OPEB LIABILITIES*

For fiscal years prior to 2025, individuals who were employed by the Hospital were eligible to participate in the State's group health plan and were also eligible to continue benefits upon retirement. Retirees under age 65 pay the same premium for medical, prescription drug and dental benefits as active employees, which results in an implicit rate subsidy and OPEB liability. For this purpose, plan member contributions were recognized in the period in which the contributions were due. Hospital contributions were recognized in the period in which the contributions were appropriated. Benefits and refunds were recognized when due and payable in accordance with the terms of each plan. The Hospital recorded its proportionate share of the net OPEB liability for the fiscal year ended June 30, 2024 based on valuations performed as of June 30, 2023. Based on the legislative changes discussed, the Hospital did not recognize a proportionate share of the net OPEB liability and therefore recognized no net OPEB liability for fiscal year 2025.

## NOTE 1 – DESCRIPTION OF REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### *DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES*

Deferred outflows of resources are defined as the consumption of net assets in one period that are applicable to future periods and will not be recognized as an outflow of resources (expense) until then. These amounts are reported in the statement of net position in a separate section, after total assets. Prior to fiscal year 2025, the Hospital had two items that meet this criterion, pension deferrals and OPEB deferrals. Historically, Hospital contributions to the pension and OPEB plans made subsequent to the measurement date of the net pension and net OPEB liabilities have been reported as deferred outflows or resources. However, due to legislative changes, the Hospital did not make contributions to these plans after June 30, 2023. See Note 9 for details on these changes and how retirement and OPEB costs are being managed by the State.

Deferred inflows of resources are defined as an acquisition of net assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. These amounts are reported in the statement of net position in a separate section, after total liabilities. The Hospital previously reported pension, OPEB, and lease deferrals under this category. However, due to legislative changes, pension and OPEB deferrals are no longer applicable for fiscal year 2025. Refer to Note 9 for details on these changes and the management of retirement and OPEB costs.

### *DUE TO STATE OF CONNECTICUT*

Due to State of Connecticut reported on the statements of net position represents the respective Hospital borne fringe benefit costs owed at the end of the fiscal year related to accrued salaries.

### *COMPENSATED ABSENCES*

The Hospital's employees earn vacation, personal, compensatory, and sick time at varying rates depending on their collective bargaining units. The Hospital recognizes a liability for compensated absences in accordance with GASB Statement No. 101, *Compensated Absences.* This liability includes amounts attributable to services already rendered by employees, where the leave:

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

## NOTE 1 – DESCRIPTION OF REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### *COMPENSATED ABSENCES (CONTINUED)*

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

### *THIRD-PARTY PAYORS*

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

### *MEDICAL MALPRACTICE*

Health care providers and support staff of the Hospital are fully protected by State Statutes from any claim for damage or injury, not wanton, reckless or malicious, caused in the discharge of their duties or within the scope of their employment (statutory immunity). Any claims paid for lawsuits against the State, as allowed by the waiver of statutory immunity, are covered by UConn Health's malpractice self-insurance. UConn Health allocates an annual malpractice premium to the Hospital, designed to reflect an estimate of the current fiscal year's cash claims to be processed. For the fiscal years ended June 30, 2025 and 2024, annual premiums were approximately $4.3 million, respectively. These premiums are included in insurance expense in the Hospital's Statements of Revenues, Expenses, and Changes in Net Position. The due to UConn Health Malpractice Fund reported on the Statements of Net Position represents premiums payable for occurrence based coverage through June 30, 2025 and 2024, respectively.

### *NET POSITION*

Net position is classified in two components. Net investment in capital assets consists of capital and right-to-use assets net of accumulated depreciation/amortization and reduced by the current balances of any leases payable and outstanding borrowings (less amounts held in trust) used to finance the purchase or construction of those assets. All other assets less liabilities are classified as unrestricted.

### *REGULATORY MATTERS*

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

## NOTE 1 – DESCRIPTION OF REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### *SUBSEQUENT EVENTS*

In preparing these financial statements, the Hospital has evaluated events and transactions for potential recognition or disclosure through November 20, 2025, the date the financial statements were available to be issued. No subsequent events required recognition or disclosure in the financial statements were identified.

## NOTE 2 – RECENTLY ADOPTED AND UPCOMING ACCOUNTING PRONOUNCEMENTS

### *RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENTS*

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

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

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

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

## NOTE 2 – RECENTLY ADOPTED AND UPCOMING ACCOUNTING PRONOUNCEMENTS (CONTINUED)

### *CHANGE IN ACCOUNTING PRINCIPLE*

For fiscal year 2025, the Hospital adopted accounting pronouncement GASB 101, resulting in a change in accounting principle. GASB 101, which addresses the accounting and financial reporting of compensated absences, superseded GASB Statement No. 16, *Accounting for Compensated Absences*. As part of adopting GASB 101, the Hospital restated the beginning balances of compensated absences liabilities as of July 1, 2024, by $15.8 million. The most significant impact resulting from the adoption was a change in the accounting for sick leave, which is now recognized as a liability when it is more likely than not to be used or paid, in accordance with GASB 101.

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

| **Combined Statement of Net Position** | June 30, 2024 As Previously Reported | Adjustment | June 30, 2024 As Restated |
|---|---|---|---|
| Current Liabilities | | | |
| Accrued compensated absences, current portion | $ 10,326,782 | $ 14,000,475 | $ 24,327,257 |
| Noncurrent Liabilities | | | |
| Accrued compensated absences, net of current portion | 12,439,491 | 3,684,294 | 16,123,785 |
| Net Position | $ (511,945,112) | $ (17,684,769) | $ (529,629,881) |
| **Combined Statement of Revenues, Expenses, and Changes in Net Position** | | | |
| Operating Expenses | | | |
| Salaries and wages | $ 264,042,860 | $ 1,794,878 | $ 265,837,738 |
| Fringe benefits | 196,168,993 | 137,260 | 196,306,253 |
| Cumulative effect of implementing GASB 101 | - | (15,752,631) | (15,752,631) |
| Net Position | $ (511,945,112) | $ (17,684,769) | $ (529,629,881) |

## NOTE 2 – RECENTLY ADOPTED AND UPCOMING ACCOUNTING PRONOUNCEMENTS (CONTINUED)

### *UPCOMING ACCOUNTING PRONOUNCEMENTS*

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

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

## NOTE 3 – HYPOTHECATION

In accordance with State Statute, the Hospital can borrow from the State up to 90% of its net patient accounts receivables and contract and other receivables to fund operations. As of June 30, 2025 and 2024, the Hospital had not drawn down any funds under the hypothecation. As of June 30, 2025 and 2024, the Hospital had available amounts of $69,108,572 and $56,395,029 respectively, under State Statute.

## NOTE 4 – CHARITY CARE

The Hospital maintains records to monitor the level of charity care provided, including charges forgone, estimated costs, and service volumes. In fiscal year 2025, the Hospital revised its financial assistance policy to include insured patients, consistent with national trends.

For the years ended June 30, 2025 and 2024, the Hospital provided charity care services of $12,104,762 and $8,395,629, respectively. The implementation of an automated approval process in fiscal year 2024 has contributed to the increase in the number of individuals receiving charity care. There is a growing need for financial assistance due to an increase in the uninsured population and household debt. Many uninsured patients who were previously on Medicaid have transitioned to charity care in fiscal year 2025.

The estimated cost of these services was $3,357,861 and $2,323,071, respectively, for the fiscal years ended June 30, 2025 and 2024. No net patient service revenue was recorded for these services; however, expenses associated with these services are included in operating expenses in the statements of revenues, expenses, and changes in net position.

## NOTE 5 – NET PATIENT SERVICE REVENUES

Patient service revenues reported net of allowances for the fiscal years ended June 30 were:

| | 2025 | 2024 |
|---|---|---|
| Gross patient service revenues | $ 2,333,715,826 | $ 1,983,403,654 |
| Less contractual allowances and provision for bad debt | (1,605,418,763) | (1,323,002,217) |
| Net patient service revenues | $ 728,297,063 | $ 660,401,437 |

### *SIGNIFICANT CONCENTRATIONS*

The Hospital has agreements with third-party payors that provide for payments to the Hospital at amounts different from the Hospital's established rates. The most significant of these arrangements are with Medicare and Medicaid. Concentrations of total net patient service revenues and associated year-end patient accounts receivable for these programs are shown in the table below:

| | Medicare | | Medicaid | |
|---|---|---|---|---|
| | 2025 | 2024 | 2025 | 2024 |
| Net revenue | 39% | 38% | 16% | 16% |
| Accounts receivable | 36% | 29% | 7% | 6% |

Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. The Hospital believes that it is in compliance with all applicable laws and regulations. Compliance with such laws and regulations can be subject to future government review and interpretation, as well as significant regulatory action including fines, penalties, and exclusion from the Medicare and Medicaid programs. Changes in the Medicare and Medicaid programs and the reduction of funding levels could have an adverse impact on the Hospital.

*MEDICARE*

Inpatient acute care services rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system based on clinical, diagnostic, and other factors. The Hospital's classification of patients under the Medicare program and the appropriateness of their admission are subject to an independent review by a peer review organization under contract with the Hospital.

Services to Medicare beneficiaries are paid based on a Prospective Payment System (PPS) based on the classification of each case into a Diagnostic-Related Group (DRG). Inpatient psychiatric services are also reimbursed via a PPS system established for inpatient psychiatric patients based on pre-determined hospital specific per diems.

**NOTE 5 – NET PATIENT SERVICE REVENUES (CONTINUED)**

***SIGNIFICANT CONCENTRATIONS (CONTINUED)***

The Hospital is reimbursed for Direct Graduate Medical Education (GME) and Medicare Bad Debts at an interim rate with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicare fiscal intermediary. The Hospital's Medicare cost reports have been settled by the Medicare fiscal intermediary through fiscal year 2021.

*MEDICAID*

Beginning January 1, 2015, Medicaid converted to an APR DRG Prospective Payment Methodology. Payments for inpatient services for patients admitted after January 1, 2015 have settlement distributions for GME and Case Mix Index withholds only. Beginning July 1, 2016, outpatient services rendered to patients are reimbursed based on the outpatient prospective payment system (OPPS) Ambulatory Payment Classification (APC) Methodology. Under the OPPS, services are listed on the Connecticut Medical Assistance Program (CMAP) Addendum B and are primarily reimbursed based on the CMAP APC system. CMAP Addendum B is a detailed list by procedure code that documents the APC group, status indicators, and relative weights adopted by Department of Social Services (DSS) for the APC methodology. CMAP Addendum B also documents the services that are not paid by APC and are instead reimbursed based on the Outpatient Hospital Fee Schedule or another specialized fee schedule.

The following is a schedule of supplemental payments received from DSS for both fiscal years 2025 and 2024, which is included in net patient service revenues in the Statements of Revenues, Expenses and Changes in Net Position:

| | 2025 | 2024 |
|---|---|---|
| DSS supplemental revenue | $ 8,200,000 | $ 8,200,000 |
| DSS taxonomy revenue | 2,617,567 | 2,313,799 |
| Total revenue received from DSS | $ 10,817,567 | $ 10,513,799 |

*COMMERCIAL INSURANCE AND MANAGED CARE*

The Hospital has agreements with certain commercial insurance carriers and Health Maintenance Organizations (HMOs) to provide medical services to subscribing participants. In addition, the HMOs make fee-for-service payments to the Hospital for certain covered services based upon discounted fee schedules.

## NOTE 5 – NET PATIENT SERVICE REVENUES (CONTINUED)

*CONTRACT MANAGEMENT SYSTEM*

For substantially all payers, EPIC Contract Management (ECM) nets gross billings down to the expected net realizable amount at the time of billing based on the Hospital's loaded contracts.

***ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS***

The Hospital's estimation of the allowance for uncollectible accounts is based primarily on the type and age of the patient accounts receivable and the effectiveness of the Hospital's collection efforts. The Hospital's policy is to reserve a portion of all self-pay receivables, including amounts due from the uninsured and amounts related to co-payments and deductibles, as these charges are recorded. On a monthly basis, the Hospital reviews its accounts receivable balances, the effectiveness of the Hospital's reserve policies, and various analytics to support the basis for its estimates. These efforts primarily consist of reviewing the following:

- Revenue and volume trends by payor, particularly the self-pay components;
- Changes in the aging and payor mix of accounts receivable, including increased focus on accounts due from the uninsured and accounts that represent co-payments and deductibles due from patients; and
- Various allowance coverage statistics.

The Hospital regularly performs hindsight procedures to evaluate historical write-off and collection experience throughout the fiscal year to assist in determining the reasonableness of its process for estimating the allowance for uncollectible accounts.

## NOTE 6 – CONTRACT AND LEASE RECEIVABLES

The Hospital enters into contracts with external entities including hospitals, pharmacies, and other patient care entities. Other miscellaneous revenues, including revenues related to the provision of staff and pharmacy supply services, are included in contract and other revenues in the statements of revenues, expenses, and changes in net position.

The 340B Act of 1992, established by the Veterans Health Care Act of 1992, requires drug manufacturers participating in Medicare and Medicaid to provide outpatient drugs at significantly reduced prices to certain eligible health care providers, referred to as covered entities. The Hospital qualifies as a Covered Entity under the 340B Drug Pricing Program, allowing it to purchase outpatient drugs at reduced prices. Through contract pharmacy arrangements, including a Bill-to, Ship-to model, the Hospital partners with multiple pharmacies to dispense 340B drugs to eligible patients.

**NOTE 6 – CONTRACT AND LEASE RECEIVABLES (CONTINUED)**

Due to manufacturer restrictions, limiting 340B pricing to a single pharmacy, UConn Health designated UHPSI, as its primary contract pharmacy to optimize savings. Income from 340B activity is reported in two categories: external contract pharmacy income and internal UHPSI income.

For the fiscal years ended June 30, 2025 and 2024, revenue related to contractual income totaled $12,692,017 and $9,973,677, respectively. Revenue related to internal income through our designated contract pharmacy UHPSI totaled $75,133,635 and $52,065,043 for the fiscal years ended June 30, 2025 and 2024, respectively.

The Hospital has contracts to provide rental space and nursing resources to Connecticut Children's Medical Center (CCMC) in its operation of the Neonatal Intensive Care Unit (NICU) on the Hospital's campus. During the fiscal year ended June 30, 2025, revenue related to the contract with CCMC's NICU for rental space and nursing resources totaled $1,826,509 and $15,558,933, respectively. During the fiscal year ended June 30, 2024, revenue related to the contract with CCMC's NICU for rental space and nursing resources totaled $2,060,637 and $14,982,602, respectively.

Lease receivable related to the contract with CCMC for the fiscal years ended June 30, 2025 and 2024 is as follows:

| | June 30, 2024 Balance | Additions | Deductions | June 30, 2025 Balance | Amount due within 1 year |
|---|---|---|---|---|---|
| Lease receivable total | $2,171,140 | $13,821,007 | $(2,295,237) | $13,696,910 | $ 999,965 |

| | June 30, 2023 Balance | Additions | Deductions | June 30, 2024 Balance | Amount due within 1 year |
|---|---|---|---|---|---|
| Lease receivable total | $4,245,581 | $ 140,645 | $(2,215,086) | $ 2,171,140 | $2,171,140 |

For the fiscal years ended June 30, 2025 and 2024, the statements of revenues, expenses and changes in net position included lease revenue of $2,208,831 and $2,215,086, respectively, and interest income of $162,005 and $118,970, respectively. The Hospital recorded no additional revenue for variable or other payments in the measurement of the lease receivables.

## NOTE 6 – CONTRACT AND LEASE RECEIVABLES (CONTINUED)

| | Lease Receivables | |
|---|---|---|
| Fiscal Year Ending June 30 | Principal | Interest |
| 2026 | $ 999,965 | $ 923,131 |
| 2027 | 1,071,933 | 851,163 |
| 2028 | 1,149,080 | 774,016 |
| 2029 | 1,231,780 | 691,316 |
| 2030 | 1,320,432 | 602,664 |
| 2031-2035 | 7,923,720 | 1,443,734 |
| | $ 13,696,910 | $ 5,286,024 |

## NOTE 7 – CAPITAL AND INTANGIBLE ASSETS, NET

Capital and intangible assets at June 30 consist of the following:

| | 2025 | 2024 |
|---|---|---|
| Land | $ 183,137 | $ 183,137 |
| Construction in progress (estimated costs to complete of $20.4 million and $17.5 million at June 30, 2025 and 2024, respectively) | 9,545,500 | 15,746,576 |
| Buildings | 419,021,640 | 405,904,889 |
| Equipment | 80,887,387 | 81,711,248 |
| Computer software | 57,071,123 | 57,557,183 |
| Equipment -financed | 71,009 | 71,009 |
| Total capital and intangible assets | 566,779,796 | 561,174,042 |
| Less accumulated depreciation and amortization | 265,686,275 | 252,381,367 |
| Capital and intangible assets, net | $ 301,093,521 | $ 308,792,675 |
| Right-to-use assets - building | $ 92,499,811 | $ 94,465,448 |
| Right-to-use assets - equipment | 15,427,132 | 12,378,139 |
| Right-to-use assets - subscription | 26,331,257 | 24,989,280 |
| Total right-to-use assets | 134,258,200 | 131,832,867 |
| Less accumulated amortization | 58,172,597 | 52,866,751 |
| Right-to-use assets, net | $ 76,085,603 | $ 78,966,116 |

**NOTE 7 – CAPITAL AND INTANGIBLE ASSETS, NET (CONTINUED)**

For the fiscal years ended June 30, 2025 and 2024, the Hospital received transfers related to projects of approximately $20.6 million and $10.4 million, respectively.

| | 2024 | Additions | Deductions | 2025 |
|---|---|---|---|---|
| Land | $ 183,137 | $ - | $ - | $ 183,137 |
| Construction in progress | 15,746,576 | 9,768,203 | (15,969,279) | 9,545,500 |
| Buildings | 405,904,889 | 13,415,934 | (299,183) | 419,021,640 |
| Equipment | 81,711,248 | 6,770,981 | (7,594,842) | 80,887,387 |
| Computer software | 57,557,183 | 314,940 | (801,000) | 57,071,123 |
| Equipment - financed | 71,009 | - | - | 71,009 |
| Total capital and intangible assets | $ 561,174,042 | $ 30,270,058 | $ (24,664,304) | $ 566,779,796 |

| | 2023 | Additions | Deductions | 2024 |
|---|---|---|---|---|
| Land | $ 183,137 | $ - | $ - | $ 183,137 |
| Construction in progress | 7,664,330 | 10,299,803 | (2,217,557) | 15,746,576 |
| Buildings | 404,148,697 | 1,780,177 | (23,985) | 405,904,889 |
| Equipment | 73,277,227 | 12,007,077 | (3,573,056) | 81,711,248 |
| Computer software | 56,978,642 | 742,603 | (164,062) | 57,557,183 |
| Equipment - financed | 71,009 | - | - | 71,009 |
| Total capital and intangible assets | $ 542,323,042 | $ 24,829,660 | $ (5,978,660) | $ 561,174,042 |

Related information on accumulated depreciation for the years ended June 30, 2025 and 2024 was as follows:

| | 2024 | Additions | Deductions | 2025 |
|---|---|---|---|---|
| Buildings | $ 156,834,672 | $ 10,730,627 | $ (299,183) | $ 167,266,116 |
| Equipment | 58,124,865 | 5,577,101 | (7,323,723) | 56,378,243 |
| Computer software | 37,350,821 | 5,421,086 | (801,000) | 41,970,907 |
| Equipment - financed | 71,009 | - | - | 71,009 |
| Total accumulated depreciation | $ 252,381,367 | $ 21,728,814 | $ (8,423,906) | $ 265,686,275 |

| | 2023 | Additions | Deductions | 2024 |
|---|---|---|---|---|
| Buildings | $ 146,927,310 | $ 9,931,347 | $ (23,985) | $ 156,834,672 |
| Equipment | 56,936,696 | 4,698,599 | (3,510,430) | 58,124,865 |
| Computer software | 32,134,167 | 5,380,716 | (164,062) | 37,350,821 |
| Equipment - financed | 53,257 | 17,752 | - | 71,009 |
| Total accumulated depreciation | $ 236,051,430 | $ 20,028,414 | $ (3,698,477) | $ 252,381,367 |

**NOTE 7 – CAPITAL AND INTANGIBLE ASSETS, NET (CONTINUED)**

Activity for the Right-to-use assets for the fiscal years ended June 30, 2025 and 2024 was as follows:

| | 2024 | Additions | Deductions | 2025 |
|---|---|---|---|---|
| Right-to-use assets - building | $ 94,465,448 | $ 1,761,348 | $ (3,726,985) | $ 92,499,811 |
| Right-to-use assets - equipment | 12,378,139 | 3,512,491 | (463,498) | 15,427,132 |
| Right-to-use assets - subscription | 24,989,280 | 1,822,067 | (480,090) | 26,331,257 |
| Total right-to-use assets | $ 131,832,867 | $ 7,095,906 | $ (4,670,573) | $ 134,258,200 |

| | 2023 | Additions | Deductions | 2024 |
|---|---|---|---|---|
| Right-to-use assets - building | $ 94,396,692 | $ 99,343 | $ (30,587) | $ 94,465,448 |
| Right-to-use assets - equipment | 17,055,500 | 268,882 | (4,946,243) | 12,378,139 |
| Right-to-use assets - subscription | 25,266,114 | 2,784,939 | (3,061,773) | 24,989,280 |
| Total right-to-use assets | $ 136,718,306 | $ 3,153,164 | $ (8,038,603) | $ 131,832,867 |

Related information on accumulated amortization for the years ended June 30, 2025 and 2024 was as follows:

| | 2024 | Additions | Deductions | 2025 |
|---|---|---|---|---|
| Right-to-use assets - building | $ 22,854,116 | $ 5,654,015 | $ (3,726,985) | $ 24,781,146 |
| Right-to-use asset - equipment | 7,705,714 | 2,067,927 | (463,498) | 9,310,143 |
| Right-to-use asset - subscription | 22,306,921 | 2,254,477 | (480,090) | 24,081,308 |
| Total accumulated amortization | $ 52,866,751 | $ 9,976,419 | $ (4,670,573) | $ 58,172,597 |

| | 2023 | Additions | Deductions | 2024 |
|---|---|---|---|---|
| Right-to-use assets - building | $ 17,049,614 | $ 5,835,089 | $ (30,587) | $ 22,854,116 |
| Right-to-use asset - equipment | 10,210,777 | 2,441,180 | (4,946,243) | 7,705,714 |
| Right-to-use asset - subscription | 16,374,825 | 8,993,869 | (3,061,773) | 22,306,921 |
| Total accumulated amortization | $ 43,635,216 | $ 17,270,138 | $ (8,038,603) | $ 52,866,751 |

## NOTE 8 – LONG-TERM LIABILITIES, LEASES, AND SUBSCRIPTIONS

Activity related to notes payable and other long-term liabilities for the fiscal years ended June 30, 2025 and 2024 is as follows:

| | June 30, 2024 Balance (Restated) | Additions | Deductions | June 30, 2025 Balance | Amounts due within 1 year |
|---|---|---|---|---|---|
| Right-to-use lease liabilities | $ 82,470,346 | $ 5,472,323 | $ (7,049,327) | $ 80,893,342 | $ 6,841,772 |
| Right-to-use subscriptions | 13,458,895 | 1,894,868 | (5,524,466) | 9,829,297 | 4,803,787 |
| Total leases and subscriptions | $ 95,929,241 | $ 7,367,191 | $ (12,573,793) | $ 90,722,639 | $ 11,645,559 |
| Other long term liabilities | | | | | |
| Accrued compensated absences | $ 40,451,042 | $ 23,590,712 | $ (19,387,002) | $ 44,654,752 | $ 27,944,944 |
| Pension liabilities | 356,834,835 | - | (356,834,835) | - | - |
| OPEB liabilities | 580,578,711 | - | (580,578,711) | - | - |
| Total other long term liabilities | $ 977,864,588 | $ 23,590,712 | $ (956,800,548) | $ 44,654,752 | $ 27,944,944 |
| Total long-term liabilities | $ 1,073,793,829 | $ 30,957,903 | $ (969,374,341) | $ 135,377,391 | $ 39,590,503 |

| | June 30, 2023 Balance (Restated) | Additions | Deductions | June 30, 2024 Balance (Restated) | Amounts due within 1 year |
|---|---|---|---|---|---|
| Right-to-use lease liabilities | $ 88,136,396 | $ 1,062,080 | $ (6,728,130) | $ 82,470,346 | $ 6,407,722 |
| Right-to-use subscriptions | 16,049,353 | 2,629,033 | (5,219,491) | 13,458,895 | 4,976,303 |
| Total leases and subscriptions | $ 104,185,749 | $ 3,691,113 | $ (11,947,621) | $ 95,929,241 | $ 11,384,025 |
| Other long term liabilities | | | | | |
| Notes payable | $ 2,917 | $ - | $ (2,917) | $ - | $ - |
| Accrued compensated absences | 36,395,990 | 19,730,874 | (15,675,822) | 40,451,042 | 24,327,257 |
| Pension liabilities | 340,558,863 | 106,688,139 | (90,412,167) | 356,834,835 | - |
| OPEB liabilities | 430,420,277 | 259,652,979 | (109,494,545) | 580,578,711 | - |
| Total other long term liabilities | $ 807,378,047 | $ 386,071,992 | $ (215,585,451) | $ 977,864,588 | $ 24,327,257 |
| Total long-term liabilities | $ 911,563,796 | $ 389,763,105 | $ (227,533,072) | $ 1,073,793,829 | $ 35,711,282 |

**NOTE 8 – LONG-TERM LIABILITIES, LEASES, AND SUBSCRIPTIONS (CONTINUED)**

The Hospital routinely leases various facilities and equipment instead of purchasing assets. The lease contracts, at times, include variable payments, residual value guarantees, or termination penalties that are not known or certain to be exercised at the time of the lease liability valuation. These are recognized as expenses in the period that they occur. There were no residual guarantee payments expensed for the fiscal years ended June 30, 2025 and 2024. For the fiscal years ended June 30, 2025 and 2024, the Hospital recognized expense for lease variable payments as summarized in the table below:

| | 2025 Expenses Allocated | 2024 Expenses Allocated |
|---|---|---|
| Common area expenses | $ 113,639 | $ 89,083 |
| Property taxes | 24,843 | 64,164 |
| Grand total | $ 138,482 | $ 153,247 |

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

| | Lease Liabilities | |
|---|---|---|
| Fiscal Year Ending June 30: | Principal | Interest |
| 2026 | $ 6,841,772 | $ 3,855,755 |
| 2027 | 6,324,454 | 3,493,768 |
| 2028 | 5,670,940 | 3,154,076 |
| 2029 | 5,255,984 | 2,865,053 |
| 2030 | 5,355,316 | 2,584,169 |
| 2031-2035 | 25,010,986 | 9,348,371 |
| 2036-2040 | 26,433,890 | 3,165,400 |
| Total lease liabilities | $ 80,893,342 | $ 28,466,592 |

**NOTE 8 – LONG-TERM LIABILITIES, LEASES, AND SUBSCRIPTIONS (CONTINUED)**

The Hospital has entered various subscription-based information technology arrangements (SBITAs) to support its services. SBITAs entered into, or in place, during the fiscal years ended June 30, 2025 and 2024 include:

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

The following is a schedule by fiscal year of future minimum subscription payments due:

| | Subscription Liabilities | |
|---|---|---|
| Fiscal Year Ending June 30: | Principal | Interest |
| 2026 | $ 4,803,787 | $ 365,027 |
| 2027 | 2,840,887 | 177,067 |
| 2028 | 2,008,521 | 51,425 |
| 2029 | 84,565 | 9,153 |
| 2030 | 56,194 | 4,225 |
| 2031-2035 | 35,343 | 2,135 |
| Total subscription liabilities | $ 9,829,297 | $ 609,032 |

The Hospital had no other outflows of resources in relation to these subscriptions during the fiscal years ended June 30, 2025 and 2024 that were not included in the measurement of the subscription liability.

## NOTE 9 – PENSION AND OPEB PLANS

### *STATE RETIREMENT SYSTEMS*

The Hospital offers two defined benefit plans administered through the State: the State Employees Retirement System (SERS) and the Connecticut Teachers' Retirement System (TRS). SERS and TRS do not issue stand-alone financial reports but are reported as fiduciary funds within the State's Annual Comprehensive Financial Report (ACFR). Financial reports are available on the website of the Office of the State Comptroller at osc.ct.gov.

*PLAN DESCRIPTIONS*

SERS is a single-employer defined benefit plan that covers substantially all of the State's full-time employees who are not eligible for another State-sponsored retirement plan. The plan is administered by the State Comptroller's Retirement Division under the direction of the State Employees Retirement Commission. SERS consists of Tier I, Tier II, Tier IIA, Tier III, Tier IV, and the Hybrid Plan.

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

*BENEFITS PROVIDED*

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

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

## NOTE 9 – PENSION AND OPEB PLANS (CONTINUED)

### *STATE RETIREMENT SYSTEMS (CONTINUED)*

*CONTRIBUTIONS*

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

Tier I Hazardous - 6% of earnings up to Social Security Taxable Wage Base plus 7% of earnings above that level
Tier I Plan B - 4% of earnings up to Social Security Taxable Base plus 7% of earnings above that level
Tier I Plan C - 7% of earnings
Tier II Hazardous - 6% of earnings
Tier II (all others) - 2% of earnings
Tier IIA and III Hazardous - 7 % of earnings
Tier IIA and III (all others) - 4% of earnings
Tier IV Hazardous - 8% of earnings*
Tier IV (all others) - 5% of earnings*

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

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

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

## NOTE 9 – PENSION AND OPEB PLANS (CONTINUED)

### *STATE RETIREMENT SYSTEMS (CONTINUED)*

Effective July 1, 2023, legislation altered the Hospital's funding structure for employer contributions to the SERS and TRS (see Note 10). Beginning in fiscal year 2024, the State assumed responsibility for these contributions, and the Hospital did not make any payments to SERS or TRS. As a result, no deferred outflows of resources were reported as of June 30, 2024, for contributions made after the measurement date.

*PROPORTIONATE SHARE OF THE COLLECTIVE NET PENSION LIABILITY (NPL) AND PENSION EXPENSE.*

In prior years, the Hospital's proportionate share of the NPL was determined by its share of total contributions to each plan. Due to the legislative changes effective after June 30, 2023, the Hospital's proportionate share was reduced to zero for both plans as of the June 30, 2024 measurement date, reflecting the State's full funding of contributions. As of the June 30, 2023 measurement date, the Hospital's proportion was 1.70% for SERS and 0.02% for TRS.

With a zero percent proportionate share, the Hospital removed all related pension liabilities, deferred inflows, and deferred outflows from its financial statements for fiscal year 2025. This removal was recorded as a special item in the Statements of Revenues, Expenses, and Changes in Net Position for the year ended June 30, 2025, rather than being amortized as a change in proportionate share through pension expense. Additional details are provided in Note 12.

The Hospital's proportionate share of the collective NPL at June 30, 2024 (based on the June 30, 2023 measurement date), and related pension expense for fiscal year 2024 consisted of the following:

| | SERS | TRS | Total |
|---|---|---|---|
| | | *(in thousands)* | |
| Proportionate share of the collective NPL | $ 353,059 | $ 3,775 | $ 356,834 |
| Pension Expense | $ 55,361 | $ 680 | $ 56,041 |

## NOTE 9 – PENSION AND OPEB PLANS (CONTINUED)

### *STATE RETIREMENT SYSTEMS (CONTINUED)*

*PENSION LIABILITIES, PENSION EXPENSE, DEFERRED OUTFLOWS OF RESOURCES, AND DEFERRED INFLOWS OF RESOURCES (SERS/TRS)*

At June 30, 2024, the Hospital reported deferred outflows of resources and deferred inflows of resources related to the SERS and TRS plan from the following sources:

| | SERS | | TRS | |
|---|---|---|---|---|
| | Deferred Outflows of Resources | Deferred Inflows of Resources | Deferred Outflows of Resources | Deferred Inflows of Resources |
| | *(in thousands)* | | | |
| Changes in proportionate allocation of pension expense | $ 61,679 | $ - | $ - | $ - |
| Net difference between projected and actual earnings on pension plan investments | 6,715 | - | 154 | - |
| Difference between expected and actual experience | 36,911 | - | 134 | 30 |
| Net difference between employer contribution and proportionate share | - | 68,906 | 1,172 | 2 |
| Changes in assumptions | - | 359 | 274 | - |
| | $ 105,305 | $ 69,265 | $ 1,734 | $ 32 |

*ACTUARIAL METHODS AND ASSUMPTIONS (SERS/TRS)*

The total SERS and TRS pension liability in the June 30, 2024 and 2023 actuarial valuations was determined based on the results of an actuarial experience study for the period July 1, 2015 – June 30, 2020. The Mortality Table was used for the period after service retirement and for dependent beneficiaries. The key actuarial assumptions are summarized below:

| | |
|---|---|
| Inflation: | 2.50% |
| Salary increase: | 3.50% - 11.50%, including inflation |
| Investment rate of return: | 6.90%, net of pension plan investment expense, including inflation |

## NOTE 9 – PENSION AND OPEB PLANS (CONTINUED)

### *STATE RETIREMENT SYSTEMS (CONTINUED)*

*DISCOUNT RATE (SERS/TRS)*

The discount rate used to measure the total pension liability was the long-term expected rate of return of 6.90%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rates and that Hospital contributions will be made equal to the difference between the projected actuarially determined contribution and member contributions. Projected future benefit payments for all current plan members were projected for June 30, 2024 through the year 2127.

*EXPECTED RATE OF RETURN ON INVESTMENTS (SERS/TRS)*

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

*EXPECTED RATE OF RETURN ON INVESTMENTS (SERS/TRS) (CONTINUED)*

The target asset allocation and best estimate of arithmetic real rates of return for each major asset class for June 2024 are summarized in the following table for SERS and TRS:

| | Actuarial Valuation Year June 30, 2024 | |
|---|---|---|
| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
| Global Equity | 37% | 6.8% |
| Private Equity | 15% | 11.2% |
| Core Fixed Income Fund | 13% | 0.4% |
| Real Estate Fund | 10% | 6.2% |
| Private Credit | 10% | 6.1% |
| Infrastructure and Natural Resources | 7% | 7.7% |
| Risk Mitigation | 5% | 0.1% |
| Public Credit | 2% | 2.9% |
| Liquidity Fund | 1% | (0.4)% |
| | 100% | |

## NOTE 9 – PENSION AND OPEB PLANS (CONTINUED)

### *STATE RETIREMENT SYSTEMS (CONTINUED)*

*SENSITIVITY OF THE HOSPITAL'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY TO CHANGES IN THE DISCOUNT RATE (SERS)*

The following table presents the Hospital's proportionate share of the net pension liability as of June 30, 2024, calculated using the discount rate of 6.90%, as well as the proportionate share of the net pension liability using a 1.00% increase or decrease from the current discount rate:

| | 2024 | | |
|---|---|---|---|
| | 1% Decrease (5.90%) | Discount Rate (6.90%) | 1% Increase (7.90%) |
| | *(in thousands)* | | |
| Hospital's proportionate share of the net pension liability | $ 438,216 | $ 353,059 | $ 282,072 |

### *ALTERNATE RETIREMENT PLAN*

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

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

ARP contribution requirements are established by and may be amended by the State legislature subject to the contractual rights established by collective bargaining. The SEBAC 2017 agreement amended certain provisions for ARP by revising employee and employer contribution rates. Participants hired before September 1, 2017, must contribute 5% of their eligible compensation, and their employer must contribute 7% of eligible compensation. Participants hired on or after September 1, 2017, have the option to contribute 6.5% or 5% of their eligible compensation, and their employer must contribute 6.5% of eligible compensation. There is no minimum vesting period for ARP. Other ARP provisions are described in Chapter 66 of the State General Statutes, *State Employees Retirement Act*.

## NOTE 9 – PENSION AND OPEB PLANS (CONTINUED)

### *ALTERNATE RETIREMENT PLAN (CONTINUED)*

Legislation effective July 1, 2023, changed the Hospital's State funding structure concerning employer contributions (see Note 12). As a result, for the fiscal year ended June 30, 2025 and 2024, the Hospital did not make any contributions or report retirement expenses for ARP, as these were funded by the State.

### *POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS*

The State provides OPEB benefits to the Hospital's employees through the State Employee OPEB Plan (SEOPEBP). SEOPEBP does not issue stand-alone financial reports but is reported as a fiduciary fund within the State's ACFR. Financial reports are available on the website of the Office of the State Comptroller.

### *GENERAL INFORMATION ABOUT THE SEOPEBP*

*PLAN DESCRIPTION*

SEOPEBP is a single-employer defined benefit OPEB plan that covers employees of the State who are receiving benefits from a qualifying State-sponsored retirement system. This plan is administered by the State Comptroller's Healthcare Policy and Benefits Division under the direction of the State Employees Retirement Commission.

*BENEFITS PROVIDED*

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

**NOTE 9 – PENSION AND OPEB PLANS (CONTINUED)**

***GENERAL INFORMATION ABOUT THE SEOPEBP (CONTINUED)***

*Contributions*

SEOPEBP is primarily funded on a pay-as-you-go basis for non-contributory members and 100% for contributory members through an annual appropriation in the General Fund. The contribution requirements of the plan members and the State are established and may be amended by the State legislature or by agreement between the State and employee unions, upon approval by the State legislature. Current active employees contribute a percentage of their salary to the Retiree Health Care Trust Fund (RHCF) for pre-funding of OPEB benefits. Employees hired prior to July 1, 2017, contribute 3% of their salary for a period of 10 years or until retirement, whichever is sooner. In accordance with the SEBAC 2017 agreement, employees hired on or after July 1, 2017, contribute 3% of their salary for 15 years. Contributions are refundable to employees who leave State employment prior to completing the required years of service.

Similar to pension, effective July 1, 2023, legislation altered the Hospital's funding structure for employer contributions to the SEOPEBP (see Note 10). Beginning in fiscal year 2024, the State assumed responsibility for these contributions, and the Hospital did not make any payments to SEOPEBP. As a result, no deferred outflows of resources were reported as of June 30, 2024, for contributions made after the measurement date.

*PROPORTIONATE SHARE OF THE COLLECTIVE NET OPEB LIABILITY (NOL) AND OPEB EXPENSE*

In prior years, the Hospital’s proportionate share of the NOL was determined by its share of total contributions. As of the June 30, 2023 measurement date, the Hospital’s proportion was 3.72%. The Hospital’s OPEB liability of $580.6 million as of June 30, 2024 for its proportionate share of the net OPEB liability was measured as of June 30, 2023 based on an actuarial valuation that was rolled forward to June 30, 2024. The Hospital’s proportion of the net OPEB liability was based on the Hospital’s percentage of total overall contributions to the plan.

With a zero percent proportionate share, the Hospital removed all related OPEB liabilities, deferred inflows, and deferred outflows from its financial statements. This removal was recorded as a special item in the Statement of Revenues, Expenses, and Changes in Net Position for the year ended June 30, 2025, rather than being amortized as a change in proportionate share through OPEB expense. Additional details are provided in Note 12.

## NOTE 9 – PENSION AND OPEB PLANS (CONTINUED)

### *GENERAL INFORMATION ABOUT THE SEOPEBP (CONTINUED)*

*EMPLOYEES COVERED BY BENEFIT TERMS*

Demographic data for individual State entities in the SEOPEBP is not readily available. At June 30, 2023, the SEOPEBP was based on plan membership at June 30, 2023, covering the following:

| | 2023 |
|---|---|
| Inactive employees or beneficiaries currently receiving benefit payments | 85,696 |
| Inactive employees entitled to but not yet receiving benefit payments | 470 |
| Active employees | 50,078 |
| Total covered employees | 136,244 |

*ACTUARIAL METHODS AND ASSUMPTIONS (SEOPEBP)*

The total OPEB liability in the June 30,2024 actuarial valuations was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

| | Actuarial valuation year June 30, 2024 |
|---|---|
| Actuarial experience study: | July 1, 2015 - June 30, 2020 |
| Payroll growth rate: | 3.00% |
| Inflation: | 2.50% |
| Salary increase: | 3.00% to 11.5% varying by years of service and retirement systems, including inflation |
| Discount rate: | 6.9% for contributory members and 3.65% for non-contributory members as of June 30, 2023 |
| Healthcare cost trends rates | |
| Medical(Non-Medicare) | -.35%, then 5.75% decreasing by .25% each year to an ultimate level of 4.5% each year |
| Prescription Drug (Non-Medicare) | 2.35%, then 6.5% decreasing by .25% each year to an ultimate level of 4.5% each year |
| Medical and Prescription (Medicare) | 32.51%, 59.22%, 28.24% then 5.75% decreasing by .25% each year to an ultimate level of 4.5% per year |
| Dental | 2.6%, 4.45%, then an ultimate level of 3.0% per year |
| Part B | 4.5% per year |
| Administrative expense | 1.85%, 3.3%, then 3.0% per year |
| Retirees' share of benefit-related costs | Contributions, if required, are determined by plan, employee start date and benefit type |

**NOTE 9 – PENSION AND OPEB PLANS (CONTINUED)**

***GENERAL INFORMATION ABOUT THE SEOPEBP (CONTINUED)***

*ACTUARIAL METHODS AND ASSUMPTIONS (SEOPEBP) (CONTINUED)*

The discount rate is a blend of long-term expected rate of return on OPEB Trust assets and a yield or index rate for 20-year, tax exempt general obligation municipal bonds with an average rate of AA/Aa or higher (6.90% for contributory members and 3.65% for non-contributory members as of June 30, 2023). The blending is based on the sufficiency of projected assets to make projected benefit payments.

Mortality rates for healthy personnel were based on the Pub-2010 General, Above-Median, Healthy Retiree Headcount-weighted Mortality Table projected generationally using Scale MP-2020 for disabled employees, Pub-2010 General, Disabled Retiree Headcount-weighted Mortality Table projected generationally using Scale MP-2020.

*SENSITIVITY OF THE HOSPITAL'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY TO CHANGES IN THE DISCOUNT RATE*

The following table presents the Hospital's proportionate share of the OPEB liability as of June 30, 2024, using the discount rate of 6.90%, as well as the proportionate share of the net OPEB liability using a 1.00% increase or decrease from the current discount rate:

| | 2024 | | |
|---|---|---|---|
| | 1% Decrease (5.90%) | Discount Rate (6.90%) | 1% Increase (7.90%) |
| | *(in thousands)* | | |
| Net OPEB Liability | $ 675,010 | $ 580,579 | $ 503,258 |

The following table presents the net OPEB liability of the Hospital, as well as what the Hospital's proportionate share of the net OPEB liability would be if it were calculated as of June 30, 2024, using health care cost trend rates that are 1% lower or 1% higher than the current health care cost trend rates:

| | Healthcare Cost Trend Rates | | |
|---|---|---|---|
| | 1% Decrease | Current Valuation | 1% Increase |
| | *(in thousands)* | | |
| Net OPEB Liability | $ 502,549 | $ 580,579 | $ 676,350 |

## NOTE 9 – PENSION AND OPEB PLANS (CONTINUED)

### *GENERAL INFORMATION ABOUT THE SEOPEBP (CONTINUED)*

*OPEB EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO OPEB*

For the fiscal years ended June 30, 2024, the Hospital recognized an increase to fringe expense for OPEB of $66.8 million. At June 30, 2024, the Hospital reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | 2024 | |
|---|---|---|
| | Deferred Outflows of Resources | Deferred Inflows of Resources |
| | *(in thousands)* | |
| Changes in proportion | $ 172,389 | $ - |
| Changes in assumptions or other inputs - outflows | 49,641 | - |
| Changes in assumptions or other inputs - inflows | - | 178,627 |
| Net difference between projected and actual experience in total OPEB liability | 6,065 | 39,678 |
| Net difference between projected and actual earnings | 3,641 | - |
| | $ 231,736 | $ 218,305 |

*EXPECTED RATE OF RETURN ON INVESTMENTS (SEOPEBP)*

The target asset allocation and best estimate of arithmetic real rates of return for each major asset class in the SEOPEBP are summarized in the following table:

| | Actuarial Valuation Year June 30, 2024 | |
|---|---|---|
| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
| Global Equity | 37% | 6.8% |
| Private Equity | 15% | 11.2% |
| Core Fixed Income Fund | 13% | 0.4% |
| Real Estate Fund | 10% | 6.2% |
| Private Credit | 10% | 6.1% |
| Infrastructure and Natural Resources | 7% | 7.7% |
| Risk Mitigation | 5% | 0.1% |
| Public Credit | 2% | 2.9% |
| Liquidity Fund | 1% | (0.4)% |
| | 100% | |

## NOTE 10 – RELATED PARTY TRANSACTIONS

The expenses reported in the accompanying Statements of Revenues, Expenses, and Changes in Net Position do not include undetermined amounts for salaries, services, and expenses provided to and received from UConn Health and other State agencies.

UConn Health performs a Home Office allocation, which allocates substantially all central administrative expenses to its separate business units. The amount charged to the separate business units may not necessarily result in the net costs that are to be incurred by the business units on a stand-alone basis. The Home Office allocation allocates costs based on several different methodologies depending on cost type. The methodologies used are consistent with Medicare cost reporting and other federal costing standards, and include allocations based on square footage occupied, employee full-time equivalent (FTE) counts, as well as overall and total clinical cost breakouts. The Home Office allocation amounts are charged to business units each month based on operational results. Allocated expenses are grouped in their natural classification category for financial reporting purposes.

For the fiscal years ended June 30, 2025 and 2024, these Home Office allocations resulted in the following expenses being recorded by the Hospital with an offsetting cash transfer back to UConn Health's Central Administrative Services business unit:

| Expense Category | 2025 Expenses Allocated | 2024 Expenses Allocated |
|---|---|---|
| Salaries and wages | $ 28,778,578 | $ 23,913,122 |
| Fringe benefits | 7,926,797 | 7,193,456 |
| Internal contractual support | 2,807,279 | 2,491,629 |
| Temporary per diem staff | 1,839,913 | 486,125 |
| Utilities | 6,675,649 | 4,816,237 |
| Outside and other purchased services | 18,903,344 | 16,977,582 |
| Insurance | 135,327 | 261,537 |
| Repairs and maintenance | 6,216,545 | 5,518,958 |
| Debt services | 12,576 | 13,889 |
| Other expenses | 1,722,961 | 1,918,845 |
| Total expenses | $ 75,018,969 | $ 63,591,380 |

**NOTE 10 – RELATED PARTY TRANSACTIONS (CONTINUED)**

For the fiscal years ended June 30, 2025 and 2024, the Hospital received net transfers from UConn Health of $25.1 million and $14.9 million, respectively. Fiscal year 2025 transfers from UConn Health included $4.5 million and $20.6 million related to fringe benefit support and capital improvements, respectively. In fiscal year 2024, UConn Health transferred $4.5 million and $10.4 million to the Hospital related to fringe benefit support and working capital, respectively. These transfers are included in transfers from/to UConn Health in the Statements of Revenues, Expenses and Changes in Net Position.

Amounts due to the State related to the fringe benefit programs as of June 30, 2025 and 2024 are included in the Statements of Net Position.

As more fully described in Note 11, UConn Health charges the Hospital with an annual premium for medical malpractice costs, which is determined annually by UConn Health. The Hospital is not liable beyond the annual premium, but may have future operational subsidies affected by the performance of the Malpractice Fund. Premiums paid by the Hospital were $4.3 million in 2025 and 2024, respectively.

The Hospital provides medical services to Connecticut's incarcerated patients under UConn Health contracts with the State's Department of Corrections (DOC), including inpatient and outpatient care provided at Medicaid rates. Net patient service revenues related to these UConn Health contracts with the State's DOC totaled $4,733,626 and $4,266,030 for the fiscal years ended June 30, 2025 and 2024, respectively.

As disclosed in Note 1, the Finance Corporation performs critical services on behalf of the Hospital. These services include the acquisition, construction, and maintenance of clinical space, such as the Outpatient Pavilion (OP) building. Rental payments to the Finance Corporation for leased space totaled $6.6 million and $7.1 million for years 2025 and 2024, respectively.

The Hospital also engages in transactions with UHPSI for pharmacy services including 340B contractual pharmacy services, as disclosed in Note 6. During fiscal years 2025 and 2024, UHPSI paid the Hospital $58.0 million and $37.5 million, respectively. In addition, during fiscal years 2025 and 2024, the Hospital allocated pharmacy overhead revenue to UHPSI totaling approximately $16,064 and $212,000, respectively. The outstanding due from Finance Corporation and its subsidiaries was $30.2 million and $21.0 million at June 30, 2025 and 2024, respectively.

## NOTE 10 – RELATED PARTY TRANSACTIONS (CONTINUED)

The Hospital's pension and OPEB liabilities (Note 9) represent its pro-rata share of the State's overall liabilities for fiscal years prior to 2025 and are not current commitments. Effective July 1, 2023, the State charged the Hospital for only non-retirement fringe benefits. During the fiscal years ended June 30, 2025 and 2024, the Hospital expensed $78,640,577 and $196,306,253 (including GASB 68 and 75 related charges for fiscal year 2024 only), respectively, for employee fringe benefits. Related salary costs for 2025 and 2024 were $295,034,052 and $265,837,738, respectively.

In June 2023, the Connecticut General Assembly enacted and the Governor signed Public Act 23-204, which includes the State budget for the fiscal years 2024 and 2025 biennium and amends the State's funding structure for constituent units of the State system of higher education. Effective July 1, 2023, the State began directly funding all of the Hospital's employee retirement costs related to the State's retirement systems and the Alternate Retirement Plan. The Hospital remains responsible for funding all employee non-retirement fringe benefit costs.

To achieve a budget-neutral effect, the State reduced the General Fund appropriation that UConn Health receives and no longer associates employee salary and fringe benefit expenses with the General Fund appropriation. For the year ended June 30, 2025 and 2024, the State funded $88.6 million and $98.2 million, respectively, of retirement and OPEB costs for the Hospital, which also includes administrative expenses. These amounts are not reported as on-behalf revenues or expenses in the accompanying financial statements.

## NOTE 11 – REPORTING OF THE MALPRACTICE FUND

UConn Health is self-insured with respect to medical malpractice risks. Estimated losses from asserted and unasserted claims identified under UConn Health's incident reporting system and an estimate of incurred but not reported claims are accrued by UConn Health based on actuarially determined estimates that incorporate UConn Health's past experience, as well as other considerations, including significant year-over-year increases in patient volumes, adverse judgements and/or settlements, if any, the nature of each claim or incident and relevant trend factors. The Hospital provides timely incident reporting to UConn Health to assist UConn Health in maintaining appropriate reserve balances.

To the extent that claims for cases exceed current year premiums charged by UConn Health, UConn Health may petition the State to make up the difference. The Hospital is not responsible for amounts beyond the annual premium allocated by UConn Health. However, operational subsidies from the State and/or UConn Health may be affected by the performance of UConn Health's malpractice program.

## NOTE 11 – REPORTING OF THE MALPRACTICE FUND (CONTINUED)

At June 30, 2025 and 2024, UConn Health's Malpractice Fund had reserves of approximately $12.8 million and $10.2 million, respectively, and assets of approximately $22.2 million and $20.2 million, respectively. It was estimated that $3.2 million would be used in fiscal year 2026 for settling cases.

## NOTE 12 – SPECIAL ITEM – DERECOGNITION OF PENSION AND OPEB BALANCES

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

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

The total impact of the derecognition was approximately $886.2 million. The following table shows the increase (decrease) to net position by plan and balance type as of June 30, 2025:

| | SERS | TRS | SEOPEBP | Total |
|---|---|---|---|---|
| | | *(in thousands)* | | |
| Net Liability (NPL/NOL) | $ 353,059 | $ 3,776 | $ 580,579 | $ 937,414 |
| Deferred inflows of resources | 69,265 | 32 | 218,305 | 287,602 |
| Deferred outflows of resources | (105,305) | (1,734) | (231,736) | (338,775) |
| Total derecogniton of pension and OPEB balances | $ 317,019 | $ 2,074 | $ 567,148 | $ 886,241 |

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# INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Joint Audit and Compliance Committee
The University of Connecticut Health Center
Farmington, Connecticut

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of The University of Connecticut Health Center John Dempsey Hospital (21002 Fund) (the Hospital), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Hospital's financial statements, and have issued our report thereon dated November 20, 2025.

## *Report on Internal Control Over Financial Reporting*

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

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

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

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***Report on Compliance and Other Matters***

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

***Purpose of This Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



**CliftonLarsonAllen LLP**

West Hartford, Connecticut
November 20, 2025

# UNIVERSITY OF CONNECTICUT HEALTH CENTER
# JOHN DEMPSEY HOSPITAL (21002 FUND)

## SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION – STATE EMPLOYEES' RETIREMENT SYSTEM ONLY

| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | *(dollars in thousands)* | | | | | |
| **Total Pension Liability** | | | | | | | | | | |
| Service cost | $ - | $ 7,891 | $ 6,655 | $ 8,170 | $ 7,070 | $ 6,533 | $ 6,019 | $ 6,524 | $ 4,024 | $ 3,537 |
| Interest | - | 46,215 | 39,270 | 50,967 | 43,960 | 38,182 | 31,024 | 30,636 | 26,310 | 23,387 |
| Differences between expected and actual experience | - | 12,769 | 25,996 | 16,032 | 3,786 | 20,408 | 6,770 | (19,616) | 9,654 | - |
| Change of assumptions | - | - | - | (994) | - | - | - | - | 61,962 | - |
| Benefit payments, including refunds of member contributions | - | (44,339) | (36,496) | (45,884) | (38,750) | (33,890) | (27,530) | (25,205) | (21,691) | (18,886) |
| Change in proportionate allocation of pension liability | (714,492) | 69,156 | (202,509) | 89,057 | 54,937 | 90,629 | 14,444 | 36,632 | 29,897 | 56,513 |
| **Net Change in Total Pension Liability** | (714,492) | 91,692 | (167,084) | 117,348 | 71,003 | 121,862 | 30,727 | 28,971 | 110,156 | 64,551 |
| **Total Pension Liability** - Beginning | 714,492 | 622,800 | 789,884 | 672,536 | 601,533 | 479,671 | 448,944 | 419,973 | 309,817 | 245,266 |
| **Total Pension Liability** - Ending (a) | $ - | $ 714,492 | $ 622,800 | $ 789,884 | $ 672,536 | $ 601,533 | $ 479,671 | $ 448,944 | $ 419,973 | $ 309,817 |
| **Fiduciary Net Position** | | | | | | | | | | |
| Contributions - employer | $ - | $ 55,515 | $ 43,645 | $ 36,810 | $ 29,402 | $ 26,308 | $ 20,231 | $ 20,949 | $ 18,872 | $ 15,628 |
| Contributions - employee | - | 3,796 | 3,098 | 4,012 | 3,506 | 8,153 | 2,719 | 1,800 | 1,687 | 2,133 |
| Net investment income | - | 29,867 | (23,182) | 68,005 | 5,380 | 11,849 | 12,280 | 20,508 | (1) | 3,354 |
| Benefit payments, including refunds of member contributions | - | (44,339) | (36,496) | (45,884) | (38,750) | (33,890) | (27,530) | (25,205) | (21,691) | (18,886) |
| Administrative expenses and other | (361,433) | (30) | 36,266 | 15,979 | (14) | 50 | (49) | (14) | 951 | - |
| Change in proportionate allocation of fiduciary net position | - | 31,645 | (90,208) | 31,916 | 20,209 | 33,184 | 5,236 | 11,609 | 11,731 | 22,343 |
| **Net Change in Fiduciary Net Position** | (361,433) | 76,454 | (66,877) | 110,838 | 19,733 | 45,654 | 12,887 | 29,647 | 11,549 | 24,572 |
| **Fiduciary Net Position** - Beginning | 361,433 | 284,979 | 351,856 | 241,018 | 221,285 | 175,631 | 162,744 | 133,097 | 121,548 | 96,976 |
| **Fiduciary Net Position** - Ending (b) | $ - | $ 361,433 | $ 284,979 | $ 351,856 | $ 241,018 | $ 221,285 | $ 175,631 | $ 162,744 | $ 133,097 | $ 121,548 |
| **Hospital's Net Pension Liability** - Ending (a)-(b) | $ - | $ 353,059 | $ 337,821 | $ 438,028 | $ 431,518 | $ 380,248 | $ 304,040 | $ 286,200 | $ 286,876 | $ 188,269 |
| **Hospital's Estimated Portion of SERS Net Pension Liability** | 0.00% | 1.70194% | 1.53184% | 2.05997% | 1.81909% | 1.66686% | 1.40197% | 1.35827% | 1.24930% | 1.13935% |
| **Fiduciary Net Position as a Percentage of the Total Pension Liability** | 0.00% | 50.59% | 45.76% | 44.55% | 35.84% | 36.79% | 36.61% | 36.25% | 31.69% | 39.23% |
| **Hospital's Covered Payroll** | $ - | $ - | $ 96,312 | $ 87,512 | $ 80,546 | $ 65,848 | $ 58,474 | $ 56,868 | $ 52,583 | $ 45,715 |
| **Hospital's Estimated Net Pension Liability as a Percentage of Covered Payroll** | 0.00% | 0.00% | 350.76% | 500.53% | 535.74% | 577.46% | 519.96% | 503.27% | 545.57% | 411.83% |

This schedule is presented as required by accounting principles generally accepted in the United States of America.
See accompnaying notes to required schedules

# UNIVERSITY OF CONNECTICUT HEALTH CENTER
# JOHN DEMPSEY HOSPITAL (21002 FUND)

## SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION – STATE EMPLOYEES' RETIREMENT SYSTEM ONLY

| | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|---|---|---|---|---|---|---|---|---|---|
| | *(dollars in thousands)* | | | | | | | | | |
| Contractually required contributions | $ - | $ - | $ 55,515 | $ 43,645 | $ 36,810 | $ 29,402 | $ 26,308 | $ 20,231 | $ 20,949 | $ 18,920 |
| Contributions in relation to the contractually required contribution | $ - | $ - | 55,515 | 43,645 | 36,810 | 29,402 | 26,308 | 20,231 | 20,949 | 18,762 |
| Contribution deficiency | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ 158 |
| The Hospital's covered payroll | $ - | $ - | $ 123,119 | $ 96,312 | $ 87,512 | $ 80,546 | $ 65,848 | $ 58,474 | $ 56,868 | $ 52,583 |
| Contributions as a percentage of covered payroll | 0.00% | 0.00% | 45.09% | 45.32% | 42.06% | 36.50% | 39.95% | 34.60% | 36.84% | 35.68% |

This schedule is presented as required by accounting principles generally accepted in the United States of America.
See accompnaying notes to required schedules

# UNIVERSITY OF CONNECTICUT HEALTH CENTER
# JOHN DEMPSEY HOSPITAL (21002 FUND)

## SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION –
## SCHEDULE OF JOHN DEMPSEY HOSPITAL'S OPEB CONTRIBUTIONS

| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | *(dollars in thousands)* | | | | |
| **Net OPEB Liability** | | | | | | | | | |
| Service cost | $ - | $ 23,126 | $ 25,169 | $ 33,096 | $ 25,896 | $ 22,421 | $ 19,867 | $ 20,288 | $ - |
| Interest | - | 26,200 | 14,317 | 16,844 | 21,549 | 19,490 | 14,986 | 10,791 | - |
| Differences between expected and actual experience | - | (37,264) | (8,603) | 10,606 | (4,795) | (17,066) | - | - | - |
| Changes of assumptions or other inputs | - | 30,908 | (123,938) | (134,488) | 59,440 | 90,342 | (15,955) | (10,783) | - |
| Benefit payments | - | (23,327) | (17,718) | (17,362) | (16,640) | (15,686) | (14,285) | (13,500) | - |
| Change in proportionate allocation of OPEB liability | (580,579) | 130,516 | 9,153 | (5,330) | (3,499) | 66,836 | 9,224 | 14,409 | - |
| **Change in Net OPEB Liability** | (580,579) | 150,159 | (101,620) | (96,634) | 81,951 | 166,337 | 13,837 | 21,205 | - |
| **Net OPEB Liability -** Beginning | 580,579 | 430,420 | 532,040 | 628,674 | 546,723 | 380,386 | 366,549 | 345,344 | - |
| **Net OPEB Liability -** Ending | $ - | $ 580,579 | $ 430,420 | $ 532,040 | $ 628,674 | $ 546,723 | $ 380,386 | $ 366,549 | $ 345,344 |
| **The Hospital's Covered Payroll** | - | $ 193,672 | $ 156,010 | $ 145,042 | $ 137,902 | $ 129,606 | $ 127,204 | $ 125,044 | $ 123,476 |
| **Net OPEB Liability as a Percentage of Covered Payroll** | 0.00% | 299.77% | 275.89% | 366.82% | 455.88% | 421.83% | 299.04% | 293.14% | 279.69% |
| **The Hospital's proportion of the net OPEB liability** | 0.00% | 3.72% | 2.78% | 2.72% | 2.67% | 2.64% | 2.20% | 2.11% | 2.00% |
| The Hospital's proportionate share of the net OPEB liability | $ - | $ 580,579 | $ 430,420 | $ 532,040 | $ 628,674 | $ 546,723 | $ 380,386 | $ 366,549 | $ 345,344 |
| Plan fiduciary net position (assets) | $ - | $ 2,667,443 | $ 2,240,138 | $ 2,199,545 | $ 1,537,194 | $ 1,196,008 | $ 849,889 | $ 542,342 | $ 340,618 |
| Plan fiduciary total OPEB liability | $ - | $ 18,266,068 | $ 17,738,337 | $ 21,726,989 | $ 25,078,100 | $ 21,878,399 | $ 18,114,287 | $ 17,904,922 | $ 17,583,045 |
| **Plan fiduciary net position as a percentage of the total OPEB liability** | 0.00% | 14.60% | 12.63% | 10.12% | 6.13% | 5.47% | 4.69% | 3.03% | 1.94% |

This schedule is presented as required by accounting principles generally accepted in the United States of America, however, until a full 10-year trend is compiled, information is presented for those years available.
See accompnaying notes to required schedules

# UNIVERSITY OF CONNECTICUT HEALTH CENTER
# JOHN DEMPSEY HOSPITAL (21002 FUND)

## SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION –
## SCHEDULE OF JOHN DEMPSEY HOSPITAL'S OPEB CONTRIBUTIONS

| | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | *(dollars in thousands)* | | | | | |
| Contractually required contribution | $ - | $ - | $ 31,656 | $ 23,549 | $ 23,651 | $ 23,160 | $ 19,903 | $ 17,668 | $ 14,090 | $ 12,189 |
| Contributions in relation to the contractually required contribution | - | - | 31,656 | 23,549 | 23,651 | 23,160 | 19,903 | 17,668 | 14,090 | 12,189 |
| Contribution deficiency (excess) | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| The Hospital's covered payroll | $ - | $ - | $ 193,672 | $ 156,010 | $ 145,042 | $ 137,902 | $ 129,606 | $ 127,204 | $ 125,044 | $ 123,476 |
| Contributions as a percentage of covered payroll | 0.00% | 0.00% | 16.35% | 15.09% | 16.31% | 16.79% | 15.36% | 13.89% | 11.27% | 9.87% |

This schedule is presented as required by accounting principles generally accepted in the United States of America.

See accompnaying notes to required schedules

**Notes to Required Schedules:**

***SERS and SEOPEBP***

**Changes in Legislation**

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

***SERS***

**Changes of Benefit Terms**

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

**Changes in Assumptions**

2022 – Wage inflation assumed rate changed from 3.50% to 3.00%; assumed salary scale changed to reflect experience in wage inflation rates of increase; assumed rates of mortality have been revised to the Pub-2010 above median mortality tables (amount-weighted) projected.

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

**Notes to Required Schedules (*continued*):**

***SEOPEBP***

**Changes in Assumptions**

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

2024 – Per capita health costs, administrative costs, and retiree contributions were updated for recent experience. Actuarial factors used to estimate individual retiree and spouse costs by age and gender were adjusted. In addition, healthcare cost trend rates and retiree contribution rates were adjusted. The Medicare prescription drug trend rates were also updated to reflect an estimate for the impact of the Inflation Reduction Act. 2021, 2017 – Amounts reported reflect adjustments to rates of withdrawal, disability, retirement, mortality and assumed rates of salary to more closely reflect actual and anticipated experience.

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

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

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

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# UNIVERSITY OF CONNECTICUT HEALTH CENTER
# UCONN MEDICAL GROUP

## FINANCIAL STATEMENTS
## AND SUPPLEMENTARY INFORMATION
(With Management's Discussion and Analysis)

## JUNE 30, 2025 AND 2024



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# UNIVERSITY OF CONNECTICUT HEALTH CENTER
# UCONN MEDICAL GROUP

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# UNIVERSITY OF CONNECTICUT HEALTH CENTER
# UCONN MEDICAL GROUP

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### OVERVIEW OF THE FINANCIAL STATEMENTS

The following discussion and analysis provides an overview of the financial position and activities of the University of Connecticut Health Center UConn Medical Group (UConn Medical Group or UMG) as of and for the fiscal years ended June 30, 2025, 2024, and 2023. UMG is operated as a separate, identifiable unit (included in the 12018 fund) of the University of Connecticut Health Center (UConn Health). The 12018 fund represents the operating fund for all the entities that comprise UConn Health. UMG has access to the funds available in the 12018 fund to support its operations. This discussion has been prepared by management and should be read in conjunction with the financial statements and the notes thereto, which both follow this section.

UMG's clinical operations are modeled, in part, on private group practices and include approximately 600 providers practicing in a wide variety of specialties. UMG's operation is an essential element for the education and training of medical students that enables the University of Connecticut School of Medicine to accomplish its mission. Medical students, for example, learn diagnosis and treatment by training side-by-side with faculty clinicians as these doctors see patients. Funds transferred from UConn Health support this educational mission. UMG also partners closely with John Dempsey Hospital (JDH), with many providers performing procedures in its facilities.

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

| | 2025 | 2024 | 2023 |
|---|---|---|---|
| American Rescue Plan Act (ARPA) | $ 54,885,680 | $ 51,500,000 | $ 72,700,000 |

This annual report consists of management's discussion and analysis and the financial statements. The basic financial statements (Statements of Net Position; Statements of Revenues, Expenses, and Changes in Net Position; Statements of Cash Flows; and related notes to the financial statements) present the financial position of UMG at June 30, 2025 and 2024, and the results of its operations and financial activities for the fiscal years then ended.

These financial statements report information about UMG using accounting methods similar to those used by private-sector companies. The Statements of Net Position include all of UMG's assets, liabilities and deferred outflows and inflows. The Statements of Revenues, Expenses, and Changes in net position reflect the years' activities on the accrual basis of accounting (i.e., when services are provided or obligations are incurred, not when cash is received or paid).

## OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

These financial statements report UMG's net position and how it has changed. Net position (the difference between assets and liabilities adjusted for deferred outflows and inflows) is one way to measure financial health or position. The Statements of Cash Flows provide relevant information about each year's cash receipts and cash payments and classifies them as operating, investing, noncapital financing activities, and capital and related financing activities. The financial statement footnotes include notes that explain information in the financial statements and provide more detailed data.

## FINANCIAL HIGHLIGHTS

UMG's financial position at June 30, 2025, consisted of assets of approximately $153.6 million and liabilities of approximately $137.6 million. UMG's financial position at June 30, 2024, consisted of assets of approximately $146.0 million, deferred outflows of approximately $114.0 million, liabilities of approximately $566.7 million (of which $425.4 million is related to GASB Statements No. 68 and 75), and deferred inflows of approximately $148.2 million. Net position, which represents the residual interest in UMG's assets and deferred outflows after liabilities and deferred inflows are deducted, increased by approximately $470.9 million from fiscal year 2024 to a net position of approximately $16.0 million as of June 30, 2025. Due to a legislative change effective July 1, 2023, the State now fully funds retirement-related fringe benefit costs for eligible UMG employees. UMG is no longer charged for contributions to State-administered pension and OPEB plans through a fringe benefit rate assessment. However, because the measurement period for fiscal year 2024 still reflected prior allocations, UMG continued to report related balances in that year. Due to both the legislative change and the timing of the measurement period, UMG will no longer recognize pension and OPEB liabilities, related deferred outflows and inflows, and related expenses in its financial statements. As a result, the derecognition of these amounts was recorded as a special item in the accompanying Statements of Revenues, Expenses, and Changes in Net Position for the year ended June 30, 2025. And deferred amounts related to pension and OPEB liabilities have been removed from the statement of net position for fiscal year 2025.

UMG finished the fiscal year with an operating loss of $90.7 million compared to an operating loss of $135.0 million in the prior fiscal year. Current year losses exclude the effect of UMG derecognizing its pro-rata share of expenses under GASB Statements No. 68 and 75 as discussed in Note 10. In fiscal year 2025 UMG recorded a special item for the removal of the pension and OPEB balances. This derecognition is classified as a special item under GASB Statements No. 34 *Basic Financial Statements – and Management's Discussions and Analysis – for State and Local Governments* and No. 62 *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* because it is infrequent in occurrence and falls within management control, as demonstrated by their participation and influence in decisions regarding State funding. The impact of the derecognition was approximately $459.5 million in fiscal year 2025. In fiscal year 2024, UMG recorded the impact of GASB 68 and 75 as part of operations resulting in an increase to net position of $48 million. The increase was driven by changes in plan assumptions and changes in UMG's allocated percentage of overall liabilities from the valuation year 2023 to 2024. Operating losses exclusive of these entries were $90.7 million and $87.1 million in fiscal years 2025 and 2024, respectively.

## FINANCIAL HIGHLIGHTS (CONTINUED)

UMG received transfers for working capital support from UConn Health of $107.6 million and $97.4 million in fiscal years 2025 and 2024, respectively. Total net position increased by approximately $470.9 million in fiscal year 2025, compared to a decrease of approximately $43.3 million in fiscal year 2024.

## SUMMARY OF ASSETS AND LIABILITIES

Summarized components of UMG's Statements of Net Position as of June 30, 2025, 2024, and 2023 are presented below:

| | 2025 | 2024 (Restated) | 2023 (Restated) |
|---|---|---|---|
| | *(amounts in thousands)* | | |
| **Summary of assets, liabilities, and net position at June 30:** | | | |
| Current assets | $ 40,365 | $ 23,385 | $ 19,508 |
| Deposits to vendors | - | 49 | - |
| Lease receivable, net of current portion | - | - | 29 |
| Right-to-use assets, net | 95,302 | 103,495 | 91,406 |
| Capital and intangible assets, net | 17,933 | 19,029 | 14,756 |
| Total assets | $ 153,600 | $ 145,958 | $ 125,699 |
| Deferred outflows for pensions | $ - | $ 36,949 | $ 81,124 |
| Deferred outflows for OPEB | - | 77,099 | 72,846 |
| Total deferred outflows | $ - | $ 114,048 | $ 153,970 |
| Current liabilities | $ 32,543 | $ 29,442 | $ 26,026 |
| Noncurrent liabilities | 105,054 | 537,287 | 505,328 |
| Total liabilities | $ 137,597 | $ 566,729 | $ 531,354 |
| Deferred amount for right-to-use assets | $ - | $ 29 | $ 79 |
| Deferred amount for pensions | - | 43,219 | 48,683 |
| Deferred amount for OPEB | - | 104,908 | 111,162 |
| Total deferred inflows | $ - | $ 148,156 | $ 159,924 |
| Net investment in capital assets | $ 6,868 | $ 9,222 | $ 7,996 |
| Unrestricted (deficit) | 9,135 | (464,101) | (419,605) |
| Total net position | $ 16,003 | $ (454,879) | $ (411,609) |

## FINANCIAL HIGHLIGHTS (CONTINUED)

### SIGNIFICANT VARIANCES IN THE FINANCIAL STATEMENTS – ASSETS AND LIABILITIES

Changes in assets included the following:

- *Patient accounts receivable, net* – increased by approximately $1.9 million from June 30, 2024 to June 30, 2025 due to an increase patient visits by 57,000.

- *Contract and other receivables* – decreased by approximately $878,000 from June 30, 2024 to June 30, 2025 due to a reduction in the DSS Supplemental program. This decrease is attributable to changes in the program's calculation methodology.

- *Right-to-use assets, net* – decreased by approximately $8.2 million from June 30, 2024 to June 30, 2025 due to amortization of lease and subscription balances under GASB 87 and GASB 96 and the recognition of new right-of-use assets.

- *Capital and intangible assets, net* – decreased by approximately $1.1 million from June 30, 2024 to June 30, 2025 due to depreciation and disposals outpacing capital expenditures.

Changes in liabilities included the following:

- *Accrued payroll* – increased by approximately $1.8 million from June 30, 2024 to June 30, 2025. The payroll accrual is impacted by full time equivalents (FTE's), wage rates, and the payroll factor, which is calculated based on the number of days remaining unpaid at the end of the fiscal year. Both the payroll factor and FTE's increased during the current fiscal year.

- *Due to Finance Corporation* – decreased by approximately $676,000 from June 30, 2024 to June 30, 2025. Decreases are due to repayments to UConn Health Pharmacy Services, Inc. (UHPSI), a wholly-owned subsidiary of the Finance Corporation, which provides pharmaceuticals to UMG.

- *Pension and OPEB liabilities* – decreased by approximately $425.4 million from June 30, 2024 to June 30, 2025 due to the derecognition of UMG's proportional share of the State's OPEB liability. See note 10 for additional information.

- *Right-to-use liabilities, net of current portion* – decreased by approximately $7.0 million from June 30, 2024 to June 30, 2025 due to payments outpacing new right-to-use obligations.

## FINANCIAL HIGHLIGHTS (CONTINUED)

### SUMMARY OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

Summarized components of UMG's Statements of Revenues, Expenses, and Changes in Net Position for the fiscal years ended June 30, 2025, 2024, and 2023 are presented below:

| | 2025 | 2024 (Restated) | 2023 (Restated) |
|---|---|---|---|
| | *(amounts in thousands)* | | |
| **Summary of revenues, expenses and transfers for the year ended June 30:** | | | |
| Operating revenues | $ 167,587 | $ 152,509 | $ 138,211 |
| Operating expenses | 258,269 | 287,539 | 247,369 |
| Loss from operations | (90,682) | (135,030) | (109,158) |
| Nonoperating expenses, net | (5,509) | (5,599) | (4,637) |
| Net loss | (96,191) | (140,629) | (113,795) |
| Transfers, net | 107,611 | 97,359 | 143,352 |
| Derecognition of pension and OPEB balances | 459,462 | - | - |
| Cumulative effect of implementing GASB 101 | - | - | (4,859) |
| Increase (decrease) in net position | $ 470,882 | $ (43,270) | $ 24,698 |

### SIGNIFICANT VARIANCES IN THE FINANCIAL STATEMENTS – REVENUES, EXPENSES, AND CHANGES IN NET POSITION

*Operating revenues*

Total operating revenues increased from the fiscal year ended June 30, 2024 to the fiscal year ended June 30, 2025 by approximately $15.1 million or 9.9%.

- *Net patient service revenues* – increased by approximately $13.6 million or 9.4% from the prior year due to increased patient volume as visits increased by 57,000 over the prior year.

*Operating expenses*

Total operating expenses decreased from the fiscal year ended June 30, 2024 to the fiscal year ended June 30, 2025 by approximately $29.3 million or 10.2%.

- *Salaries and wages* – increased by approximately $15.7 million or 10.4% from the prior year primarily due to increases in the number of providers and contractually bargained salary wage increases. The average monthly FTE counts in fiscal year 2025 was 1,000 compared to 962 in fiscal year 2024.

- *Fringe benefits* – decreased by approximately $46.2 million or 56.2% from the prior year, primarily due to a legislative change enacted in fiscal year 2024. As a result of this change, the State now funds the retirement cost for the employees of UMG.

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**FINANCIAL HIGHLIGHTS (CONTINUED)**

**SIGNIFICANT VARIANCES IN THE FINANCIAL STATEMENTS – REVENUES, EXPENSES, AND CHANGES IN NET POSITION (CONTINUED)**

*Operating expenses (Continued)*

- *Medical contractual support* – increased by approximately $834,000 or 40.9% from the prior year, primarily driven by an increase in the usage of contracted physicians due to the expansion of Radiology services.

- *Depreciation and Amortization* – decreased by approximately $1.2 million or 8.5% from the prior year, primarily driven by lower amortization on right-to-use subscriptions.

- *Utilities* – increased by approximately $958,000 or 38.4% from the prior year, primarily due to increases in utility rates and higher usage.

- *Repairs and maintenance* – increased by approximately $893,000 or 24.6% from the prior year. This increase was primarily driven by a full year of common area maintenance (CAM) charges for a new office location along with overall rate increases for CAM expenses.

**SUMMARY OF CASH FLOWS**

The statements of cash flows provide additional information about UMG's financial results by reporting the major sources and uses of cash. A summary of the statements of cash flows for the fiscal years ended June 30, 2025, 2024 and 2023 are as follows:

| | 2025 | 2024 | 2023 |
|---|---|---|---|
| | *(amounts in thousands)* | | |
| Cash received from operations | $ 166,128 | $ 146,688 | $ 140,427 |
| Cash expended for operations | (241,997) | (222,784) | (255,621) |
| Net cash used in operations | (75,869) | (76,096) | (115,194) |
| Net cash used in investing activities | (3,006) | (7,820) | (5,461) |
| Net cash provided by noncapital financing activities | 107,611 | 97,359 | 133,675 |
| Net cash used in capital and related financing activities | (13,208) | (13,282) | (10,748) |
| Net change in cash | 15,528 | 161 | 2,272 |
| Cash - Beginning | 2,433 | 2,272 | - |
| Cash - Ending | $ 17,961 | $ 2,433 | $ 2,272 |

UMG patient visits of approximately 972,000 represent an increase of approximately 57,000 from 2024. Demand for services remains strong.

## FINANCIAL HIGHLIGHTS (CONTINUED)

### CAPITAL AND INTANGIBLE ASSETS

At June 30, 2025, UMG had capital and intangible assets (including right-to-use) of $183.6 million before accumulated depreciation, compared to $183.1 million at June 30, 2024. Construction in progress (CIP) increased by approximately $388,000 from June 30, 2024 to June 30, 2025. Buildings and leasehold improvements increased by approximately $1.3 million. Equipment increased by approximately $398,000.

A summary of capital and intangible asset balances is shown in the table below:

| | 2025 | 2024 | 2023 |
|---|---|---|---|
| | *(amounts in thousands)* | | |
| Land | $ 89 | $ 89 | $ 89 |
| Construction in progress (estimated costs to complete of $2.1 million and $1.8 million at June 30, 2025 and 2024, respectively) | 1,350 | 962 | 1,369 |
| Buildings and leasehold improvements | 21,004 | 19,743 | 15,822 |
| Equipment | 12,121 | 11,722 | 8,723 |
| Computer software | 14,832 | 14,808 | 13,931 |
| Total capital and intangible assets | 49,396 | 47,324 | 39,934 |
| Less: accumulated depreciation | 31,463 | 28,295 | 25,178 |
| Capital and intangible assets, net | $ 17,933 | $ 19,029 | $ 14,756 |

| | 2025 | 2024 | 2023 |
|---|---|---|---|
| | *(amounts in thousands)* | | |
| Right-to-use assets - buildings | $ 127,121 | $ 129,310 | $ 110,290 |
| Right-to-use assets - equipment | 514 | 514 | 682 |
| Right-to-use assets - subscriptions | 6,599 | 5,919 | 5,476 |
| Total right-to-use assets | 134,234 | 135,743 | 116,448 |
| Less: accumulated amortization | 38,932 | 32,248 | 25,042 |
| Right-to-use assets, net | $ 95,302 | $ 103,495 | $ 91,406 |

For fiscal year 2026, all UConn Health capital requests will be considered for funding on an individual basis. Capital requests will be considered by UConn Health's Capital Prioritization Committee. More detailed information about UMG's capital and intangible assets are presented in Note 8 to the financial statements.

## FISCAL 2026 OUTLOOK

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

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

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

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

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

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

### CONTACTING UCONN MEDICAL GROUP'S FINANCIAL MANAGEMENT

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

CliftonLarsonAllen LLP
CLAconnect.com

# INDEPENDENT AUDITORS' REPORT

Joint Audit and Compliance Committee
The University of Connecticut Health Center
Farmington, Connecticut

## Report on the Audit of the Financial Statements

### *Opinions*

We have audited the accompanying financial statements of The University of Connecticut Health Center UConn Medical Group (UMG), a component unit of the state of Connecticut, as of and for the years ended June 30, 2025 and 2024, and the related notes to the financial statements, which collectively comprise UMG's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of The University of Connecticut Health Center UConn Medical Group as of June 30, 2025 and 2024, and the respective changes in net position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Basis for Opinions*

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

### *Emphasis of Matter Regarding a Change in Accounting Principle*

As discussed in Note 1 to the financial statements, in 2025 the Hospital adopted new accounting guidance for the recognition of measurement of compensated absences and associated salary-related payments. Our opinion is not modified with respect to that matter

### *Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the UMG's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditors' Responsibilities for the Audit of the Financial Statements***

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of The University of Connecticut Health Center UConn Medical Group's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The University of Connecticut Health Center UConn Medical Group's ability to continue as a going concern for a reasonable period of time.

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

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the required supplementary information, such as management's discussion and analysis, the schedule of changes in UMG's net position liability and related ratios, the schedule of pension contributions, the schedule of changes in UMG's net OPEB liability and related ratios, the schedule of UMG's proportionate share of the net OPEB liability, and the schedule of UMG's OPEB contributions, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with 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 Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2025, on our consideration of The University of Connecticut Health Center UConn Medical Group's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Hospital's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Hospital's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

**CliftonLarsonAllen LLP**

West Hartford, Connecticut
November 20, 2025

# UNIVERSITY OF CONNECTICUT HEALTH CENTER
# UCONN MEDICAL GROUP

## STATEMENTS OF NET POSITION

## FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

| | 2025 | 2024 |
|---|---|---|
| **Assets** | | |
| **Current Assets** | | |
| Cash | $ 17,960,103 | $ 2,433,063 |
| Patient accounts receivable, net of estimated uncollectibles of $5,706,206 and $4,885,482 at June 30, 2025 and 2024, respectively | 14,283,712 | 12,367,305 |
| Inventory | 1,295,227 | 1,212,653 |
| Contract and other receivables (Note 6) | 6,410,710 | 7,288,574 |
| Lease receivable, current (Note 4) | - | 31,839 |
| Due from Central Administrative Services | 22,647 | 22,647 |
| Due from JDH | 204 | - |
| Prepaid expenses | 392,344 | 29,263 |
| **Total Current Assets** | 40,364,947 | 23,385,344 |
| **Noncurrent Assets** | | |
| Deposits to vendors | - | 48,629 |
| Right-to-use assets, net (Note 8) | 95,302,416 | 103,495,312 |
| Capital and intangible assets, net (Note 8) | 17,932,884 | 19,029,004 |
| **Total Noncurrent Assets** | 113,235,300 | 122,572,945 |
| **Total Assets** | 153,600,247 | 145,958,289 |
| **Deferred Outflows of Resources** | | |
| Deferred amount for pensions (Note 10) | - | 36,949,011 |
| Deferred amount for OPEB (Note 10) | - | 77,098,554 |
| **Total Deferred Outflows of Resources** | $ - | $ 114,047,565 |

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

# UNIVERSITY OF CONNECTICUT HEALTH CENTER
# UCONN MEDICAL GROUP

## STATEMENTS OF NET POSITION (CONTINUED)

## FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

| | 2025 | 2024 (Restated) |
|---|---|---|
| **Liabilities and Net Position** | | |
| **Current Liabilities** | | |
| Accounts payable and accrued expenses | $ 2,775,803 | $ 2,352,621 |
| Accrued payroll | 9,375,476 | 7,574,476 |
| Unearned revenue | 8,467 | - |
| Due to State of Connecticut | 1,945,557 | 1,700,338 |
| Due to UConn Health Malpractice Fund (Note 1) | 24,063 | 24,063 |
| Due to Finance Corporation | 696,166 | 1,371,899 |
| Due to other funds | 1,700 | - |
| Right-to-use liabilities, current portion (Note 9) | 7,451,107 | 7,385,861 |
| Accrued compensated absences, current portion (Note 9) | 10,265,107 | 9,033,370 |
| **Total Current Liabilities** | 32,543,446 | 29,442,628 |
| **Noncurrent Liabilities** | | |
| Pension liabilities (Note 10) | - | 146,383,783 |
| OPEB liabilities (Note 10) | - | 278,999,703 |
| Right-to-use liabilities (Note 9) | 98,915,933 | 105,916,548 |
| Accrued compensated absences, net of current portion (Note 9) | 6,138,068 | 5,987,198 |
| **Total Noncurrent Liabilities** | 105,054,001 | 537,287,232 |
| **Total Liabilities** | 137,597,447 | 566,729,860 |
| **Deferred Inflows of Resources** | | |
| Deferred amount for right-to-use assets | - | 28,912 |
| Deferred amount for pensions (Note 10) | - | 43,218,946 |
| Deferred amount for OPEB (Note 10) | - | 104,907,538 |
| **Total Deferred Inflows of Resources** | - | 148,155,396 |
| **Net Position** | | |
| Net investment in capital assets | 6,868,260 | 9,221,907 |
| Unrestricted (deficit) | 9,134,540 | (464,101,309) |
| **Total Net Position** | $ 16,002,800 | $ (454,879,402) |

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

# UNIVERSITY OF CONNECTICUT HEALTH CENTER
# UCONN MEDICAL GROUP

## STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

## FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

| | 2025 | 2024 (Restated) |
|---|---|---|
| **Operating Revenues** | | |
| Net patient service revenues (Note 3) | $ 157,642,924 | $ 144,076,567 |
| Contract and other revenues | 9,944,340 | 8,432,211 |
| **Total Operating Revenues** | 167,587,264 | 152,508,778 |
| **Operating Expenses** | | |
| Salaries and wages | 165,964,008 | 150,302,156 |
| Fringe benefits | 36,042,783 | 82,275,633 |
| Medical contractual support | 2,871,927 | 2,038,157 |
| Internal contractual support | 1,664,823 | 1,822,857 |
| Outside agency per diems | 1,876,851 | 1,848,668 |
| Depreciation (Note 8) | 4,083,023 | 3,480,848 |
| Amortization (Note 8) | 8,978,984 | 10,793,023 |
| Pharmaceutical/medical supplies | 11,653,346 | 11,647,698 |
| Utilities | 3,455,451 | 2,497,439 |
| Outside and other purchased services | 14,994,518 | 14,413,034 |
| Insurance | 512,204 | 825,287 |
| Repairs and maintenance | 4,528,935 | 3,635,664 |
| Other expenses | 1,642,383 | 1,958,628 |
| **Total Operating Expenses** | 258,269,236 | 287,539,092 |
| **Operating Loss** | (90,681,972) | (135,030,314) |
| **Nonoperating Revenues (Expenses)** | | |
| Interest expense | (5,518,732) | (5,584,313) |
| Interest income | 370 | 2,112 |
| Lease revenue | 28,912 | 49,563 |
| Loss on disposals (Note 8) | (19,521) | (66,396) |
| **Net Nonoperating Revenues (Expenses)** | (5,508,971) | (5,599,034) |
| **Loss before Other Changes in Net Position** | (96,190,943) | (140,629,348) |
| **Other Changes in Net Position** | | |
| Transfers from UConn Health - Unrestricted (Note 11) | 107,610,740 | 97,359,433 |
| Derecognition of pension and OPEB balances (Note 13) | 459,462,405 | - |
| **Net Other Changes in Net Position** | 567,073,145 | 97,359,433 |
| **Increase(Decrease) in Net Position** | 470,882,202 | (43,269,915) |
| **Net Position -** Beginning of year | (454,879,402) | (406,750,723) |
| Cumulative effect of implementing GASB 101 | - | (4,858,764) |
| **Net Position -** Beginning of year **(restated)** | (454,879,402) | (411,609,487) |
| **Net Position -** End of year | $ 16,002,800 | $ (454,879,402) |

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

# UNIVERSITY OF CONNECTICUT HEALTH CENTER
# UCONN MEDICAL GROUP

## STATEMENTS OF CASH FLOW

## FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

| | 2025 | 2024 (Restated) |
|---|---|---|
| **Cash Flows from Operating Activities** | | |
| Cash received from patients and third-party payors | $ 155,726,517 | $ 140,744,906 |
| Cash received from contract and other revenues | 10,830,671 | 7,797,326 |
| Cash (returned to) received from related parties | (429,018) | (1,853,869) |
| Cash paid to employees for personal services and fringe benefits | (198,823,184) | (181,634,775) |
| Cash paid for other than personnel services | (43,174,282) | (41,149,919) |
| **Net Cash Used in Operating Activities** | **(75,869,296)** | **(76,096,331)** |
| **Cash Flows from Investing Activities** | | |
| Additions to property and equipment | (3,006,424) | (7,820,081) |
| **Net Cash Used in Investing Activities** | **(3,006,424)** | **(7,820,081)** |
| **Cash Flows from Noncapital Financing Activities** | | |
| Net transfers from UConn Health's unrestricted net assets to support operations | 107,610,740 | 97,359,433 |
| **Net Cash Provided by Noncapital Financing Activities** | **107,610,740** | **97,359,433** |
| **Cash Flows from Capital and Related Financing Activities** | | |
| Lease revenue | 28,912 | 49,563 |
| Interest paid | (5,518,732) | (5,584,313) |
| Payments on right-to-use liabilities | (7,718,160) | (7,747,083) |
| **Net Cash Used in Capital and Related Financing Activities** | **(13,207,980)** | **(13,281,833)** |
| **Net Change in Cash** | 15,527,040 | 161,188 |
| **Cash** - Beginning | 2,433,063 | 2,271,875 |
| **Cash** - Ending | $ 17,960,103 | $ 2,433,063 |
| **Supplemental Disclosure of Non-Cash Investing and Financing Activities** | | |
| Right-to-use assets acquired by entering into lease agreements | $ - | $ 21,147,629 |
| Right-to-use assets acquired by entering into subscription | $ 791,418 | $ 1,678,689 |
| Derecognition of pension and OPEB balances | $ (459,462,405) | $ - |

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

# UNIVERSITY OF CONNECTICUT HEALTH CENTER
# UCONN MEDICAL GROUP

## STATEMENTS OF CASH FLOW (CONTINUED)

## FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

| | 2025 | 2024 (Restated) |
|---|---|---|
| **Reconciliation of Operating Loss to Net Cash Used in Operating Activities** | | |
| Operating loss | $ (90,681,972) | $ (135,030,314) |
| Adjustments to reconcile operating loss to net cash used in operating activities: | | |
| Depreciation and amortization | 13,062,007 | 14,273,871 |
| Changes in operating assets and liabilities: | | |
| Patient accounts receivable | (1,916,407) | (3,331,661) |
| Inventory | (82,574) | 56,002 |
| Contract and other receivables | 877,864 | (634,885) |
| Prepaid expenses | (363,081) | (855) |
| Due from State of Connecticut | - | 178,409 |
| Deposits to vendors | 48,629 | (48,629) |
| Deferred outflows - pension | - | 14,280,557 |
| Deferred outflows - OPEB | - | 32,815,704 |
| Accounts payable and accrued expenses | 423,182 | (457,481) |
| Due to Central Administrative Services | - | (48,205) |
| Due to/from JDH | (204) | (3,244,811) |
| Due to Finance Corporation | (675,733) | 754,355 |
| Due to State of Connecticut | 245,219 | 484,847 |
| Due to/from other funds | 1,700 | 21,536 |
| Accrued payroll | 1,801,000 | 2,218,073 |
| Accrued compensated absences | 1,382,607 | 790,823 |
| Unearned revenue | 8,467 | - |
| Due to Malpractice | - | (11,524) |
| Change in net pension liability | - | 6,819,534 |
| Change in deferred inflows - pension | - | (834,945) |
| Change in net OPEB liability | - | 27,474,593 |
| Change in deferred inflows - OPEB | - | (32,621,325) |
| **Net Cash Used in Operating Activities** | $ (75,869,296) | $ (76,096,331) |

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

## NOTE 1 – DESCRIPTION OF REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### *REPORTING ENTITY*

The University of Connecticut Health Center UConn Medical Group (UConn Medical Group or UMG) clinical operations are modeled, in part, on private group practices and include approximately 600 providers practicing in a wide variety of specialties.

The financial statements include those assets, deferred outflows, liabilities, deferred inflows, net position, revenue, and expense accounts reflected in the accounting records of UMG, which is operated as a separate, identifiable unit (included in the 12018 fund) of the University of Connecticut Health Center (UConn Health). The 12018 fund represents the operating fund for all the entities that comprise UConn Health. UMG has unlimited access to the funds available in the 12018 fund to support its operations. The Governor of the State of Connecticut (the State) appoints the Board of Trustees of the University of Connecticut whose chairman then appoints the Board of Directors, which oversees UConn Health, including UMG. Reference is made to Note 11 for related party transactions.

UMG, as part of UConn Health, is a component of the State and is, therefore, exempt from federal income taxes under Section 115 of the Internal Revenue Code of 1986.

### *BASIS OF PRESENTATION*

UMG's financial statements are prepared in accordance with all relevant Governmental Accounting Standards Board (GASB) pronouncements.

### *PROPRIETARY FUND ACCOUNTING*

UMG utilizes the proprietary fund method of accounting whereby revenues and expenses are recognized on the accrual basis.

### *USE OF ESTIMATES*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and disclosure of contingencies at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Financial statement areas where management applies the use of estimates consist primarily of the allowance for uncollectible accounts, contractual allowances, compensated absences, pension and OPEB liabilities, lease liabilities, and subscription liabilities.

## NOTE 1 – DESCRIPTION OF REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### *CASH*

Cash balances are included in a pooled cash account with the cash balances of the other entities included in fund 12018. See Note 5 for discussion regarding UMG's available borrowing.

### *ACCOUNTS RECEIVABLE AND NET PATIENT SERVICE REVENUES*

Patient accounts receivable and net patient service revenues are recorded at the estimated net realizable amounts from patients and third-party payors when patient services are rendered.

The amount of the allowance for uncollectible accounts is based upon management's assessment of historical and expected net collections, business and economic conditions, trends in Medicare and Medicaid health care coverage and other collection indicators. See Note 3 for additional information relative to net patient service revenues and third-party payor programs.

### *CONTRACT AND OTHER REVENUES*

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

### *INVENTORY*

Inventory, with the exception of pharmaceuticals, is recorded at cost, determined by the first-in, first-out (FIFO) method. Pharmaceuticals are valued at market value, which approximates cost due to high turnover rates. Short-term or minor supplies are expensed as incurred.

### *CAPITAL ASSETS*

Property and equipment acquisitions are recorded at cost. Betterments and major renewals are capitalized, and maintenance and repairs are expensed as incurred.

Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed using the straight-line method. Buildings (and related improvements) have an estimated useful life of 5 to 50 years and equipment has an estimated useful life of 2 to 25 years.

For projects, including the development of computer software and the initial implementation stage of underlying assets related to subscription-based information technology arrangements, construction in progress is capitalized as costs are incurred during the construction phase. Depreciation will begin once the assets are placed in service.

## NOTE 1 – DESCRIPTION OF REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### *LEASES*

UMG routinely engages in lease agreements to meet operational needs. UMG's lease contracts generally relate to buildings and associated facilities, such as parking, various machinery, and equipment. For short-term leases with a maximum possible term of 12 months or less at commencement, UMG recognizes period revenue or expense based on the provisions of the lease contract. For all other contracts where UMG is the lessee, UMG recognizes a lease liability and an intangible right-to-use (RTU) lease asset based on the present value of future lease payments over the contracted term of the lease. RTU lease assets are amortized over the term of the lease, as UMG is not expected to lease assets beyond the underlying asset's useful life. On a more limited basis, UMG serves as a lessor providing leases of buildings. The financial statements recognize the lease receivable and a deferred inflow of resources, based on the present value of the future lease payments expected to be received during the contracted lease term, and the deferred inflow of resources is amortized evenly over the life of the lease.

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

In addition, UMG has entered various subscription-based information technology arrangements to support its service. Information on the types of arrangements entered into and their financial impact on UMG can be found in Note 9.

### *INTANGIBLE ASSETS*

Intangible assets consist of capitalized computer software costs, including software internally developed, that do not meet the definition of subscription-based information technology agreements. Costs incurred in the development and installation of internal use software are expensed or capitalized depending on whether they are incurred in the preliminary project stage, application development stage, or post-implementation stage, and the nature of the costs. Computer software costs are amortized on a straight-line basis over their expected useful lives, which range from 3 to 10 years. Capitalized computer software costs are included with capital and intangible assets on the statements of net position. See Note 8 for the gross costs capitalized and the accumulated amortization of capitalized computer costs.

## NOTE 1 – DESCRIPTION OF REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### *IMPAIRMENT OF LONG-LIVED ASSETS*

UMG records impairment losses on long-lived assets used in operations when events and circumstances indicate that the assets might be impaired and the undiscounted cash flows estimated to be generated by those assets are less than the carrying amounts of those assets.

During 2025, UMG disposed of general equipment totaling approximately $516,000. These assets were reported as right to use assets and equipment in Note 8. The total loss on disposal related to these assets was zero dollars. An adjustment of $2.1 million was made to remove the right-to-use asset related to the MSI building as the mortgage concluded this year. During 2024, UMG disposed of information technology and general equipment totaling approximately $371,000. The loss on disposal related to these assets was approximately $66,000.

### *STATE FUNDING FOR EMPLOYEE RETIREMENT AND OTHER POST-EMPLOYMENT BENEFIT (OPEB) PLANS*

Due to a legislative change effective July 1, 2023, the State now fully funds retirement-related fringe benefit costs for eligible UMG employees. UMG no longer is charged for contributions to State-administered pension and OPEB plans through a fringe benefit rate assessment. However, because the measurement period for fiscal year 2024 still reflected prior allocations, UMG continued to report related balances in that year. Due to both the legislative change and the timing of the measurement period, UMG will no longer recognize pension and OPEB liabilities, related deferred outflows and inflows, and related expenses in its financial statements. As a result, the derecognition of these amounts was recorded as a special item in the accompanying Statements of Revenues, Expenses, and Changes in Net Position for the year ended June 30, 2025. See Note 10 and 13 for further details on the accounting treatment and financial statement impact.

Additionally, since UMG is included as an enterprise fund of the State and is not a legally separate entity, retirement costs funded directly by the State are not reflected as on-behalf revenues or expenses and therefore are not reflected as fringe benefit expense in the accompanying financial statements. For additional information on the State's funding structure and legislative background, see Note 10.

## NOTE 1 – DESCRIPTION OF REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### *PENSION LIABILITIES*

For fiscal years prior to 2025, UMG recorded its proportionate share of the collective net pension liability and collective pension expense for each defined benefit plan offered to its employees. The pro-rata share of pension liability was calculated based on the percentage of contributions to the plan in the valuation year. The collective net pension liability for each plan was measured as the total pension liability, less the amount of the pension plan's fiduciary net position. The total pension liability was the portion of the actuarial present value of projected benefit payments that are attributable to past periods of plan member service. Information about the fiduciary net position and additions to/deductions from each pension plan's fiduciary net position has been determined on the same basis as they are reported by each pension plan. For this purpose, plan member contributions are recognized in the period in which the contributions are due. UMG contributions are recognized in the period in which the contributions are appropriated. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan. For fiscal year 2024, UMG recorded its proportionate share of the net pension liability based on the valuations performed as of June 30, 2023. Based on the legislative changes discussed, UMG did not recognize a proportionate share of the net pension liability and therefore recognized no net pension liability for fiscal year 2025.

### *OPEB LIABILITIES*

For fiscal years prior to 2025, individuals who were employed by UMG were eligible to participate in the State's group health plan and were also eligible to continue benefits upon retirement. Retirees under the age of 65 pay the same premium for medical, prescription drugs, and dental benefits as active employees, which results in an implicit rate subsidy and OPEB liability. For this purpose, plan member contributions were recognized in the period in which the contributions were due. UMG contributions were recognized in the period in which the contributions were appropriated. Benefits and refunds were recognized when due and payable in accordance with the terms of each plan. UMG recorded its proportionate share of the net OPEB liability for the fiscal years ended June 30, 2024 based on valuations performed as of June 30, 2023. Based on the legislative changes discussed, UMG did not recognize a proportionate share of the net OPEB liability and therefore recognized no net OPEB liability for fiscal year 2025.

## NOTE 1 – DESCRIPTION OF REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### *DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES*

Deferred outflows of resources are defined as the consumption of net assets in one period that are applicable to future periods and will not be recognized as an outflow of resources (expense) until then. These amounts are reported in the statement of net position in a separate section, after total assets. Prior to fiscal year 2025, UMG had two items that meet this criterion, pension deferrals and OPEB deferrals. Historically, UMG's contributions to the pension and OPEB plans made subsequent to the measurement date of the net pension and net OPEB liabilities have been reported as deferred outflows or resources. However, due to legislative changes, UMG did not make contributions to these plans after June 30, 2023. See Note 10 for details on these changes and how retirement costs are being managed by the State.

Deferred inflows of resources are defined as an acquisition of net assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. These amounts are reported in the statement of net position in a separate section, after total liabilities. UMG previously reported pension, OPEB, and lease deferrals under this category. However, due to legislative changes, pension and OPEB deferrals are no longer applicable for fiscal year 2025. Refer to Note 10 for details on these changes and the management of retirement costs.

### *COMPENSATED ABSENCES*

UMG's employees earn vacation, personal, compensatory, and sick time at varying rates depending on their collective bargaining units. UMG recognizes a liability for compensated absences in accordance with GASB Statement No. 101, *Compensated Absences*. This liability includes amounts attributable to services already rendered
by employees, where the leave:

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

The accrual includes vacation, sick (to the extent it meets recognition criteria), and other paid leave benefits that are expected to be either used or paid out. The accrual includes salary-related payments such as the employer's share of payroll taxes. Leave types such as parental, military, and jury duty are recognized only when the leave commences. Holidays are not accrued until used. Compensated absences in the accompanying statements of net position have been allocated between current and noncurrent liabilities based on historical experience.

## NOTE 1 – DESCRIPTION OF REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### *THIRD-PARTY PAYORS*

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

### *MEDICAL MALPRACTICE*

The physicians, health care providers, and support staff of UMG are fully protected by State Statutes from any claim for damage or injury, not wanton, reckless or malicious, caused in the discharge of their duties or within the scope of their employment (statutory immunity). Any claims paid for lawsuits against the State, as allowed by the waiver of statutory immunity, are covered by UConn Health's malpractice self-insurance. UConn Health allocates an annual malpractice premium to UMG, designed to reflect an estimate for the current year's cash claims to be processed. Annual premiums were $289,000 for fiscal years ended June 30, 2025 and 2024. These premiums are included in insurance expense in UMG's statements of revenues, expenses, and changes in net position. The due to UConn Health Malpractice Fund reported on the statements of net position represents premiums payable for occurrence-based coverage through June 30, 2025 and 2024, respectively.

### *NET POSITION*

Net position is classified in two components. Net investment in capital assets consists of capital and right-to-use assets net of accumulated depreciation/amortization and reduced by the current balances of any leases payable and outstanding borrowings (less amounts held in trust, if any) used to finance the purchase or construction of those assets. All other assets less liabilities are classified as unrestricted.

### *DUE TO STATE OF CONNECTICUT*

Due to State of Connecticut reported on the statements of net position represents the respective UMG borne fringe benefit costs owed at the end of the fiscal year related to accrued salaries.

### *SUBSEQUENT EVENTS*

In preparing these financial statements, UMG evaluated events and transactions for potential recognition or disclosure through November 20, 2025, the date the financial statements were available to be issued. No subsequent events requiring recognition or disclosure in the financial statements were identified.

## NOTE 2 – RECENTLY ADOPTED AND UPCOMING ACCOUNTING PRONOUNCEMENTS

### *RECENTLY ADOPTED ACCOUNTING PRINCIPLES*

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

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

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

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

### *UPCOMING ACCOUNTING PRONOUNCEMENTS*

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

## NOTE 2 – RECENTLY ADOPTED AND UPCOMING ACCOUNTING PRONOUNCEMENTS (CONTINUED)

### *CHANGE IN ACCOUNTING PRINCIPLE*

In September, 2024, GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. The objective of this Statement is to provide essential information about certain types of capital assets in order to make informed decisions and assess accountability as well as improve consistency and comparability between governments. This statement is effective for fiscal years beginning after June 15, 2025. UMG is currently evaluating the impact this standard will have on its financial statements.

For fiscal year 2025, UMG adopted accounting pronouncement GASB 101, resulting in a change in accounting principle. GASB 101, which addresses the accounting and financial reporting of compensated absences, superseded GASB Statement No. 16, *Accounting for Compensated Absences*. As part of adopting GASB 101, UMG restated the beginning balances of compensated absences liabilities as of July 1, 2024, by $5.1 million. The most significant impact resulting from the adoption was a change in the accounting for sick leave, which is now recognized as a liability when it is more likely than not to be used or paid, in accordance with GASB 101.

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

| | June 30, 2024 As Previously Reported | Adjustment | June 30, 2024 As Restated |
|---|---|---|---|
| **Combined Statement of Net Position** | | | |
| Current Liabilities | | | |
| Accrued compensated absences, current portion | $ 4,490,119 | $ 4,543,251 | $ 9,033,370 |
| Noncurrent Liabilities | | | |
| Accrued compensated absences, net of current portion | 5,408,733 | 578,465 | 5,987,198 |
| Net Position | $ (449,757,686) | $ (5,121,716) | $ (454,879,402) |
| **Combined Statement of Revenues, Expenses, and Changes in Net Position** | | | |
| Operating Expenses | | | |
| Salaries and wages | $ 150,057,924 | $ 244,232 | $ 150,302,156 |
| Fringe benefits | 82,256,913 | 18,720 | 82,275,633 |
| Cumulative effect of implementing GASB 101 | - | (4,858,764) | (4,858,764) |
| Net Position | $ (449,757,686) | $ (5,121,716) | $ (454,879,402) |

## NOTE 3 – NET PATIENT SERVICE REVENUES

Patient service revenues reported net of allowances for the fiscal years ended June 30 were:

| | 2025 | 2024 |
|---|---|---|
| Gross patient service revenues | $ 387,032,796 | $ 323,539,590 |
| Less contractual allowances and provisions for bad debt | (229,389,872) | (179,463,023) |
| Net patient service revenues | $ 157,642,924 | $ 144,076,567 |

### *SIGNIFICANT CONCENTRATIONS*

UMG has agreements with third-party payors that provide for payments to UMG at amounts different from UMG's established rates. The most significant of these arrangements are with Medicare and Medicaid. Concentrations of total net patient service revenues and associated year-end patient accounts receivable for these programs are shown in the table below:

| | Medicare | | Medicaid | |
|---|---|---|---|---|
| | 2025 | 2024 | 2025 | 2024 |
| Net patient service revenues | 32% | 33% | 13% | 14% |
| Patient accounts receivable | 23% | 23% | 10% | 6% |

Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. UMG believes that it complies with all applicable laws and regulations. Compliance with such laws and regulations can be subject to future government review and interpretation, as well as significant regulatory action including fines, penalties, and exclusion from the Medicare and Medicaid programs. Changes in the Medicare and Medicaid programs and the reduction of funding levels could have an adverse impact on UMG.

*MEDICARE*

All services provided to traditional Medicare participants are reimbursed based on the resource-based relative value system (RBRVS). Various third-party payors, with the approval of the Centers for Medicare and Medicaid Services (CMS), provide Medicare manage programs to its members, which reimburse UMG based on their own fee schedules.

*MEDICAID*

Services are reimbursed based on Medicaid fee schedules, except for select third-party payors and out of state Medicaid. These third parties reimburse UMG based upon their own individual fee schedules. In fiscal years 2025 and 2024, UMG recorded $23.6 million and $22.3 million, respectively, in supplemental revenue from the Department of Social Services, which is included in net patient service revenues in the Statements of Revenues, Expenses, and Changes in Net Position.

## NOTE 3 – NET PATIENT SERVICE REVENUES (CONTINUED)

### *COMMERCIAL FEE SCHEDULES*

*BLUE CROSS HOSPITAL-BASED PROVIDERS*

Hospital-based practices, including radiology, are reimbursed based on the Blue Cross Hospital-Based Providers (HBP) fee schedule.

*BLUE SHIELD*

Physicians are reimbursed according to Blue Shield's published fee schedule.

*MANAGED CARE*

UMG has entered into contracts with managed care companies. The basis for payment under these arrangements is primarily agreed-upon fee schedules with limited capitated contracts for primary care services.

### *CONTRACT MANAGEMENT SYSTEM*

For substantially all payors, the Epic Contract Management System (ECM) nets gross billings down to the expected net realizable amount at the time of billing based on UMG's loaded contracts.

### *ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS*

UMG's estimation of the allowance for uncollectible accounts is based primarily on the type and age of the patient accounts receivable and the effectiveness of UMG's collection efforts. UMG's policy is to reserve a portion of all self-pay receivables, including amounts due from the uninsured and amounts related to co-payments and deductibles, as these charges are recorded. On a monthly basis, UMG reviews its accounts receivable balances, the effectiveness of UMG's reserve policies, and various analytics to support the basis for its estimates.

These efforts primarily consist of reviewing the following:

- Revenue and volume trends by payor, particularly the self-pay components;
- Changes in the aging and payor mix of accounts receivable, including increased focus on accounts due from the uninsured and accounts that represent co-payments and deductibles due from patients;
- Various allowance coverage statistics.

UMG regularly performs hindsight procedures to evaluate historical write-off and collection experience throughout the year to assist in determining the reasonableness of its process for estimating the allowance for uncollectible accounts.

## NOTE 4 – LEASE RECEIVABLE

UMG entered into a contract to sublease rental space to Connecticut Children's Medical Center (CCMC) in Hartford, Connecticut. For the fiscal year ended June 30, 2025 and 2024, the statements of revenues, expenses, and changes in net position includes lease revenue of $28,912 and $49,563 in each fiscal year as well as interest income of $370 and $2,112, respectively.

Lease receivable for the fiscal years ended June 30, 2025 and 2024 is as follows:

| | June 30, 2024 Balance | Additions | Deductions | June 30, 2025 Balance | Amount due within 1 year |
|---|---|---|---|---|---|
| Lease receivable total | $ 31,839 | $ - | $ (31,839) | $ - | $ - |

| | June 30, 2023 Balance | Additions | Deductions | June 30, 2024 Balance | Amount due within 1 year |
|---|---|---|---|---|---|
| Lease receivable total | $ 78,475 | $ - | $ (46,636) | $ 31,839 | $ 31,839 |

## NOTE 5 – HYPOTHECATION

In accordance with State statute, UMG can borrow from the State up to 70% of its total net patient accounts receivable and contract and other receivables to fund operations. As of June 30, 2025 and 2024, UMG had the following draws and availability:

| | 2025 | 2024 |
|---|---|---|
| Amount drawn under hypothecation | $ - | $ - |
| Remaining amounts available under hypothecation | $ 14,486,095 | $ 13,759,115 |

## NOTE 6 – CONTRACT AND OTHER RECEIVABLES

UMG enters into contracts with external entities including hospitals, retirement homes, and the State's Department of Corrections to provide physician services. UMG also provides physician services to entities within UConn Health, including the School of Medicine, School of Dental Medicine, Dental Clinics, and JDH. Other miscellaneous revenues, including population health payment and revenues related to the performance of administrative duties at UConn Health, are included in contract and other revenues in the Statements of Revenues, Expenses, and Changes in Net Position.

## NOTE 7 – CHARITY CARE

UMG maintains records to identify and monitor the level of charity care it provides. In fiscal year 2025, UConn Health revised its financial assistance policy to include insured patients, consistent with national trends.

During fiscal years 2025 and 2024, UMG provided charity care services of $2,132,993 and $1,449,507, respectively. The implementation of an automated approval process in fiscal year 2024 has contributed to the increase in the number of individuals receiving charity care. There is a growing need for financial assistance due to an increase in the uninsured population and household debt. Many uninsured patients who were previously on Medicaid have transitioned to charity care in fiscal year 2025.

The estimated cost of these services was $572,175 and $460,653 for the fiscal years ended June 30, 2025 and 2024, respectively. No net patient service revenue was recorded for these services; however, expenses associated with these services were included in operating expenses in the Statements of Revenues, Expenses, and Changes in Net Position.

## NOTE 8 – CAPITAL AND INTANGIBLE ASSETS, NET

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

| | 2025 | 2024 |
|---|---|---|
| Land | $ 89,132 | $ 89,132 |
| Construction in progress (estimated costs to complete of $2.1 million and 1.8 million at June 30, 2025 and 2024, respectively) | 1,349,714 | 961,750 |
| Buildings and leasehold improvements | 21,004,166 | 19,742,504 |
| Equipment | 12,121,245 | 11,722,600 |
| Computer software | 14,831,802 | 14,807,942 |
| Total capital and intangible assets | 49,396,059 | 47,323,928 |
| Less: accumulated depreciation | 31,463,175 | 28,294,924 |
| Capital and intangible assets, net | $ 17,932,884 | $ 19,029,004 |

| | 2025 | 2024 |
|---|---|---|
| Right-to-use assets - buildings | $ 127,121,156 | $ 129,310,371 |
| Right-to-use assets - equipment | 514,030 | 514,030 |
| Right-to-use assets - subscriptions | 6,599,195 | 5,918,893 |
| Total right-to-use assets | 134,234,381 | 135,743,294 |
| Less: accumulated amortization | 38,931,965 | 32,247,982 |
| Right-to-use assets, net | $ 95,302,416 | $ 103,495,312 |

## NOTE 8 – CAPITAL AND INTANGIBLE ASSETS, NET (CONTINUED)

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

| | 2024 | Additions | Deductions | 2025 |
|---|---|---|---|---|
| Land | $ 89,132 | $ - | $ - | $ 89,132 |
| Construction in progress | 961,750 | 2,388,211 | (2,000,247) | 1,349,714 |
| Buildings | 19,742,504 | 1,310,564 | (48,902) | 21,004,166 |
| Equipment | 11,722,600 | 1,282,536 | (883,891) | 12,121,245 |
| Software | 14,807,942 | 25,360 | (1,500) | 14,831,802 |
| Total capital assets | $ 47,323,928 | $ 5,006,671 | $ (2,934,540) | $ 49,396,059 |

| | 2023 | Additions | Deductions | 2024 |
|---|---|---|---|---|
| Land | $ 89,132 | $ - | $ - | $ 89,132 |
| Construction in progress | 1,368,637 | 6,173,989 | (6,580,876) | 961,750 |
| Buildings | 15,822,183 | 3,920,371 | (50) | 19,742,504 |
| Equipment | 8,723,355 | 3,370,340 | (371,095) | 11,722,600 |
| Software | 13,930,521 | 936,257 | (58,836) | 14,807,942 |
| Total capital assets | $ 39,933,828 | $ 14,400,957 | $ (7,010,857) | $ 47,323,928 |

Related information on accumulated depreciation for the fiscal years ended June 30, 2025 and 2024 was as follows:

| | 2024 | Additions | Deductions | 2025 |
|---|---|---|---|---|
| Buildings | $ 11,380,266 | $ 991,302 | $ (48,902) | $ 12,322,666 |
| Equipment | 7,780,490 | 1,447,051 | (864,370) | 8,363,171 |
| Software | 9,134,168 | 1,644,670 | (1,500) | 10,777,338 |
| Total accumulated depreciation | $ 28,294,924 | $ 4,083,023 | $ (914,772) | $ 31,463,175 |

| | 2023 | Additions | Deductions | 2024 |
|---|---|---|---|---|
| Buildings | $ 10,563,001 | $ 817,315 | $ (50) | $ 11,380,266 |
| Equipment | 7,102,104 | 983,085 | (304,699) | 7,780,490 |
| Software | 7,512,556 | 1,680,448 | (58,836) | 9,134,168 |
| Total accumulated depreciation | $ 25,177,661 | $ 3,480,848 | $ (363,585) | $ 28,294,924 |

## NOTE 8 – CAPITAL AND INTANGIBLE ASSETS, NET (CONTINUED)

Activity for the Right-to-use assets for the fiscal years ended June 30, 2025 and 2024 is as follows:

| | 2024 | Additions | Deductions | 2025 |
|---|---|---|---|---|
| Right-to-use assets - buildings | $ 129,310,371 | $ - | $ (2,189,215) | $ 127,121,156 |
| Right-to-use assets - equipment | 514,030 | - | | 514,030 |
| Right-to-use assets - subscriptions | 5,918,893 | 791,418 | (111,116) | 6,599,195 |
| Total right-to-use assets | $ 135,743,294 | $ 791,418 | $ (2,300,331) | $ 134,234,381 |

| | 2023 | Additions | Deductions | 2024 |
|---|---|---|---|---|
| Right-to-use assets - buildings | $ 110,289,604 | $ 21,147,629 | $ (2,126,862) | $ 129,310,371 |
| Right-to-use assets - equipment | 682,134 | - | (168,104) | 514,030 |
| Right-to-use assets - subscriptions | 5,476,132 | 1,678,689 | (1,235,928) | 5,918,893 |
| Total right-to-use assets | $ 116,447,870 | $ 22,826,318 | $ (3,530,894) | $ 135,743,294 |

Related information on accumulated amortization for the fiscal years ended June 30, 2025 and 2024 was as follows

| | 2024 | Additions | Deductions | 2025 |
|---|---|---|---|---|
| Right-to-use assets - buildings | $ 27,231,535 | $ 7,835,373 | $ (2,183,885) | $ 32,883,023 |
| Right-to-use assets - equipment | 241,455 | 94,684 | - | 336,139 |
| Right-to-use assets - subscriptions | 4,774,992 | 1,048,927 | (111,116) | 5,712,803 |
| Total accumulated amortization | $ 32,247,982 | $ 8,978,984 | $ (2,295,001) | $ 38,931,965 |

| | 2023 | Additions | Deductions | 2024 |
|---|---|---|---|---|
| Right-to-use assets - buildings | $ 21,195,691 | $ 8,162,706 | $ (2,126,862) | $ 27,231,535 |
| Right-to-use assets - equipment | 297,906 | 111,654 | (168,105) | 241,455 |
| Right-to-use assets - subscriptions | 3,548,422 | 2,518,663 | (1,292,093) | 4,774,992 |
| Total accumulated amortization | $ 25,042,019 | $ 10,793,023 | $ (3,587,060) | $ 32,247,982 |

## NOTE 9 – LONG-TERM LIABILITIES, LEASES, AND SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

Activity related to long-term liabilities and leases for the fiscal years ended June 30, 2025 and 2024 was as follows:

| | June 30, 2024 (Restated) | Additions | Deductions | June 30, 2025 | Amounts due within 1 year |
|---|---|---|---|---|---|
| Right-to-use lease liabilities | $ 109,745,710 | $ - | $ (6,003,692) | $ 103,742,018 | $ 6,115,756 |
| Right-to-use subscriptions | 3,556,699 | 718,618 | (1,650,295) | 2,625,022 | 1,335,351 |
| Total leases and subscriptions | $ 113,302,409 | $ 718,618 | $ (7,653,987) | $ 106,367,040 | $ 7,451,107 |
| **Other long-term liabilities** | | | | | |
| Accrued compensated absences | $ 15,020,568 | $ 7,958,307 | $ (6,575,700) | $ 16,403,175 | $ 10,265,107 |
| Pension liabilities | 146,383,783 | - | (146,383,783) | - | - |
| OPEB liabilities | 278,999,703 | - | (278,999,703) | - | - |
| Total other liabilities | $ 440,404,054 | $ 7,958,307 | $ (431,959,186) | $ 16,403,175 | $ 10,265,107 |
| Total long-term liabilities | $ 553,706,463 | $ 8,676,925 | $ (439,613,173) | $ 122,770,215 | $ 17,716,214 |

| | June 30, 2023 (Restated) | Additions | Deductions | June 30, 2024 (Restated) | Amounts due within 1 year |
|---|---|---|---|---|---|
| Right-to-use lease liabilities | $ 94,725,122 | $ 21,072,655 | $ (6,052,067) | $ 109,745,710 | $ 6,003,694 |
| Right-to-use subscriptions | 3,441,071 | 1,678,679 | (1,563,051) | 3,556,699 | 1,382,167 |
| Total leases and subscriptions | $ 98,166,193 | $ 22,751,334 | $ (7,615,118) | $ 113,302,409 | $ 7,385,861 |
| **Other long-term liabilities** | | | | | |
| Accrued compensated absences | $ 14,229,745 | $ 6,459,442 | $ (5,668,619) | $ 15,020,568 | $ 9,033,370 |
| Pension liabilities | 164,828,924 | 36,092,173 | (54,537,314) | 146,383,783 | - |
| OPEB liabilities | 240,823,701 | 79,810,910 | (41,634,908) | 278,999,703 | - |
| Total other liabilities | $ 419,882,370 | $ 122,362,525 | $ (101,840,841) | $ 440,404,054 | $ 9,033,370 |
| Total long-term liabilities | $ 518,048,563 | $ 145,113,859 | $ (109,455,959) | $ 553,706,463 | $ 16,419,231 |

UConn Medical Group routinely leases various facilities and equipment instead of purchasing the assets. The contracts, at times, include variable payments, residual value guarantees or termination penalties that are not known or uncertain to be exercised at the time of the lease liability valuation. These are recognized as expenses in the period that they occur. There were no termination penalties or residual guarantee payments expensed for the fiscal year ended June 30, 2025.

For the fiscal year ended June 30, 2025 and 2024, UMG recognized expense for lease variable payments as summarized in the following table:

| Expense Category | 2025 Expenses Allocated | 2024 Expenses Allocated |
|---|---|---|
| Common area expense | $ 407,084 | $ 393,123 |
| Property taxes | 275,565 | 123,918 |
| Grand Total | $ 682,649 | $ 517,041 |

**NOTE 9 – LONG-TERM LIABILITIES, LEASES, AND SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS (CONTINUED)**

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

| Fiscal Year Ending June 30 | Lease Liabilities Principal | Interest |
|---|---|---|
| 2026 | $ 6,115,756 | $ 5,044,809 |
| 2027 | 6,446,456 | 4,742,567 |
| 2028 | 6,481,484 | 4,427,761 |
| 2029 | 6,216,435 | 4,119,110 |
| 2030 | 6,351,323 | 3,816,646 |
| 2031-2035 | 33,211,767 | 14,254,491 |
| 2036-2040 | 35,368,482 | 5,536,304 |
| 2041-2045 | 3,550,315 | 406,301 |
| Total lease and installment purchase liabilities | $ 103,742,018 | $ 42,347,989 |

UMG has entered various subscription-based information technology arrangements (SBITAs) to support its services. SBITAs entered into, or in place, during the fiscal years ended June 30, 2025 and 2024 include:

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

The following is a schedule, by fiscal year, of future minimum subscription payments due:

| Fiscal Year Ending June 30 | Subscription Liabilities Principal | Interest |
|---|---|---|
| 2026 | $ 1,335,351 | $ 99,145 |
| 2027 | 792,135 | 44,427 |
| 2028 | 492,349 | 9,646 |
| 2029 | 5,187 | 70 |
| Total subscription liabilities | $ 2,625,022 | $ 153,288 |

## NOTE 10 – PENSION AND OPEB PLANS

### *STATE RETIREMENT SYSTEMS*

UMG offers two defined benefit plans administered through the State: the State Employees Retirement System (SERS) and the Connecticut Teachers' Retirement System (TRS). SERS and TRS do not issue stand-alone financial reports but are reported as fiduciary funds within the State's Annual Comprehensive Financial Report (ACFR). Financial reports are available on the website of the Office of the State Comptroller at osc.ct.gov.

*PLAN DESCRIPTIONS*

SERS is a single-employer defined benefit plan that covers substantially all of the State's full-time employees who are not eligible for another State-sponsored retirement plan. The plan is administered by the State Comptroller's Retirement Division under the direction of the State Employees Retirement Commission. SERS consists of Tier I, Tier II, Tier IIA, Tier III, Tier IV, and the Hybrid Plan.

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

*BENEFITS PROVIDED*

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

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

## NOTE 10 – PENSION AND OPEB PLANS (CONTINUED)

### *STATE RETIREMENT SYSTEMS (CONTINUED)*

*CONTRIBUTIONS*

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

Tier I Hazardous - 6% of earnings up to Social Security Taxable Wage Base plus 7% of earnings above that level
Tier I Plan B - 4% of earnings up to Social Security Taxable Base plus 7% of earnings above that level
Tier I Plan C - 7% of earnings
Tier II Hazardous - 6% of earnings
Tier II (all others) - 2% of earnings
Tier IIA and III Hazardous - 7 % of earnings
Tier IIA and III (all others) - 4% of earnings
Tier IV Hazardous - 8% of earnings*
Tier IV (all others) - 5% of earnings*

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

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

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

Effective July 1, 2023, legislation altered UMG's funding structure for employer contributions to the SERS and TRS see Note 10. Beginning in fiscal year 2024, the State assumed responsibility for these contributions, and UMG did not make any payments to SERS or TRS. As a result, no deferred outflows of resources were reported as of June 30, 2024, for contributions made after the measurement date.

## NOTE 10 – PENSION AND OPEB PLANS (CONTINUED)

### *STATE RETIREMENT SYSTEMS (CONTINUED)*

*Proportionate share of the collective net pension liability (NPL) and pension expense.*

In prior years, UMG's proportionate share of the NPL was determined by its share of total contributions to each plan. Due to the legislative changes effective after June 30, 2023, UMG's proportionate share was reduced to zero for both plans as of the June 30, 2024 measurement date, reflecting the State's full funding of contributions. As of the June 30, 2023 measurement date, UMG's proportion was .70% for SERS and 0.001% for TRS.

With a zero percent proportionate share, UMG removed all related pension liabilities, deferred inflows, and deferred outflows from its financial statements for fiscal year 2025. This removal was recorded as a special item in the Statements of Revenues, Expenses, and Changes in Net Position for the year ended June 30, 2025, rather than being amortized as a change in proportionate share through pension expense. Additional details are provided in Note 13.

UMG's proportionate share of the collective NPL at June 30, 2024, and related pension expense for fiscal year 2024 consisted of the following:

| | SERS | TRS | Total |
|---|---|---|---|
| | *(in thousands)* | | |
| Proportionate share of the collective NPL | $ 146,218 | $ 166 | $ 146,384 |
| Pension Expense (income) | $ 20,266 | $ (38) | $ 20,228 |

*PENSION LIABILITIES, PENSION EXPENSE, DEFERRED OUTFLOWS OF RESOURCES, AND DEFERRED INFLOWS OF RESOURCES (SERS)*

At June 30, 2024, UMG reported deferred outflows of resources and deferred inflows of resources related to the SERS and TRS plan from the following sources:

| | SERS | | TRS | |
|---|---|---|---|---|
| | Deferred Outflows of Resources | Deferred Inflows of Resources | Deferred Outflows of Resources | Deferred Inflows of Resources |
| | *(in thousands)* | | | |
| Changes in proportionate allocation of pension expense | $ 18,471 | $ - | $ - | $ - |
| Net difference between projected and actual earnings on pension plan investments | 2,781 | - | 7 | - |
| Difference between expected and actual experience | 15,286 | - | 6 | 30 |
| Net difference between employer contribution and proportionate share | - | 41,972 | 386 | 2 |
| Changes in assumptions | - | 149 | 12 | - |
| | $ 36,538 | $ 42,121 | $ 411 | $ 32 |

## NOTE 10 – PENSION AND OPEB PLANS (CONTINUED)

### *STATE RETIREMENT SYSTEMS (CONTINUED)*

#### *ACTUARIAL METHODS AND ASSUMPTIONS (SERS/TRS)*

The total SERS and TRS pension liability in the June 30, 2024 actuarial valuations was determined based on the results of an actuarial experience study for the period July 1, 2015 – June 30, 2020. The Mortality Table was used for the period after service retirement and for dependent beneficiaries. The key actuarial assumptions are summarized below:

| | |
|---|---|
| Inflation: | 2.50% |
| Salary increase: | 3.00% - 11.50% including inflation |
| Investment rate of return: | 6.90%, net of pension plan investment expense, including inflation |

#### *DISCOUNT RATE (SERS/TRS)*

The discount rate used to measure the total pension liability was the long-term expected rate of return of 6.90%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rates and that UMG contributions will be made equal to the difference between the projected actuarially determined contribution and member contributions. Projected future benefit payments for all current plan members were projected for June 30, 2024 through the year 2127.

#### *EXPECTED RATE OF RETURN ON INVESTMENTS (SERS/TRS)*

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

**NOTE 10 – PENSION AND OPEB PLANS (CONTINUED)**

***STATE RETIREMENT SYSTEMS (CONTINUED)***

*EXPECTED RATE OF RETURN ON INVESTMENTS (SERS/TRS)(CONTINUED)*

The target asset allocation and best estimate of arithmetic real rates of return for each major asset class for June 2024 are summarized in the following table for SERS and TRS:

| Asset Class | Actuarial Valuation Year June 30, 2024 Target Allocation | Long-Term Expected Real Rate of Return |
|---|---|---|
| Global Equity | 37% | 6.8% |
| Private Equity | 15% | 11.2% |
| Core Fixed Income Fund | 13% | 0.4% |
| Real Estate Fund | 10% | 6.2% |
| Private Credit | 10% | 6.1% |
| Infrastructure and Natural Resources | 7% | 7.7% |
| Risk Mitigation | 5% | 0.1% |
| Public Credit | 2% | 2.9% |
| Liquidity Fund | 1% | (0.4)% |
| | 100% | |

*SENSITIVITY OF UMG'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY TO CHANGES IN THE DISCOUNT RATE (SERS)*

The following table presents UMG's proportionate share of the net pension liability as of June 30, 2024, calculated using the discount rate of 6.90%, as well as the proportionate share of the net pension liability using a 1.00% increase or decrease from the current discount rate:

| | 2024 | | |
|---|---|---|---|
| | 1% Decrease (5.90%) | Current Discount Rate (6.90%) | 1% Increase (7.90%) |
| | | *(in thousands)* | |
| UMG's proportionate share of the net pension liability | $ 181,485 | $ 146,218 | $ 116,819 |

## NOTE 10 – PENSION AND OPEB PLANS (CONTINUED)

### *ALTERNATE RETIREMENT PLAN*

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

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

ARP contribution requirements are established by and may be amended by the State legislature subject to the contractual rights established by collective bargaining. The SEBAC 2017 agreement amended certain provisions for ARP by revising employee and employer contribution rates. Participants hired before September 1, 2017, must contribute 5% of their eligible compensation, and their employer must contribute 7% of eligible compensation. Participants hired on or after September 1, 2017, have the option to contribute 6.5% or 5% of their eligible compensation, and their employer must contribute 6.5% of eligible compensation. There is no minimum vesting period for ARP. Other ARP provisions are described in Chapter 66 of the State General Statutes, *State Employees Retirement Act*.

Legislation effective July 1, 2023, changed UMG's State funding structure concerning employer contributions (see Note 14). As a result, for the fiscal year ended June 30, 2025 and 2024, UMG did not make any contributions or report retirement expenses for ARP, as these were funded by the State.

### *POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS*

The State provides OPEB benefits to UMG's employees through the State Employee OPEB Plan (SEOPEBP). SEOPEBP does not issue stand-alone financial reports but is reported as a fiduciary fund within the State's ACFR. Financial reports are available on the website of the Office of the State Comptroller.

### *GENERAL INFORMATION ABOUT THE SEOPEBP*

#### *PLAN DESCRIPTION*

SEOPEBP is a single-employer defined benefit OPEB plan that covers employees of the State who are receiving benefits from a qualifying State-sponsored retirement system. This plan is administered by the State Comptroller's Healthcare Policy and Benefits Division under the direction of the State Employees Retirement Commission.

## NOTE 10 – PENSION AND OPEB PLANS (CONTINUED)

### *GENERAL INFORMATION ABOUT THE SEOPEBP*

*BENEFITS PROVIDED*

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

*CONTRIBUTIONS*

SEOPEBP is primarily funded on a pay-as-you-go basis for non-contributory members and 100% for contributory members through an annual appropriation in the General Fund. The contribution requirements of the plan members and the State are established and may be amended by the State legislature or by agreement between the State and employee unions, upon approval by the State legislature. Current active employees contribute a percentage of their salary to the Retiree Health Care Trust Fund (RHCF) for pre-funding of OPEB benefits. Employees hired prior to July 1, 2017, contribute 3% of their salary for a period of 10 years or until retirement, whichever is sooner. In accordance with the SEBAC 2017 agreement, employees hired on or after July 1, 2017, contribute 3% of their salary for 15 years. Contributions are refundable to employees who leave State employment prior to completing the required years of service.

Similar to pension, effective July 1, 2023, legislation altered UMG's funding structure for employer contributions to the SEOPEBP (see Note 10). Beginning in fiscal year 2024, the State assumed responsibility for these contributions, and UMG did not make any payments to SEOPEBP. As a result, no deferred outflows of resources were reported as of June 30, 2024, for contributions made after the measurement date.

## NOTE 10 – PENSION AND OPEB PLANS (CONTINUED)

### *GENERAL INFORMATION ABOUT THE SEOPEBP (CONTINUED)*

*PROPORTIONATE SHARE OF THE COLLECTIVE NET OPEB LIABILITY (NOL) AND OPEB EXPENSE*

The total collective OPEB liability (TOL) used to calculate the NOL was based on actuarial valuation reports as of June 30, 2024, for SEOPEBP. In prior years, UMG's proportionate share of the NOL was determined by its share of total contributions. As of the June 30, 2023 measurement date, UMG's proportion was 3.72%. UMG's OPEB liability of $279.0 million as of June 30, 2024 for its proportionate share of the net OPEB liability was measured as of June 30, 2023 based on an actuarial valuation that was rolled forward to June 30, 2024. UMG's proportion of the net OPEB liability was based on UMG's percentage of total overall contributions to the plan.

Due to the legislative changes effective after June 30, 2023, UMG's proportionate share was reduced to zero as of the June 30, 2024 measurement date, reflecting the State's full funding of contributions.

With a zero percent proportionate share, UMG removed all related OPEB liabilities, deferred inflows, and deferred outflows from its financial statements. This removal was recorded as a special item in the Statement of Revenues, Expenses, and Changes in Net Position for the year ended June 30, 2025, rather than being amortized as a change in proportionate share through OPEB expense. Additional details are provided in Note 13.

*EMPLOYEES COVERED BY BENEFIT TERMS*

Demographic data for individual State entities in the SEOPEBP is not readily available. At June 30, 2023, the SEOPEBP was based on plan membership at June 30, 2023, covering the following:

| | 2023 |
|---|---|
| Inactive employees or beneficiaries currently receiving benefit payments | 85,696 |
| Inactive employees entitled to but not yet receiving benefit payments | 470 |
| Active employees | 50,078 |
| Total covered employees | 136,244 |

**NOTE 10 – PENSION AND OPEB PLANS (CONTINUED)**

***GENERAL INFORMATION ABOUT THE SEOPEBP (CONTINUED)***

*ACTUARIAL METHODS AND ASSUMPTIONS (SEOPEBP)*

The total OPEB liability in the June 30, 2024 and actuarial valuations was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

| | Actuarial valuation year<br>June 30, 2024 |
|---|---|
| Actuarial experience study: | July 1, 2015 - June 30, 2020 |
| Payroll growth rate: | 3.00% |
| Inflation: | 2.50% |
| Salary increase: | 3.00% to 11.5% varying by years of service and retirement systems, including inflation |
| Discount rate: | 6.9% for contributory members and 3.65% for non-contributory members as of June 30, 2023 |
| Healthcare cost trends rates | |
| Medical(Non-Medicare) | -.35%, then 5.75% decreasing by .25% each year to an ultimate level of 4.5% each year |
| Prescription Drug (Non-Medicare) | 2.35%, then 6.5% decreasing by .25% each year to an ultimate level of 4.5% each year |
| Medical and Prescription (Medicare) | 32.51%, 59.22%, 28.24% then 5.75% decreasing by .25% each year to an ultimate level of 4.5% per year |
| Dental | 2.6%, 4.45%, then an ultimate level of 3.0% per year |
| Part B | 4.5% per year |
| Administrative expense | 1.85%, 3.3%, then 3.0% per year |
| Retirees' share of benefit-related costs | Contributions, if required, are determined by plan, employee start date and benefit type |

The discount rate is a blend of long-term expected rate of return on OPEB Trust assets and a yield or index rate for 20-year, tax exempt general obligation municipal bonds with an average rate of AA/Aa or higher (6.90% for contributory members and 3.65% for non-contributory members as of June 30, 2023). The blending is based on the sufficiency of projected assets to make projected benefit payments.

**NOTE 10 – PENSION AND OPEB PLANS (CONTINUED)**

***GENERAL INFORMATION ABOUT THE SEOPEBP (CONTINUED)***

*ACTUARIAL METHODS AND ASSUMPTIONS (SEOPEBP)*

Mortality rates for healthy personnel were based on the Pub-2010 General, Above-Median, Healthy Retiree Headcount-weighted Mortality Table projected generationally using Scale MP-2020. For disabled employees, Pub-2010 General, Disabled Retiree Headcount-weighted Mortality Table projected generationally using Scale MP-2020.

*SENSITIVITY OF UMG'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY TO CHANGES IN THE DISCOUNT RATE*

The following table presents UMG's proportionate share of net OPEB liability as of June 30, 2024, using the discount rate of 6.90%, as well as the proportionate share of the net OPEB liability using a 1.00% increase or decrease from the current discount rate:

| | 2024 | | |
|---|---|---|---|
| | 1% Decrease (5.90%) | Discount Rate (6.90%) | 1% Increase (7.90%) |
| | | *(in thousands)* | |
| Net OPEB Liability | $ 324,379 | $ 279,000 | $ 241,843 |

The following table presents the net OPEB liability of UMG, as well as what UMG's proportionate share of the net OPEB liability would be if it were calculated using health care cost trend rates that are 1% lower or 1% higher than the current health care cost trend rates:

| | Healthcare Cost Trend Rates | | |
|---|---|---|---|
| | 1% Decrease | Current Valuation | 1% Increase |
| | | *(in thousands)* | |
| Net OPEB Liability | $ 241,502 | $ 279,000 | $ 325,023 |

## NOTE 10 – PENSION AND OPEB PLANS (CONTINUED)

### *GENERAL INFORMATION ABOUT THE SEOPEBP (CONTINUED)*

*OPEB EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO OPEB*

For the fiscal year ended June 30, 2024, UMG recognized OPEB expense of $27.7 million. At June 30, 2024, UMG reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | 2024 | |
|---|---|---|
| | Deferred Outflows of Resources | Deferred Inflows of Resources |
| | *(in thousands)* | |
| Changes in proportion | $ 48,579 | $ - |
| Net difference between expected and actual experience in total OPEB liability | 2,915 | 19,068 |
| Changes in assumptions or other inputs | 23,855 | 85,840 |
| Net difference between projected and actual earnings | 1,750 | - |
| | $ 77,099 | $ 104,908 |

*EXPECTED RATE OF RETURN ON INVESTMENTS (SEOPEBP)*

The target asset allocation and best estimate of arithmetic real rates of return for each major asset class in the SEOPEBP are summarized in the following table:

| | Actuarial Valuation Year June 30, 2024 | |
|---|---|---|
| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
| Global Equity | 37% | 6.8% |
| Private Equity | 15% | 11.2% |
| Core Fixed Income Fund | 13% | 0.4% |
| Real Estate Fund | 10% | 6.2% |
| Private Credit | 10% | 6.1% |
| Infrastructure and Natural Resources | 7% | 7.7% |
| Risk Mitigation | 5% | 0.1% |
| Public Credit | 2% | 2.9% |
| Liquidity Fund | 1% | (0.4)% |
| | 100% | |

## NOTE 11 – RELATED PARTY TRANSACTIONS

The expenses reported in the accompanying statements of revenues, expenses, and changes in net position do not include undetermined amounts for salaries, services, and expenses provided to and received from UConn Health and other State agencies

UConn Health performs a Home Office allocation, which allocates substantially all central administrative expenses to its separate business units. The amount charged to the separate business units may not necessarily result in the net costs that are to be incurred by the business units on a stand-alone basis. The Home Office allocation allocates costs based on several different methodologies depending on cost type. The methodologies used are consistent with Medicare cost reporting and other federal costing standards, and include allocations based on square footage occupied, employee full-time equivalent (FTE) counts, as well as overall and total clinical cost breakouts. The Home Office allocation amounts are charged to business units each month based on operational results. Allocated expenses are grouped in their natural classification category for financial reporting purposes.

For the fiscal years ended June 30, 2025 and 2024, these Home Office allocations resulted in the following expenses being recorded by UMG with an offsetting cash transfer back to UConn Health's Central Administrative Services business unit:

| Expense Category | 2025 Expenses Allocated | 2024 Expenses Allocated |
|---|---|---|
| Salaries and wages | $ 10,282,902 | $ 9,880,366 |
| Fringe benefits | 2,882,365 | 2,975,325 |
| Internal contractual support | 920,349 | 840,578 |
| Temporary Per Diem Staff | 604,842 | 237,774 |
| Utilities | 2,918,879 | 2,080,998 |
| Outside and purchased services | 7,215,956 | 7,532,919 |
| Insurance | 44,414 | 87,819 |
| Repairs and maintenance | 2,670,866 | 2,414,113 |
| Other expenses | 676,307 | 771,576 |
| Debt Services | 4,121 | 7,431 |
| Grand Total | $ 28,221,001 | $ 26,828,899 |

**NOTE 11 – RELATED PARTY TRANSACTIONS (CONTINUED)**

UMG is party to an agreement with UConn Health whereby the salaries of certain employees are reimbursed by UConn Health operations. The reimbursed expenses are accounted for as a transfer from UConn Health under the heading "Net Transfers from UConn Health" in the statements of revenues, expenses, and changes in net position. UConn Health also allocates working capital based on organizational need throughout the year on an as-needed basis. As a result, the total net transfers from UConn Health were $107,610,740 and $97,359,433 for the fiscal years ended June 30, 2025 and 2024, respectively in working capital support.

As more fully described in Note 12, UConn Health charges UMG with an annual premium for medical malpractice costs, which is determined annually by UConn Health. UMG is not liable beyond the annual premium but may have future operational subsidies affected by the performance of the malpractice fund.

Included in contract and other revenues of $9,944,340 and $8,432,211 in 2025 and 2024, respectively, are professional service revenues arising under contracts with UConn Health, JDH, State agencies and outside agencies.

Effective July 1, 1987, the University of Connecticut Health Center Finance Corporation (Finance Corporation) was established pursuant to Public Act No. 87-458. The purpose of the Finance Corporation is to provide greater flexibility for UMG and other UConn Health units to promote the more efficient provision of health care services. As such, the Finance Corporation has been empowered to enter into purchase agreements, acquire facilities, approve write-offs of patient accounts receivable, process malpractice claims on behalf of UMG and UConn Health, as well as negotiate joint ventures, shared service, and other agreements for the benefit of UMG.

During fiscal years 2025 and 2024, UConn Health Pharmacy Services, Inc. (UHPSI), a wholly-owned subsidiary of the Finance Corporation, provided pharmaceuticals to UMG in the amount of approximately $8.8 million and $8.3 million, respectively. UMG records this charge in pharmaceutical/medical supplies expense in its statements of revenues, expenses, and changes in net position. During the fiscal years ended June 30, 2025 and 2024, UMG made payments to UHPSI in the amount of $9.4 million and $7.6 million, respectively. UMG had amounts due to Finance Corporation at June 30, 2025 and 2024 of approximately $696,000 and $1.4 million, respectively, which are recorded in the statements of net position.

UMG's pension and OPEB liabilities (Note 10) represent its pro-rata share of the State's overall liabilities for fiscal years prior to 2025 and are not current commitments. The State financed pension and OPEB benefits on a pay-as-you go basis through allocated retirement plan rates, which were part of UMG's reported fringe benefit costs. Effective July 1, 2023, the State charged UMG for only non-retirement fringe benefits. During the fiscal years ended June 30, 2025 and 2024, UMG expensed $36,042,783 and $82,275,633 (including GASB 68 and 75 related charges for fiscal year 2024 only), respectively, for employee fringe benefits. Related salary costs for 2025 and 2024 were $165,964,008 and $150,302,156, respectively.

## NOTE 11 – RELATED PARTY TRANSACTIONS (CONTINUED)

In June 2023, the Connecticut General Assembly enacted and the Governor signed Public Act 23-204, which includes the State budget for the fiscal years 2024 and 2025 biennium and amends the State's funding structure for constituent units of the State system of higher education. Effective July 1, 2023, the State began directly funding all of UMG's employee retirement costs related to the State's retirement systems and the Alternate Retirement Plan. UMG remains responsible for funding all employee non-retirement fringe benefit costs.

To achieve a budget-neutral effect, the State reduced the General Fund appropriation that UConn Health receives and no longer associates employee salary and fringe benefit expenses with the General Fund appropriation. For the years ended June 30, 2025 and 2024, the State funded $39.4 million and $42.8 million, respectively, of retirement and OPEB costs for UMG, which also includes administrative expenses. These amounts are not reported as on-behalf revenues or expenses in the accompanying financial statements.

## NOTE 12 – REPORTING OF THE MALPRACTICE FUND

UConn Health is self-insured with respect to medical malpractice risks. Estimated losses from asserted and unasserted claims identified under UConn Health's incident reporting system and an estimate of incurred but not reported claims are accrued by UConn Health based on actuarially determined estimates that incorporate UConn Health's past experience, as well as other considerations, including significant year-over-year increases in patient volumes, adverse judgments and/or settlements, if any, the nature of each claim or incident and other relevant trend factors. UMG provides timely incident reporting to UConn Health to assist UConn Health in maintaining appropriate reserve balances.

To the extent that claims for cases exceed current year premiums charged by UConn Health, UConn Health may petition the State to make up the difference. UMG is not responsible for amounts beyond the annual premium allocated by UConn Health. However, operational subsidies from the State and/or UConn Health may be affected by the performance of UConn Health's malpractice program.

At June 30, 2025 and 2024, UConn Health's Malpractice Fund had reserves of approximately $12.7 million and $10.2 million, respectively, and assets of approximately $22.2 million and $20.2 million, respectively. It was estimated that $3.2 million would be used in fiscal year 2026 for settling cases.

## NOTE 13 – SPECIAL ITEM – DERECOGNITION OF PENSION AND OPEB BALANCES

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

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

The total impact of the derecognition was approximately $886.2 million. The following table shows the increase (decrease) to net position by plan and balance type as of June 30, 2025:

| | SERS | TRS | SEOPEBP | Total |
|---|---|---|---|---|
| | | *(in thousands)* | | |
| Net Liability (NPL/NOL) | $ 146,218 | $ 166 | $ 279,000 | $ 425,384 |
| Deferred inflows of resources | 42,121 | 1,098 | 104,907 | 148,126 |
| Deferred outflows of resources | (36,538) | (411) | (77,099) | (114,048) |
| Total derecognition of pension and OPEB balances | $ 151,801 | $ 853 | $ 306,808 | $ 459,462 |

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# INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Joint Audit and Compliance Committee
The University of Connecticut Health Center
Farmington, Connecticut

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of The University of Connecticut Health Center UConn Medical Group (UMG), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise UMG's basic financial statements, and have issued our report thereon dated November 20, 2025.

## *Report on Internal Control Over Financial Reporting*

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

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

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

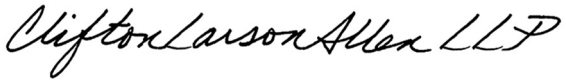
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***Report on Compliance and Other Matters***

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

***Purpose of This Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



**CliftonLarsonAllen LLP**

West Hartford, Connecticut
November 20, 2025

# UNIVERSITY OF CONNECTICUT HEALTH CENTER
# UCONN MEDICAL GROUP

## SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

## STATE EMPLOYEES' RETIREMENT SYSTEM ONLY

| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | *(dollars in thousands)* | | | | |
| **Total Pension Liability** | | | | | | | | | | |
| Service cost | $ - | $ 3,268 | $ 3,214 | $ 4,048 | $ 3,544 | $ 3,220 | $ 2,778 | $ 2,975 | $ 1,992 | $ 1,800 |
| Interest | - | 19,140 | 18,965 | 25,259 | 22,032 | 18,818 | 14,320 | 13,970 | 13,023 | 11,900 |
| Differences between expected and actual experience | - | 5,288 | 12,554 | 7,945 | 1,898 | 10,058 | 3,125 | (8,945) | 4,779 | - |
| Changes of assumptions | - | - | - | (492) | - | - | - | - | 30,671 | - |
| Benefit payments, including refunds of member contributions | - | (18,363) | (17,625) | (22,740) | (19,421) | (16,703) | (12,707) | (11,494) | (10,737) | (9,609) |
| Change in proportionate allocation of pension liability | (295,904) | (14,201) | (107,794) | 40,372 | 32,540 | 59,680 | 9,162 | 326 | 10,521 | 18,039 |
| **Net Change in Total Pension Liability** | (295,904) | (4,868) | (90,686) | 54,392 | 40,593 | 75,073 | 16,678 | (3,168) | 50,249 | 22,130 |
| **Total Pension Liability -** Beginning | 295,904 | 300,772 | 391,458 | 337,066 | 296,473 | 221,400 | 204,722 | 207,890 | 157,641 | 135,511 |
| **Total Pension Liability** - Ending (a) | $ - | $ 295,904 | $ 300,772 | $ 391,458 | $ 337,066 | $ 296,473 | $ 221,400 | $ 204,722 | $ 207,890 | $ 157,641 |
| **Fiduciary Net Position** | | | | | | | | | | |
| Contributions - employer | $ - | $ 22,991 | $ 21,078 | $ 18,242 | $ 14,736 | $ 12,966 | $ 9,338 | $ 9,553 | $ 9,287 | $ 7,953 |
| Contributions - employee | - | 1,572 | 1,496 | 1,988 | 1,757 | 4,018 | 1,255 | 821 | 835 | 1,086 |
| Net investment income | - | 12,369 | (11,195) | 33,702 | 2,696 | 5,840 | 5,668 | 9,352 | (1) | 1,706 |
| Benefit payments, including refunds of member contributions | - | (18,363) | (17,625) | (22,740) | (19,421) | (16,703) | (12,707) | (11,494) | (10,737) | (9,609) |
| Administrative and other expenses | (149,686) | (13) | 17,514 | 7,919 | (7) | 24 | (23) | (6) | 526 | - |
| Change in proportionate allocation of fiduciary net position | - | (6,497) | (48,017) | 14,469 | 11,971 | 21,853 | 3,322 | 102 | 4,127 | 7,132 |
| **Net Change in Fiduciary Net Position** | (149,686) | 12,059 | (36,749) | 53,580 | 11,732 | 27,998 | 6,853 | 8,328 | 4,037 | 8,268 |
| **Fiduciary Net Position -** Beginning | 149,686 | 137,627 | 174,376 | 120,796 | 109,064 | 81,066 | 74,213 | 65,885 | 61,848 | 53,580 |
| **Fiduciary Net Position -** Ending (b) | $ - | $ 149,686 | $ 137,627 | $ 174,376 | $ 120,796 | $ 109,064 | $ 81,066 | $ 74,213 | $ 65,885 | $ 61,848 |
| **UMG's Net Pension Liability -** Ending (a) - (b) | $ - | $ 146,218 | $ 163,145 | $ 217,082 | $ 216,270 | $ 187,409 | $ 140,334 | $ 130,509 | $ 142,005 | $ 95,793 |
| **UMG's Estimated Portion of SERS Net Pension Liability** | 0.00% | 0.70% | 0.74% | 1.02% | 0.91% | 0.82% | 0.65% | 0.62% | 0.62% | 0.58% |
| **Fiduciary Net Position as a Percentage of the Total Pension Liability** | 0.00% | 50.59% | 45.76% | 44.55% | 35.84% | 36.79% | 36.62% | 36.25% | 31.69% | 39.23% |
| **UMG's Covered Payroll** | $ - | $ - | $ 46,647 | $ 43,496 | $ 40,504 | $ 32,551 | $ 27,090 | $ 26,025 | $ 25,860 | $ 23,424 |
| **UMG's Estimated Net Pension Liability as a Percentage of Covered Payroll** | 0.00% | 0.00% | 349.74% | 499.08% | 533.95% | 575.74% | 518.03% | 501.48% | 549.13% | 408.95% |

This schedule is presented as required by accounting principles generally accepted in the United States of America.

See accompnaying notes to required schedules.

# UNIVERSITY OF CONNECTICUT HEALTH CENTER
# UCONN MEDICAL GROUP

## SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

## SCHEDULE OF PENSION CONTRIBUTIONS TO THE STATE EMPLOYEES' RETIREMENT SYSTEM ONLY

| | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | *(dollars in thousands)* | | | | | | | |
| Contractually required contributions | $ - | $ - | $ 22,991 | $ 21,078 | $ 18,243 | $ 14,736 | $ 12,966 | $ 9,338 | $ 9,553 | $ 9,366 |
| Contributions in relation to the contractually required contribution | - | - | 22,991 | 21,078 | 18,243 | 14,736 | 12,966 | 9,338 | 9,553 | 9,287 |
| Contribution deficiency | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ 79 |
| UMG's covered payroll | $ - | $ - | $ 51,189 | $ 46,647 | $ 43,496 | $ 40,504 | $ 32,551 | $ 27,090 | $ 26,025 | $ 25,860 |
| Contributions as a percentage of covered payroll | 0.00% | 0.00% | 44.91% | 45.19% | 41.94% | 36.38% | 39.83% | 34.47% | 36.71% | 35.91% |

This schedule is presented as required by accounting principles generally accepted in the United States of America.

See accompnaying notes to required schedules

# UNIVERSITY OF CONNECTICUT HEALTH CENTER
# UCONN MEDICAL GROUP

## SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

## SCHEDULE OF UMG'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY

| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | *(dollars in thousands)* | | | | |
| **Net OPEB Liability** | | | | | | | | | |
| Service cost | $ - | $ 11,113 | $ 14,083 | $ 18,698 | $ 14,542 | $ 12,281 | $ 10,565 | $ 10,474 | $ - |
| Interest | - | 12,590 | 8,010 | 9,516 | 12,101 | 10,675 | 7,970 | 5,571 | |
| Differences between expected and actual experience | - | (17,908) | (4,814) | 5,992 | (2,693) | (9,348) | - | - | |
| Changes of assumptions or other inputs | - | 14,853 | (69,345) | (75,979) | 33,379 | 49,484 | (8,485) | (5,567) | |
| Benefit payments | - | (11,210) | (9,913) | (9,808) | (9,344) | (8,592) | (7,597) | (6,969) | |
| Change in proportionate allocation of OPEB liability | (279,000) | 28,738 | 2,227 | (875) | 5,584 | 42,670 | 10,610 | (2,000) | |
| **Change in Net OPEB Liability** | (279,000) | 38,176 | (59,752) | (52,456) | 53,569 | 97,170 | 13,063 | 1,509 | - |
| **Net OPEB Liability** - Beginning | 279,000 | 240,824 | 300,576 | 353,032 | 299,463 | 202,293 | 189,230 | 187,721 | - |
| **Net OPEB Liability** - Ending | $ - | $ 279,000 | $ 240,824 | $ 300,576 | $ 353,032 | $ 299,463 | $ 202,293 | $ 189,230 | $ 187,721 |
| UMG's proportion of the net OPEB liability | 0.00% | 1.79% | 1.55% | 1.54% | 1.50% | 1.15% | 1.11% | 1.09% | 1.09% |
| UMG's proportionate share of the net OPEB liability | $ - | $ 279,000 | $ 240,824 | $ 300,576 | $ 353,032 | $ 299,463 | $ 202,293 | $ 189,230 | $ 187,721 |
| **UMG's covered payroll** | $ - | $ 107,573 | $ 99,070 | $ 92,070 | $ 87,096 | $ 80,717 | $ 77,725 | $ 76,699 | $ 79,921 |
| UMG's proportionate share of the net OPEB liability as a percentage of its covered payroll | 0.00% | 259.36% | 243.08% | 326.46% | 405.34% | 371.00% | 260.27% | 246.72% | 234.88% |
| Plan fiduciary net position (assets) | $ - | $ 2,667,443 | $ 2,240,138 | $ 2,199,545 | $ 1,537,194 | $ 1,196,008 | $ 849,889 | $ 542,342 | $ 340,618 |
| Plan fiduciary total OPEB liability | $ - | $ 18,266,068 | $ 17,738,337 | $ 21,726,989 | $ 25,078,100 | $ 21,878,399 | $ 18,114,287 | $ 17,904,922 | $ 17,583,045 |
| Plan fiduciary net position as a percentage of the total OPEB liability | 0.00% | 14.60% | 12.63% | 10.12% | 6.13% | 5.47% | 4.69% | 3.03% | 1.94% |

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

See accompnaying notes to required schedules

# UNIVERSITY OF CONNECTICUT HEALTH CENTER
# UCONN MEDICAL GROUP

## SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

## SCHEDULE OF UMG'S OPEB CONTRIBUTIONS

| | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | *(dollars in thousands)* | | | | | |
| Contractually required contribution | $ - | $ - | $ 15,212 | $ 13,176 | $ 13,362 | $ 13,005 | $ 10,902 | $ 9,396 | $ 7,274 | $ 6,626 |
| Contributions in relation to the contractually required contribution | - | - | 15,212 | 13,176 | 13,362 | 13,005 | 10,902 | 9,396 | 7,274 | 6,626 |
| Contribution deficiency (excess) | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| UMG's covered payroll | $ - | $ - | $ 107,583 | $ 99,070 | $ 92,070 | $ 87,096 | $ 80,717 | $ 77,725 | $ 76,699 | $ 79,921 |
| Contributions as a percentage of covered payroll | 0.00% | 0.00% | 14.14% | 13.30% | 14.51% | 14.93% | 13.51% | 12.09% | 9.48% | 8.29% |

This schedule is presented as required by accounting principles generally accepted in the United States of America.

See accompnaying notes to required schedules

## REQUIRED SUPPLEMENTARY INFORMATION

**Notes to Required Schedules:**

***SERS and SEOPEBP***

**Changes in Legislation**

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

***SERS***

**Changes of Benefit Terms**

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

**Changes in Assumptions**

2022 – Wage inflation assumed rate changed from 3.50% to 3.00%; assumed salary scale changed to reflect experience in wage inflation rates of increase; assumed rates of mortality have been revised to the Pub-2010 above median mortality tables (amount-weighted) projected

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

**Notes to Required Schedules (*continued*):**

***SEOPEBP***

**Changes in Assumptions**

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

2024 – Per capita health costs, administrative costs, and retiree contributions were updated for recent experience. Actuarial factors used to estimate individual retiree and spouse costs by age and gender were adjusted. In addition, healthcare cost trend rates and retiree contribution rates were adjusted. The Medicare prescription drug trend rates were also updated to reflect an estimate for the impact of the Inflation Reduction Act. 2021, 2017 – Amounts reported reflect adjustments to rates of withdrawal, disability, retirement, mortality and assumed rates of salary to more closely reflect actual and anticipated experience.

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

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

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




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# THE UNIVERSITY OF CONNECTICUT HEALTH CENTER FINANCE CORPORATION

## CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

(With Management's Discussion and Analysis)

## JUNE 30, 2025 AND 2024



CPAs | CONSULTANTS | WEALTH ADVISORS

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**THE UNIVERSITY OF CONNECTICUT HEALTH CENTER**
**FINANCE CORPORATION**

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# THE UNIVERSITY OF CONNECTICUT HEALTH CENTER
# FINANCE CORPORATION

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### OVERVIEW OF THE FINANCIAL STATEMENTS

The following discussion and analysis provide an overview of the consolidated financial position and activities of The University of Connecticut Health Center Finance Corporation and Subsidiaries (the Finance Corporation) as of and for the fiscal years ended June 30, 2025, 2024, and 2023. This discussion has been prepared by management and should be read in conjunction with the consolidated financial statements and the notes thereto, which follow this section.

The Finance Corporation functions as a service organization for the University of Connecticut Health Center (UConn Health) and its constituent units including John Dempsey Hospital (the Hospital) and UConn Medical Group (UMG). The Finance Corporation provides contracting, real estate facilities, and pharmaceutical sales to UConn Health. As authorized by State statute, the Finance Corporation is also UConn Health's vehicle for establishing joint ventures and subsidiary corporations, the records of which are incorporated in these statements. The most material of these is UConn Health Imaging.

This annual report consists of management's discussion and analysis and the consolidated financial statements. The basic financial statements (consolidated statements of net position, consolidated statements of revenues, expenses, and changes in net position, consolidated statements of cash flows, and related notes to the financial statements) present the financial position of the Finance Corporation at June 30, 2025 and 2024, and the results of its operations and financial activities for the fiscal years then ended. These statements report information about the Finance Corporation using accounting methods similar to those used by private-sector companies. The consolidated statements of net position include all of the Finance Corporation's assets, liabilities, and deferred inflows. The consolidated statements of revenues, expenses, and changes in net position reflect the fiscal years' activities on the accrual basis of accounting, (i.e., when services are provided or obligations are incurred, not necessarily when cash is received or paid). These consolidated statements report the Finance Corporation's net position and how it has changed. Net position (the difference between assets and liabilities and deferred inflows) is one way to measure financial health or position. The consolidated statements of cash flows provide relevant information about each fiscal year's cash receipts and cash payments and classify them as to operating, investing, and capital financing activities. The consolidated financial statements include notes that explain information in the consolidated financial statements, as well as provide additional detail and context for certain transactions.

### SUBSIDIARIES

The Finance Corporation is currently the sole member and parent to the University of Connecticut Health Center Finance Corporation Circle Road Corporation (Circle Road Corporation). Circle Road Corporation's primary purpose is to serve as the financing vehicle for the Outpatient Pavilion (OP). Circle Road Corporation is a 501(c) 3 entity.

## SUBSIDIARIES (CONTINUED)

The Finance Corporation is also the sole member and parent to the UConn Health Pharmacy Services, Inc. (UHPSI), which is a Connecticut non-stock corporation that operates within the meaning of Section 115 of the Internal Revenue Code. UHPSI provides pharmacy services to UConn Health's constituent units including the Hospital's 340B pharmacy and UMG. In fiscal year 2021, UHPSI began providing pharmaceuticals to outpatients primarily from the various clinics related to UConn Health.

Finance Corporation has a 75% ownership interest in UConn Health Imaging (UHI). UHI, established in fiscal year 2024, provides outpatient medical imaging services from its Farmington location. The Company was formed as a limited liability company (LLC) under the Connecticut Uniform Limited Liability Company Act.

## FINANCIAL HIGHLIGHTS

The Finance Corporation's financial position at June 30, 2025, 2024, and 2023 included assets of $250.2 million, $245.1 million, and $238.3 million, respectively, and liabilities of $198.9 million, $195.2 million, and $191.6 million, respectively. The value of both the assets and liabilities is attributable mainly to the Finance Corporation maintaining the real estate and related financing on the UConn Musculoskeletal Institute (formerly known as the Medical Arts and Research Building), 16 Munson Road (Munson Road), and the OP.

The Finance Corporation reported operating income of $1.5 million for fiscal year 2025, down from $3.7 million in 2024. The decrease was primarily due to a $1.7 million loss in UHI operations, compared to a $621,000 loss the prior year. No working capital support was provided in 2025, whereas UConn Health transferred approximately $625,000 in 2024. The Corporation's net position increased by $2.1 million in 2025, verses a $5.0 million increase in fiscal 2024.

**FINANCIAL HIGHLIGHTS (CONTINUED)**

Summarized components of the Finance Corporation's Statements of Net Position as of June 30, 2025, 2024, and 2023, are presented below.

| | 2025 | 2024 | 2023 |
|---|---|---|---|
| | | *(In thousands)* | |
| Summary of assets and liabilities at June 30: | | | |
| Current assets | $ 42,651 | $ 33,629 | $ 29,713 |
| Deposits with vendors | 14,160 | 12,176 | 12,008 |
| Lease receivable - net of current portion | 389 | 399 | 1,096 |
| Investment in UHI | - | - | 1,375 |
| Investment in CSC | 180 | - | - |
| Net investment in direct financing lease, net of current portion | 162,279 | 166,798 | 171,067 |
| Property - right-to-use assets, net | 3,614 | 3,849 | 532 |
| Capital assets, net | 26,917 | 28,274 | 22,478 |
| Total assets | $ 250,190 | $ 245,125 | $ 238,269 |
| Current liabilities | $ 37,430 | $ 27,506 | $ 24,133 |
| Long-term liabilities | 161,470 | 167,697 | 167,450 |
| Total liabilities | $ 198,900 | $ 195,203 | $ 191,583 |
| Deferred inflows - right-to-use assets | $ 345 | $ 1,096 | $ 2,871 |
| Net investment in capital assets | $ 41,760 | $ 38,974 | $ 34,238 |
| Minority interest in UHI | 686 | 512 | - |
| Unrestricted net assets | 8,499 | 9,340 | 9,577 |
| Total net position | $ 50,945 | $ 48,826 | $ 43,815 |
| Total liabilities, deferred inflows, and net position | $ 250,190 | $ 245,125 | $ 238,269 |

Individual subsidiary income statements are presented as supplemental information to the consolidated financial statements. Changes in net position, representing the operating activity of the Finance Corporation, primarily composed of revenues and expenses associated with real estate transactions from Circle Road Corporation and the operations of UHPSI and UHI, are summarized below for the fiscal years ended June 30, 2025, 2024, and 2023.

## FINANCIAL HIGHLIGHTS (CONTINUED)

| | 2025 | 2024 | 2023 |
|---|---|---|---|
| | | *(In thousands)* | |
| Summary of revenues, expenses, and nonoperating expenses for the year ended June 30: | | | |
| Operating revenues | $ 221,578 | $ 173,763 | $ 131,104 |
| Operating expenses | (220,049) | (170,032) | (130,082) |
| Operating Income | 1,529 | 3,731 | 1,022 |
| Nonoperating (expenses) / revenue | (3) | (12) | (12) |
| Income before transfers | 1,526 | 3,719 | 1,010 |
| Net Transfers | - | 625 | 10,375 |
| Contributions - minority interest - UHI | 593 | 667 | - |
| Increase in net position | $ 2,119 | $ 5,011 | $ 11,385 |

## SIGNIFICANT VARIANCES IN THE FINANCIAL STATEMENTS

In this section, the Finance Corporation explains the reasons for those financial statement items with significant variances relating to fiscal year 2025 compared to fiscal year 2024.

## SUMMARY OF ASSETS AND LIABILITIES

Changes in assets included the following:

- *Accounts receivable* – increased by approximately $3.2 million is mainly attributable to rise in UHPSI sales volume and a full year of UHI operations.

- *Lease receivable* – decreased from June 30, 2024 to June 30, 2025 by approximately $827,000 due to continued payments from UConn Health to the Finance Corporation for leasing the MSI building and third-party lease payments for retail space in the OP. Presentation of lease receivables is done in accordance with GASB 87.

- *Inventory* – decrease of approximately $608,000 over June 30, 2024 due to improved inventory management.

## SUMMARY OF ASSETS AND LIABILITIES (CONTINUED)

- *Net investment in direct financing lease* – decreased from June 30, 2024 to June 30, 2025 by approximately $4.3 million due to current year lease activity.

- *Deposits with vendors* – increased from June 30, 2024 to June 30, 2025 by approximately $2.0 million due to contractually required deposits with UHPSI's primary pharmaceutical vendor, AmerisourceBergen, driven by increased purchases in fiscal year 2025. Deposits are required to access preferred pricing arrangements under the contract.

- *Investment in CSC* – The increase of approximately $180,000 reflects Finance Corporation's 5% ownership interest in Connecticut Surgery Center (CSC), acquired during the current fiscal year. The investment was recorded using the cost method based on the actual funds contributed at the time of acquisition.

- *Capital assets* – decreased by approximately $1.4 million from June 30, 2024 to June 30, 2025 as depreciation outpaced capital acquisitions during current fiscal year.

Changes in liabilities included the following:

- *Accounts payable and accrued expenses* – increased by approximately of $1.3 million from June 30, 2024 to June 30, 2025 due to amounts related to increased pharmaceutical purchases required by UHPSI's sales growth.

- *Due to/from related parties* – increased from June 30, 2024 to June 30, 2025 by approximately $9.1 million as a result of 340B revenue and increased supplier deposits due to the Hospital at June 30, 2025. These amounts were offset by repayments received from UMG during the year ended June 30, 2025 for pharmaceuticals obtained from UHPSI.

- *Loans payable* – Decreased from June 30, 2024 to June 30, 2025 by approximately $7.8 million due to principal payments this year.

## SUMMARY OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

### *Operating revenues*

Total operating revenues increased from fiscal year ended June 30, 2024 to fiscal year ended June 30, 2025 by approximately $47.8 million or 27.5%. Significant operating variances are presented below.

- *Pharmaceutical revenue* – increased by approximately $41.3 million or 27.6%, from the prior fiscal year due to UHPSI's fifth full year of expanded business operations, including filling patient prescriptions to outpatients primarily from UConn Health related clinics. In addition, there has been an expansion in contracts, prescription volume, and prescription offerings.

### *Operating expenses*

Total operating expenses increased from the year ended June 30, 2024 to the year ended June 30, 2025 by approximately $50.0 million or 29.4%.

- *Professional services* – increased by $2.3 million from the year ended June 30, 2024 to the year ended June 30, 2025 due to a full year of UHI support services.

- *Outside agency per diems* – increased from the year ended June 30, 2024 to the year ended June 30, 2025 by approximately $3.3 million or 32.4% due to increased support service costs from Shields Pharmacy of Connecticut II, LLC (Shields) in support of expanded UHPSI operations.

- *Pharmaceuticals/ medical supplies* - increased from the year ended June 30, 2024 to the year ended June 30, 2025 by approximately $42.3 million or 28.6% in support of increased UHPSI pharmaceutical sales.

## CAPITAL AND DEBT RELATED ACTIVITIES

The Teachers Insurance and Annuity Association of America (TIAA) mortgage for the OP is supported by a 25-year fixed term lease between UConn Health and the Finance Corporation. As a result, capital assets associated with the OP have been reclassified and reported as investment in direct financing lease. For additional information on capital assets and the breakout of the OP's underlying assets, see Notes 1, 5 and 7.

The OP construction was completed in 2019. The Finance Corporation continues to lease the OP to UConn Health, which in turn subleases the space to related parties. Lease payments from UConn Health provide the funding for the Finance Corporation's OP mortgage payments. For the fiscal years ended June 30, 2025 and 2024, the Finance Corporation made all regularly scheduled payments on the mortgage, thereby reducing the principal amount of the secured mortgage on the OP by $6,707,068 and $6,392,772, respectively. For additional information on debt-related activities, see Note 7.

The Finance Corporation continued to own and lease the UConn Musculoskeletal Institute property to UConn Health. For the fiscal years ended June 30, 2025 and 2024, the Finance Corporation made all regularly scheduled payments on the UConn Musculoskeletal Institute's secured mortgage, thereby reducing the amount of secured mortgage principal debt on the UConn Musculoskeletal Institute by $826,105, and $1,896,069, respectively. The final payment on the secured mortgage was made in November, 2024. The related party leases ended concurrently with the mortgage. For additional information on debt-related activities, see Note 7.

## RELATED PARTIES

During fiscal years 2025 and 2024, UHPSI was charged the cost of pharmacy personnel and other operating expenses while earning revenues from UConn Health for pharmaceuticals sold. The net result of these transactions was an increase to amounts payable to UConn Health of approximately $3.3 million and $2.4 million, respectively. During fiscal years 2025 and 2024, UHPSI repaid UConn Health approximately $3.6 million and $4.2 million, respectively.

During fiscal years 2025 and 2024, UHPSI received pharmacy overhead revenue from the Hospital in the amount of approximately $16,000 and $212,000, respectively. Beginning in fiscal year 2021, the Hospital allocated to UHPSI its share of UConn Health's required institutional deposit with AmerisourceBergen, the primary pharmaceutical supplier used by UHPSI. The deposit was approximately $14.2 million at June 30, 2025 and $12.2 million at June 30, 2024. For the fiscal years ended June 30, 2025 and 2024, UHPSI repaid the Hospital approximately $58.0 million and $37.5 million, respectively for 340B expenses.

During fiscal years 2025 and 2024, UHPSI had pharmaceutical sales to UMG of approximately $8.7 million and $8.3 million, respectively. UHPSI received approximately $9.4 million and $7.6 million from UMG, respectively, in fiscal years 2025 and 2024 for current and prior year sales. For additional information on related parties, see Note 4.

## FISCAL YEAR 2026 OUTLOOK

The Finance Corporation was created by State statute in recognition of UConn Health's need to implement decisions rapidly in order to provide excellent care in a competitive health care environment with a special focus on the need for expedited processes in the areas of purchasing, leasing, construction, and through joint ventures and shared service agreements with other organizations. The Finance Corporation also provides UConn Health with contracting efficiency and flexibility that is important to meet the demands of modern healthcare. These services are an integral part of UConn Health's operations.

The Finance Corporation's economic position is closely tied to UConn Health's clinical entities serviced by the Corporation. Through various lease agreements, UConn Health provides funding which enables the Finance Corporation to make its required debt and principal payments. In turn, these facilities allow for the Hospital and UMG to provide state-of-the-art care in modern spaces. The addition of UHPSI provides another opportunity for the Finance Corporation to help clinical operations expand its offerings, adapt to changing insurance and pharmacy landscapes, and maximize financial resources. While UHI enables UConn Health to expand radiology capacity while adapting to the changing landscape of value-based care and consumerism.

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

Demand for our services continues to grow, reflecting strong community trust in UConn Health. To meet this need, JDH has added new operating room capacity and secured licensure for 23 additional inpatient beds, helping to ease congestion and expand access. UMG continues its expansion of outpatient care, including the opening of a new ambulatory center in Simsbury. While real estate resources are limited, these strategic investments demonstrate our commitment to serving Connecticut residents and improving the patient experience. Additional collaborations are also increasing imaging and outpatient surgery – allowing other health systems to focus on managing complex inpatient cases while we continue to expand collaborations with physicians and private organizations to bring even more resources and options to the people of Connecticut.

At the State's request, UConn Health is also assessing potential partnerships with smaller hospitals across the region. Building on the Cain Brothers report and informed by current market trends, we are evaluating the feasibility of formal affiliations that could strengthen the regional health system – improving financial stability for smaller hospitals while expanding access to specialty care in ways that benefit patients.

UConn Health's mission of research, education, patient care, and community service remains as vital as ever. We are taking proactive steps to strengthen and expand these programs in the face of evolving healthcare needs and funding. Anticipated federal funding from the Centers for Medicaid and National Institutes of Health (NIH) research underscores the importance of accelerating efforts toward self-sustaining clinical enterprise. These initiatives will help preserve access to comprehensive services and specialties that may not otherwise be available within the state.

## FISCAL YEAR 2026 OUTLOOK, (CONTINUED)

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

The Finance Corporation is dependent upon both the Hospital and UMG for the lease payments that support the Musculoskeletal Institute and OP mortgage payments. It also depends on its relationships with these entities to maximize both UHPSI's and UHI's business opportunities. UHPSI's sales have risen as the business expanded its 340B pharmacy sales and offered services to patients in more clinical specialties. UConn Health's management expects slower clinical growth as UHPSI's business model reaches maturity. The majority of UHI's business comes from JDH under referrals.

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

## CONTACTING FINANCE CORPORATION'S FINANCIAL MANAGEMENT

If you have questions about this report or need additional financial information, please contact the Office of the Chief Financial Officer, University of Connecticut Health Center, Farmington, Connecticut 06030-3800.

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# INDEPENDENT AUDITORS' REPORT

Joint Audit and Compliance Committee
The University of Connecticut Health Center
Farmington, Connecticut

## Report on the Audit of the Financial Statements

### *Opinions*

We have audited the accompanying financial statements of The University of Connecticut Health Center Finance Corporation (Finance Corporation or Company), a component unit of the state of Connecticut, as of and for the years ended June 30, 2025 and 2024, and the related notes to the consolidated financial statements, which collectively comprise the Finance Corporation's basic consolidated financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the respective financial position of the Finance Corporation as of June 30, 2025 and 2024, and the respective changes in net position, and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements for UConn Health Imaging, LLC, a 75% owned entity, which statements reflect assets of $11,435,517 and $11,058,183 as of June 30, 2025 and 2024, and total revenues of $4,123,894 and $225,283 for the years then ended, respectively. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Finance Corporation, is based solely on the report of the other auditors.

### *Basis for Opinions*

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

### *Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Finance Corporation's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditors' Responsibilities for the Audit of the Financial Statements***

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of The University of Connecticut Health Center Finance Corporation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The University of Connecticut Health Center Finance Corporation's ability to continue as a going concern for a reasonable period of time.

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

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the required supplementary information, such as management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Other Information***

Our audit was conducted for the purpose of forming an opinion on the Finance Corporation's consolidated financial statements. The accompanying consolidating supplementary information on pages 47 through 49 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. The consolidating supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating supplementary information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2025, on our consideration of The University of Connecticut Health Center Finance Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Finance Corporation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Finance Corporation's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

**CliftonLarsonAllen LLP**

West Hartford, Connecticut
November 20, 2025

**THE UNIVERSITY OF CONNECTICUT HEALTH CENTER**
**FINANCE CORPORATION**

## CONSOLIDATED STATEMENTS OF NET POSITION

**JUNE 30, 2025 AND 2024**

| | 2025 | 2024 |
|---|---|---|
| **Assets** | | |
| **Current Assets** | | |
| Cash | $ 21,130,727 | $ 15,989,090 |
| Malpractice Fund | 3,852,755 | 1,685,493 |
| Accounts receivable, net of allowances for bad debt of $927,608 and $337,925 at June 30, 2025 and 2024, respectively (note 2) | 8,580,489 | 5,430,145 |
| Lease receivable - current portion (note 3) | 9,600 | 836,382 |
| Other receivables | 93,957 | - |
| Inventory | 3,405,340 | 4,013,170 |
| Due from UConn Medical Group (note 4) | 696,166 | 1,371,899 |
| Prepaid expenses | 366,023 | 37,090 |
| Net investment in direct financing lease, current portion (note 5) | 4,516,027 | 4,265,486 |
| **Total Current Assets** | 42,651,084 | 33,628,755 |
| **Noncurrent Assets** | | |
| Deposits with vendors | 14,159,611 | 12,176,334 |
| Lease receivable - net of current portion (note 3) | 389,475 | 399,075 |
| Investment in CSC | 179,966 | - |
| Net investment in direct financing lease, net of current portion (note 5) | 162,279,230 | 166,797,628 |
| Property - right-to-use assets, net (note 6) | 3,614,057 | 3,848,575 |
| Capital assets, net (note 6) | 26,916,668 | 28,274,331 |
| **Total Noncurrent Assets** | 207,539,007 | 211,495,943 |
| **Total Assets** | $ 250,190,091 | $ 245,124,698 |

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

**THE UNIVERSITY OF CONNECTICUT HEALTH CENTER**
**FINANCE CORPORATION**

**CONSOLIDATED STATEMENTS OF NET POSITION (CONTINUED)**

**JUNE 30, 2025 AND 2024**

| | 2025 | 2024 |
|---|---|---|
| **Liabilities and Net Position** | | |
| **Current Liabilities** | | |
| Accounts payable and accrued expenses | $ 8,679,564 | $ 7,381,444 |
| Due to UConn Health - Malpractice Fund (note 4) | 3,852,755 | 1,685,493 |
| Due to UConn Health (note 4) | 452,181 | 466,952 |
| Due to John Dempsey Hospital, current portion (note 4) | 16,002,111 | 8,895,996 |
| Due to third party payors | 145,197 | 385,049 |
| Lease payable, current portion (note 7) | 962,018 | 880,281 |
| Loans payable, current portion (note 7) | 7,336,126 | 7,810,965 |
| **Total Current Liabilities** | 37,429,952 | 27,506,180 |
| **Noncurrent Liabilities** | | |
| Due to John Dempsey Hospital, net of current portion (note 4) | 14,159,611 | 12,176,334 |
| Lease payable, net of current portion (note 7) | 6,085,148 | 6,935,863 |
| Loans payable, net of current portion (note 7) | 141,225,150 | 148,585,166 |
| **Total Noncurrent Liabilities** | 161,469,909 | 167,697,363 |
| **Total Liabilities** | 198,899,861 | 195,203,543 |
| **Deferred Inflows** | | |
| Deferred inflows - right-to-use assets | 345,482 | 1,095,480 |
| **Net Position** | | |
| Net investment in capital assets | 41,760,005 | 38,973,745 |
| Minority interest in UHI | 686,222 | 511,510 |
| Unrestricted net assets | 8,498,521 | 9,340,420 |
| **Total Net Position** | 50,944,748 | 48,825,675 |
| **Total Liabilities, Deferred Inflows and Net Position** | $ 250,190,091 | $ 245,124,698 |

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

**THE UNIVERSITY OF CONNECTICUT HEALTH CENTER**
**FINANCE CORPORATION**

## CONSOLIDATED STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

**FOR THE YEARS ENDED JUNE 30, 2025 AND 2024**

| | 2025 | 2024 |
|---|---|---|
| **Operating Revenues** | | |
| Interest income from right-to-use assets | $ 32,583 | $ 138,223 |
| Lease revenue from right-to-use assets | 749,298 | 1,774,805 |
| Interest income from direct financing lease | 9,711,066 | 9,947,708 |
| Contract and other income | 15,847,753 | 11,855,845 |
| Imaging revenue, net | 4,123,894 | 225,282 |
| Pharmaceutical revenue, net (note 2) | 191,114,116 | 149,821,597 |
| **Total Operating Revenues** | 221,578,710 | 173,763,460 |
| **Operating Expenses** | | |
| Professional services | 2,606,352 | 337,782 |
| Outside agency per diems | 13,497,759 | 10,197,746 |
| Internal contractual support | 2,976,494 | 2,160,457 |
| Internal pharmaceutical charges | 80,488,983 | 53,257,525 |
| Pharmaceuticals/medical supplies | 109,945,829 | 94,842,260 |
| Equipment and software leases | 177,734 | 108,017 |
| Insurance, rent and utilities | 121,079 | 26,483 |
| Repairs and maintenance | 352,007 | 9,033 |
| Interest expense | 7,751,034 | 7,862,649 |
| Depreciation | 1,686,164 | 899,393 |
| Amortization - right-to-use assets | 234,518 | 176,279 |
| Other | 210,925 | 154,628 |
| **Total Operating Expenses** | 220,048,878 | 170,032,252 |
| **Operating Income** | 1,529,832 | 3,731,208 |
| **Nonoperating Expense** | | |
| Investment income - CSC | 6,889 | - |
| Loan servicing fees | (10,148) | (11,867) |
| **Total Nonoperating Expense** | (3,259) | (11,867) |
| **Income before transfers** | 1,526,573 | 3,719,341 |
| **Net Transfers from UConn Health - Unrestricted** (note 4) | - | 625,000 |
| **Contributions for minority interest - UHI** | 592,500 | 666,667 |
| **Increase in Net Position - Unrestricted** | 2,119,073 | 5,011,008 |
| **Net Position** - Beginning of year | 48,825,675 | 43,814,667 |
| **Net Position** - Ending | $ 50,944,748 | $ 48,825,675 |

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

**THE UNIVERSITY OF CONNECTICUT HEALTH CENTER**
**FINANCE CORPORATION**

## CONSOLIDATED STATEMENTS OF CASH FLOWS

## FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

| | 2025 | 2024 |
|---|---|---|
| **Cash Flows from Operating Activities** | | |
| Cash paid to suppliers, contractors and others | $ (141,385,508) | $ (120,940,003) |
| Cash paid to related parties | (51,892,708) | (34,143,313) |
| Lease payments received | 870,716 | 2,046,274 |
| Lease payments and interest | (417,665) | (122,626) |
| Cash received for contract and other income | 192,456,561 | 146,584,063 |
| Cash paid for administrative expenses | (37,020) | (40,562) |
| **Net Cash Used in Operating Activities** | (405,624) | (6,616,167) |
| **Cash Flows from Investing Activities** | | |
| Investment in UHI | (1,777,500) | (625,000) |
| Investment in CSC | (179,966) | - |
| Proceeds for return of fixed assets | 92,171 | - |
| Payments for purchase of capital assets | (278,028) | (1,593,172) |
| **Net Cash Used in Investing Activities** | (2,143,323) | (2,218,172) |
| **Cash Flows from Capital Financing Activities** | | |
| Direct financing lease payments received (including $9,711,066 and $9,947,708 of interest, respectively) | 13,976,552 | 13,976,552 |
| Transfers from UConn Health | - | 625,000 |
| Proceeds from loans | - | 289,766 |
| Members' contributions | 2,370,000 | 2,666,667 |
| Repayments of capital debt | (7,834,856) | (8,377,265) |
| Payment for lease liability | (813,594) | (261,596) |
| Loan servicing fees | (7,518) | (11,116) |
| **Net Cash Provided by Capital Financing Activities** | 7,690,584 | 8,908,008 |
| **Net Increase in Cash** | 5,141,637 | 73,669 |
| **Cash** - Beginning | 15,989,090 | 15,915,421 |
| **Cash** - Ending | $ 21,130,727 | $ 15,989,090 |
| **Supplemental Disclosure of Non-Cash Investing and Financing Activities** | | |
| Non cash portion of interest for right-to-use assets | $ - | $ 100,958 |
| Right-to-use assets acquired by entering into lease agreements | $ 246,126 | $ 3,492,811 |

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

**THE UNIVERSITY OF CONNECTICUT HEALTH CENTER**
**FINANCE CORPORATION**

## CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

**FOR THE YEARS ENDED JUNE 30, 2025 AND 2024**

| | 2025 | 2024 |
|---|---|---|
| **Reconciliation of Operating Income to Net Cash Used in Operating Activities** | | |
| Operating income | $ 1,529,832 | $ 3,731,208 |
| Depreciation | 1,686,164 | 899,393 |
| Amortization | 234,518 | 176,279 |
| Interest on right-to-use assets | - | 100,958 |
| Direct financing lease interest payments received | (9,711,066) | (9,947,708) |
| Changes in operating assets and liabilities: | | |
| Inventory | 607,830 | (1,026,735) |
| Patient & contract receivables | (3,150,344) | (1,820,456) |
| Lease receivable | 836,382 | 1,635,528 |
| Other receivables | (93,957) | - |
| Deposits to vendors | (1,983,277) | (168,686) |
| Due from UConn Health | (14,771) | (1,854,723) |
| Due from UConn Medical Group | 675,733 | (754,355) |
| Prepaid | (328,933) | (36,291) |
| Accounts payable and accrued expenses, excluding payables for capital assets | 1,298,120 | 1,380,823 |
| Due to John Dempsey Hospital | 9,089,392 | 4,422,952 |
| Due to third party payors | (239,852) | (1,578,849) |
| Deferred inflows - right-to-use assets | (749,998) | (1,775,505) |
| Operating lease liability | (91,397) | - |
| **Net Cash Used in Operating Activities** | $ (405,624) | $ (6,616,167) |

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

## NOTE 1 – DESCRIPTION OF REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### *REPORTING ENTITY*

Effective July 1, 1987, The University of Connecticut Health Center Finance Corporation (the Finance Corporation) was established pursuant to Public Act No. 87-458. The purpose of the Finance Corporation is to provide greater flexibility for John Dempsey Hospital (21002 Fund) (the Hospital), UConn Medical Group (UMG), and University Dentists (collectively, the entities) and to promote the more efficient provision of health care services. As such, the Finance Corporation has been empowered to purchase supplies and equipment; acquire facilities; approve write-offs of accounts receivable; negotiate and enter into joint ventures, shared service, and other agreements for all of the entities; and process malpractice claims on behalf of the University of Connecticut Health Center (UConn Health), the Hospital, UMG, and the School of Dental Medicine's associated Dental Clinics.

The Finance Corporation is administered by a board of directors currently consisting of the President of the University of Connecticut, the Secretary of the Office of Policy and Management for the State of Connecticut, a member of the Board of Directors of UConn Health, the Executive Vice President for Health Affairs, and the Chairman of the Board of Trustees for the University of Connecticut, who is appointed by the Governor of the State of Connecticut, or their respective designees. The Governor appoints one of these members as Chairman of the Board of the Finance Corporation.

The University of Connecticut Health Center Finance Corporation Circle Road Corporation (Circle Road Corporation), a subsidiary of the Finance Corporation, was formed pursuant to Section 10a-254 of the Connecticut General Statutes by the Finance Corporation (its sole member). This subsidiary corporation is administered by a board of directors elected on an annual basis by the sole member's board of directors or appointed by the Governor of the State of Connecticut, as prescribed in the bylaws of Circle Road Corporation. The number of directors shall not be less than three or more than ten, and 50% shall be members of the board of directors of the sole member or appointed by the Governor. At least one of these directors must be an independent director. There are four members of the subsidiary corporation's board of directors and five members of the sole member's board of directors.

## NOTE 1 – DESCRIPTION OF REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### *REPORTING ENTITY (CONTINUED)*

In 2018, the Finance Corporation created a wholly-owned subsidiary corporation, UConn Health Pharmacy Services, Inc. (UHPSI) pursuant to the authority granted by Section 10a-254 of the Connecticut General Statutes. The subsidiary's main focus is the provision of pharmacy operation services on behalf of UConn Health and its clinical units, including the Hospital and UMG. The subsidiary has been empowered to apply for and obtain all licenses, certificates or other credentials as required for pharmacy operations and granted the ability to enter into such contracts that are necessary or desirable for, or incidental to, the conduct of the subsidiary's business and affairs.

The sole member of UHPSI is the Finance Corporation (the Member). The Member has the power to elect and remove directors to/from UHPSI's Board of Directors. The property and affairs of UHPSI will be managed by or under the direction of UHPSI's Board of Directors.

In 2019, UHPSI commenced operations. UHPSI provides services for specialty prescriptions for patients within clinics associated with UConn Health. The expenses reported in the consolidated statements of revenues, expenses, and changes in net position include allocations from UConn Health for salary and fringe benefits for persons utilized in UHPSI operations. This is reported as internal contractual support. Otherwise, undetermined amounts for salaries, services, and expenses provided to and received from UConn Health and other Connecticut State agencies are not included in the consolidated statements of revenues, expenses, and changes in net position.

In fiscal year 2022, the Finance Corporation entered into an agreement with OIA of Connecticut, LLC to form UConn Health Imaging, LLC (UHI). UHI provides additional radiology services off UConn Health's main campus in Farmington in a non-hospital clinic setting. The Finance Corporation retains a 75% ownership interest in UHI. UHI began operation April 2024. UHI is consolidated into the Finance Corporation financial statements with a corresponding minority interest in the net assets section of the Statement of Net Position.

## NOTE 1 – DESCRIPTION OF REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### *REPORTING ENTITY (CONTINUED)*

For presentation purposes, activities for and with for Central Administrative Services (CAS), Research Finance, School of Medicine and School of Dental Medicine, including Dental Clinics, are combined under UConn Health.

The Finance Corporation is a component of the State of Connecticut and is, therefore, generally exempt from federal income taxes under Section 115 of the Internal Revenue Code of 1986.

### *BASIS OF PRESENTATION*

The Finance Corporation's consolidated financial statements are prepared in accordance with all relevant Governmental Accounting Standards Board (GASB) pronouncements.

### *PROPRIETARY FUND ACCOUNTING*

The Finance Corporation utilizes the proprietary fund method of accounting whereby revenues and expenses are recognized on the accrual basis.

### *USE OF ESTIMATES*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, deferred inflows of resources, and disclosure of contingencies at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Financial statement areas where management applies the use of estimates consist primarily of the allowance for uncollectible accounts, contractual allowances, direct and indirect remuneration (DIR) fees, certain estimates related to the valuation of the direct financing lease, right-to-use assets, lease liabilities, and malpractice.

### *CASH*

Cash includes cash held on behalf of the Finance Corporation by the State of Connecticut.

## NOTE 1 – DESCRIPTION OF REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### *CONTRACT AND OTHER INCOME*

Contract and other income is recorded on the accrual basis of accounting in the period the related services were rendered.

As described in Note 4, UHPSI provides pharmaceuticals to UMG, and records revenue on the accrual basis of accounting in the period the related services are rendered.

### *PHARMACEUTICAL REVENUES AND ACCOUNTS RECEIVABLE*

UHPSI's business includes filling patient prescriptions to outpatients primarily from UConn Health related clinics.

A uniform pricing structure is used for billing to Pharmacy Benefit Managers (PBMs) subject to contractual allowances as negotiated by the Pharmacy Services Administrative Organization (PSAO). Contractual allowances will reduce the amount received and will vary based on rates, such as Medicare, Medicaid, and commercial contracts. Pharmaceutical revenues, net of contractual allowances and direct and indirect remuneration (DIR) fees, are recognized on the accrual basis of accounting when prescriptions are filled. Accounts receivable from patients, third-party payers, and others for pharmaceutical purchases represent the net amounts owed to UHPSI for which payment had not been received as of June 30, 2025 and 2024.

### *IMAGING REVENUES*

UHI provides outpatient medical imaging services in Farmington. Revenue primarily consists of fee-for-service revenue. The company receives payments from the following sources for services rendered: (i) commercial insurers; (ii) the federal government under the Medicare program;(iii) state governments under Medicaid and other programs; (iv) other third-party payors, and (v) individual patients and clients.

### *UHPSI PHARMACY MANAGEMENT*

UConn Health uses a third party, Shields Pharmacy of Connecticut II, LLC (Shields), for support services for UHPSI. These services include support for patient liaisons, medication adherence management, revenue cycle management and other services. These services are billed on a monthly basis.

The agreement includes a performance fee based on a specific profitability calculation as stipulated in the agreement. These fees are calculated and billed monthly.

## NOTE 1 – DESCRIPTION OF REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### *340B PROGRAM*

Section 340B of the Public Health Service Act requires pharmaceutical manufacturers participating in Medicaid to sell outpatient drugs at discounted prices to health care organizations that care for many uninsured and low-income patients. The Hospital qualifies as a covered entity (CE) under this provision. Therefore, the Hospital is qualified to receive 340B savings for certain pharmaceutical purchases, as the Hospital is a public entity classified as a Disproportionate Share Hospital (DSH) that serves a disproportionately higher percentage of Medicaid payers. When the patient establishes a relationship with the CE, the CE is then allowed to receive 340B savings.

UHPSI is a contract pharmacy for the Hospital and receives revenue for filling and dispensing 340B qualified pharmaceuticals to patients. The contract pharmacy fills and dispenses pharmaceuticals on behalf of the CE; therefore, UHPSI receives a dispensing fee for these transactions, as provided for in the agreement with the Hospital, and reimburses the Hospital for the total revenue less the dispensing fee.

### Income Taxes – UHI

No provision for taxes on income is made in the financial statements of UHI. Taxable income or losses are allocated to members for inclusion in their respective tax returns.

### *INVENTORY*

Pharmaceuticals are valued at market value, which approximates cost due to high turnover rates.

### *DEPOSITS WITH VENDORS*

UHPSI is required to keep an amount on deposit with AmerisourceBergen, the primary pharmaceutical supplier used by UHPSI. The deposit is based on a 90-day purchasing history and a 45-day amount is required to be on deposit. These deposits are non-interest bearing and are considered subject to the credit risk of the supplier.

As of June 30, 2025 and 2024, amounts on deposit were approximately $14.2 million and $12.2 million, respectively. As disclosed in Note 4, the deposits with AmerisourceBergen were funded through the Hospital.

## NOTE 1 – DESCRIPTION OF REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### *DESCRIPTION OF LEASING ARRANGEMENTS*

The OP lease, effected through the Circle Road Corporation, is a direct financing lease for both the OP building and its associated equipment. Under this treatment, the underlying capital assets are reported as net investment in direct financing lease. The associated equipment will be depreciated over a maximum 10-year life, while the building will be depreciated over 40 years. The term of the lease is 25 years, as stipulated in the mortgage agreement with Teachers Insurance and Annuity Association of America (TIAA). At the conclusion of the lease, any residual amounts will revert to capital assets, net. The Finance Corporation reviews the estimated residual value of property leased under the direct financing lease on an annual basis. See Note 5 and Note 6 for additional information.

Circle Road Corporation is a lessor for office space to a third party. Circle Road Corporation has recorded a lease receivable and a deferred inflows of resources based on the present value of the future lease payments expected to be received during the contracted lease term. The deferred inflow of resources is amortized evenly over the life of the lease.

UHI engages in lease agreements to meet operational needs. UHI lease contracts generally relate to buildings and equipment. UHI recognizes a lease liability, and an intangible right-to-use (RTU) lease asset based on the present value of future lease payments over the contracted term of the lease. RTU lease assets are amortized over the term of the lease, as UHI is not expected to lease assets beyond the underlying asset's useful life.

Finance Corporation routinely engages in lease arrangements to meet operational needs of UConn Health and UHPSI. Finance Corp is the lessee for office space utilized by UHPSI. UHPSI records a lease liability and an intangible right-to-use lease asset based on the present value of future lease payments over the term of the lease. Lease right-to-use assets net of amortization and liabilities are reported as current and non-current in the statement of net position. The right-to-use assets are amortized over the shorter of the lease term or the estimated useful life of the asset.

Finance Corporation was a lessor providing space in the MSI building to the Hospital, UMG, and UConn Health through November, 2024. Finance Corp. recorded a lease receivable and a deferred inflows of resources based on the present value of the future lease payments expected to be received during the contracted lease term. The deferred inflow of resources was amortized evenly over the life of the lease.

## NOTE 1 – DESCRIPTION OF REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### *DESCRIPTION OF LEASING ARRANGEMENTS (CONTINUED)*

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

The Finance Corporation elected to record the value of all leased assets in accordance with GASB 87 for lease reporting.

### *DEFERRED INFLOWS OF RESOURCES*

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

### *LEASE INCOME AND INTEREST INCOME*

Lease income is recognized over the lease period by reference to the lease agreements. Interest income on the direct financing lease is recognized over the term of the lease to produce a constant, periodic rate of return on the net investment of the lease. Unearned income related to the direct financing lease is amortized over the lease term using the interest method.

### *INVESTMENT IN UHI*

In fiscal year 2022, the Finance Corporation entered into an agreement with OIA of Connecticut, LLC to form UHI. UHI will provide additional radiology services off UConn Health's main campus in Farmington in a non-hospital clinic setting. The Finance Corporation will retain a 75% ownership interest in UHI and funded its initial capital call to the new corporation in September of 2022. Finance Corporation made additional capital contributions of $1,777,500 and $625,000 in fiscal years June 30, 2025 and 2024, respectively.

## NOTE 1 – DESCRIPTION OF REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### *INVESTMENT IN CSC*

On January 29, 2025, UCHC Finance Corporation entered into a partnership interest purchase agreement with Surgical Care Affiliates (CSC), LLC, a Delaware limited liability company to acquire 5% partnership interest in Connecticut Surgery Center, Limited Partnership, a Connecticut limited partnership. The investment was recorded at cost, which was the actual funds contributed at the date of purchase. Capital contribution was $179,966 for fiscal year June 30, 2025.

### *MALPRACTICE FUND*

The Malpractice Fund includes investments held on behalf of UConn Health and is offset in Due to UConn Health – Malpractice Fund on the consolidated statements of net position. The fund is invested in the State of Connecticut Short-Term Investment Fund (STIF). The STIF is an investment pool of high quality, short-term money market instruments that is considered a "2a7- like" pool, which is excluded from the scope of GASB No. 72, *Fair Value Measurement and Application.* The cost of the STIF approximates fair value. The Finance Corporation is responsible for the timely payment of malpractice fund claims. Therefore, the Finance Corporation monitors upcoming cash needs and holds an amount estimated for upcoming malpractice fund liabilities in its account. The claim liability is reflected on UConn Health's financial statements.

### *CAPITAL ASSETS AND INTANGIBLE ASSETS*

Property and equipment acquisitions are recorded at cost. Betterments and major renewals are capitalized, and maintenance and repairs are expensed as incurred. Depreciation is provided over the estimated useful life of each class of depreciable assets and is computed using the straight-line method. Buildings not included in the Circle Road Corporation's direct financing lease have an estimated useful life of 50 years and equipment has an estimated useful life of 2 to 25 years. Assets acquired under capital leases and leasehold improvements are depreciated over the shorter of the asset's useful life or lease term. If a bargain purchase option applies, depreciation would be over the useful life of the asset.

Construction in progress is capitalized as costs are incurred during the construction phase, and depreciation will begin once the assets are placed in service. Intangible assets are comprised of right-to-use assets under lease agreements for UHPSI and UHI space.

### *DUE TO THIRD PARTY PAYORS*

Beginning in fiscal year 2023, UHPSI began accruing for future direct and indirect remuneration (DIR) fees, based on a percentage of net revenue. These fees are charged by various Pharmacy Benefit Managers (PBMs) based on differing metrics. They are generally retroactive and occur monthly. Effective January 2024, DIR fees are being taken at time of adjudication and claims detail in real time. Retroactive takeback was substantially completed in 2025.

## NOTE 1 – DESCRIPTION OF REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### *DUE TO THIRD PARTY PAYORS (CONTINUED)*

The amount accrued as of June 2025 and 2024 was $145,197 and $385,049, respectively.

### *NET POSITION*

Net position is classified in three components. Net investment in capital assets consists of capital and right-to-use assets net of accumulated depreciation/amortization, reduced by the current net balances of any outstanding borrowings (less amounts held in trust) used to finance the purchase or construction of those assets. Minority interest represents the twenty-five percent stake in UHI belonging to Finance Corporation's partner, OIA. All other assets less liabilities are classified as unrestricted.

### *RECLASSIFICATIONS*

Certain reclassifications were made to the 2024 statement of revenues, expenses, and changes in net position related to dispensing fees for the 340B agreement to conform to the current year presentation. These reclassifications had no effect on the operating income or net position.

### *RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENTS*

Effective for the fiscal year ended June 30, 2024, GASB issued the following pronouncements that were adopted for this report: Paragraphs 4 through 10 of GASB Statement No. 99, *Omnibus 2022*, and GASB Statement No. 100, *Accounting Changes and Error Corrections*.

Effective for fiscal year ended June 30, 2025, GASB issued the following pronouncements that were adopted for this report but did not have a material impact on the financial statements: GASB 101 *Compensated Absences* and GASB 102, *Certain Risk Disclosures*.

### *UPCOMING ACCOUNTING PRONOUNCEMENTS*

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

In September, 2024, GASB issued Statement No. 104, *Disclosure on Certain Capital Assets*. The objective of this Statement is to provide essential information about certain types of capital assets in order to make informed decisions and assess accountability as well as improve consistency and comparability between governments. This statement is effective for fiscal years beginning after June 15, 2025. The Finance Corporation is currently evaluating the impact this standard will have on its financial statements.

## NOTE 2 – PHARMACEUTICAL REVENUES AND ACCOUNTS RECEIVABLE

UHPSI business operations include filling patient prescriptions to outpatients primarily from UConn Health related clinics.

Pharmaceutical revenues reported net of contractual allowances, DIR fees, and bad debt for the fiscal years ended June 30, 2025 and 2024 were:

| | 2025 | 2024 |
|---|---|---|
| Gross pharmaceutical revenue | $ 304,942,142 | $ 219,197,056 |
| Other income | 212 | 282,804 |
| Less contractual allowances, DIR fees, bad debt | (113,828,238) | (69,658,263) |
| Net pharmaceutical revenue | $ 191,114,116 | $ 149,821,597 |

### *SIGNIFICANT CONCENTRATIONS*

In fiscal years 2025 and 2024, revenue received by UHPSI for Medicare, Medicaid, and Commercial payers were approximately as follows:

Revenue:

| Payer | 2025 | 2024 |
|---|---|---|
| Medicare | 29.9% | 24.9% |
| Medicaid | 41.4% | 48.7% |
| Commercial | 28.7% | 26.4% |
| | 100.0% | 100.0% |

## NOTE 2 – PHARMACEUTICAL REVENUES AND ACCOUNTS RECEIVABLE (CONTINUED)

### *SIGNIFICANT CONCENTRATIONS (CONTINUED)*

Pharmaceutical accounts receivable for fiscal years 2025 and 2024, due from Medicare, Medicaid, and Commercial insurance were approximately as follows:

Pharmaceutical Accounts Receivable:

| Payer | 2025 | 2024 |
|---|---|---|
| Medicare | 31.4% | 22.0% |
| Medicaid | 27.4% | 49.1% |
| Commercial | 41.2% | 28.9% |
| | 100.0% | 100.0% |

## NOTE 3 – LEASE RECEIVABLE

As described in Note 1, receivables from leases to UConn Health and to a third party (for space in the OP) are based on the present value of the future payments and are as follows:

| Lease receivables: | June 30, 2024 Balance | Additions | Deductions | June 30, 2025 Balance | Amount due within 1 year |
|---|---|---|---|---|---|
| Buildings and building improvements | $ 1,235,457 | $ - | $ (836,382) | $ 399,075 | $ 9,600 |

| Lease receivables: | June 30, 2023 Balance | Additions | Deductions | June 30, 2024 Balance | Amount due within 1 year |
|---|---|---|---|---|---|
| Buildings and building improvements | $ 2,870,985 | $ - | $ (1,635,528) | $ 1,235,457 | $ 836,382 |

**NOTE 3 – LEASE RECEIVABLE (CONTINUED)**

Lease payments to be received are as follows:

| Fiscal Year Ending June 30 | Lease Receivables | |
|---|---|---|
| | Principal | Interest |
| 2026 | $ 9,600 | $ 18,982 |
| 2027 | 10,072 | 18,510 |
| 2028 | 10,568 | 18,014 |
| 2029 | 11,087 | 17,495 |
| 2030 | 12,170 | 16,948 |
| 2031-35 | 80,132 | 74,069 |
| 2036-40 | 114,917 | 50,861 |
| 2041-45 | 150,529 | 18,146 |
| | $ 399,075 | $ 233,025 |

**NOTE 4 – RELATED PARTY TRANSACTIONS**

The Finance Corporation enters into transactions for the benefit of UConn Health entities. In 2006, the Finance Corporation entered into transactions resulting in the acquisition of the UConn Musculoskeletal Institute and Munson Road properties. The Finance Corporation leases the MSI building to entities from UConn Health under operating agreement that renew annually. In November 2024, the final lease payment for the UConn Musculoskeletal Institute was made to the Finance Corporation because the final payment on the related note payable was made in the same month.

Through UHPSI, the Finance Corporation also engages in transactions with UConn Health. UHPSI provides pharmaceuticals to patients from the Hospital and UMG while obtaining personnel and other services vital for operations from UConn Health.

UHI has arranged with a related party to OIA for the services of personnel for the operation of the UHI. The amount for these services is reported as part of Professional Services in the Consolidated Statements of Revenues and Expense, and Changes in Net Position in the amount of $1,844,546 and $215,666 as of June 30, 2025 and June 30, 2024, respectively.

The Circle Road Corporation has a 25-year direct financing lease with UConn Health, designed to facilitate the monthly debt service payments on its mortgage with TIAA. Effective April, 2015, the Circle Road Corporation began charging rent to UConn Health's clinical enterprises. The amounts allocated to each of UConn Health's internal business units is determined based on the square footage and evaluated annually.

**NOTE 4 – RELATED PARTY TRANSACTIONS (CONTINUED)**

Lease payments to be received under these agreements, which cover mortgage payments including principal, interest and services fees, over the next five years and thereafter are estimated to be as follows:

| Year ending June 30, | Outpatient Pavilion (a) |
|---|---|
| 2026 | $ 13,975,852 |
| 2027 | 13,975,852 |
| 2028 | 13,975,852 |
| 2029 | 13,975,852 |
| 2030 | 13,975,852 |
| 2031-2035 | 69,879,259 |
| 2036-2040 | 66,385,296 |
| Total | $ 206,143,815 |

(a) OP amounts are due under a non-cancellable direct financing lease with UConn Health. Additional details can be found in Note 5.

Listed in the tables below are material transactions with related parties and the components of the Finance Corporation to show the changes in amounts due (to) from each entity as of June 30, 2025 and 2024. Certain transactions that were settled during the fiscal years with transfers, payments or cash receipts and did not result in a receivable or payable balance at June 30 have been excluded from these tables. The paragraphs that follow describe the related party transactions that are summarized in the aforementioned tables.

## NOTE 4 – RELATED PARTY TRANSACTIONS (CONTINUED)

### *DUE (TO) UCONN HEALTH*

| | 2025 | 2024 |
|---|---|---|
| **Due (to) UConn Health - Beginning Balance:** | **$ (466,952)** | **$ (2,321,675)** |
| **Finance Corp. & Circle Road:** | | |
| Internal contractual support and other expenses, net of pharmaceuticals sold | (50) | - |
| Cash repayments to UConn Health | 71,875 | - |
| **UConn Health Imaging:** | | |
| Internal contractual support and other expenses, net of pharmaceuticals sold | 985 | - |
| Cash payments from UConn Health | (105,177) | - |
| **UHPSI:** | | |
| Internal contractual support and other expenses, net of pharmaceuticals sold | (3,342,569) | (2,471,449) |
| Cash repayments to UConn Health | 3,560,028 | 4,385,208 |
| Cash received from UConn Health | (170,321) | (59,036) |
| Total Change in Due (to) UConn Health | $ 14,771 | $ 1,854,723 |
| **Due (to) UConn Health - Ending Balance:** | **$ (452,181)** | **$ (466,952)** |

During fiscal years 2025 and 2024, UHPSI incurred costs for pharmacy personnel and other operating expenses offset by pharmaceutical revenues from sales to UConn Health, netting to an increase in the amount owed to UConn Health of approximately $3.3 million and $2.5 million, respectively. During the years ended June 30, 2025 and 2024, UHPSI repaid UConn Health approximately $3.6 million and $4.4 million, respectively.

During the year ended June 30, 2025 UHI paid interpretation fees to UMG and UConn Health of approximately $512,000 and $57,000, respectively. Also, UHI paid UConn Health approximately $785,000 for information technology services and maintenance costs.

## NOTE 4 – RELATED PARTY TRANSACTIONS (CONTINUED)

### *DUE (TO) JOHN DEMPSEY HOSPITAL*

| | 2025 | 2024 |
|---|---|---|
| **Due (to) John Dempsey Hospital - Beginning Balance:** | **$ (21,072,330)** | **$ (16,649,378)** |
| **Circle Road Corporation:** | | |
| Administrative expense | | (2,100) |
| **UHPSI:** | | |
| Deposits with vendors | (1,983,277) | (168,686) |
| Pharmaceuticals and other expenses | 18,429 | (18,724) |
| 340B expense | (80,488,981) | (53,257,525) |
| Dispensing fees - Contract & other revenue | 15,346,275 | 11,311,905 |
| Cash repayments | 58,002,099 | 37,500,000 |
| Overhead revenue received | 16,063 | 212,178 |
| Total Change in Due (to) John Dempsey Hospital | $ (9,089,392) | $ (4,422,952) |
| **Due (to) John Dempsey Hospital - Ending Balance:** | **$ (30,161,722)** | **$ (21,072,330)** |

During fiscal years 2025 and 2024, UHPSI received pharmacy overhead revenue from the Hospital in the amount of approximately $16,000 and $212,000, respectively. UHPSI was allocated its share of a deposit to AmerisourceBergen, the primary pharmaceutical supplier used by UHPSI. See Note 1 for additional information. The amounts allocated were approximately $2.0 million and $169,000 for fiscal years ended 2025 and 2024, respectively.

During fiscal years 2025 and 2024, UHPSI repaid the Hospital approximately $58.0 million and $37.5 million, respectively, net of dispensing fee income.

During fiscal years ended June 30, 2025 and 2024, UHPSI recorded 340B pharmaceutical sales to the Hospital's 340B program totaling approximately $80.5 million and $53.2 million, respectively. In accordance with its agreement with the Hospital, UHPSI retained dispensing fees of approximately $15.3 million in 2025 and $11.3 million in 2024. As a result, UHPSI reported cost of goods sold of approximately $65.2 million and $41.9 million for the respective fiscal years.

## NOTE 4 – RELATED PARTY TRANSACTIONS (CONTINUED)

### *DUE FROM (TO) UMG*

| | 2025 | 2024 |
|---|---|---|
| **Due from (to) UConn Medical Group - Beginning Balance:** | **$ 1,371,899** | **$ 617,544** |
| **Circle Road Corporation:** | | |
| Administrative expense | 805 | (805) |
| **UHPSI:** | | |
| Equipment | 2,104 | - |
| Pharmaceuticals & courier services charged back to UConn Medical Group | 8,752,205 | 8,334,126 |
| Cash received from UConn Medical Group | (9,430,847) | (7,578,966) |
| Total Change in Due from (to) UConn Medical Group | $ (675,733) | $ 754,355 |
| **Due from UConn Medical Group - Ending Balance:** | **$ 696,166** | **$ 1,371,899** |

During fiscal years 2025 and 2024, UHPSI provided pharmaceuticals and related services to UMG in the amount of approximately $8.8 million and $8.3 million, respectively. Pharmaceutical expense to UMG is recorded as a chargeback from UHPSI. During the fiscal years ended June 30, 2025 and 2024, UMG repaid UHPSI $9.4 million and $7.6 million, respectively.

### *DUE (TO) UCONN HEALTH - MALPRACTICE FUND*

| | 2025 | 2024 |
|---|---|---|
| **Due (to) UConn Health-Malpractice Fund - Beginning Balance:** | **$ (1,685,493)** | **$ (778,942)** |
| Cash transfers from UConn Health & interest earned on funds held for UConn Health | (13,128,932) | (35,077,043) |
| Payments on behalf of UConn Health | 10,961,670 | 34,170,492 |
| Total Change in Due (to) UConn Health-Malpractice Fund | $ (2,167,262) | $ (906,551) |
| **Due (to) UConn Health-Malpractice Fund - Ending Balance:** | **$ (3,852,755)** | **$ (1,685,493)** |

Balances at fiscal year end for the Malpractice Fund can fluctuate based on funding needs for payments.

## NOTE 4 – RELATED PARTY TRANSACTIONS (CONTINUED)

The Finance Corporation received working capital transfers from UConn Health to assist with repayments to related parties and the investment in subsidiary. These transfers recognize the overall contribution of UHPSI to the clinical enterprise. The amounts received are accounted for as "Net Transfers From UConn Health - unrestricted" in the statements of revenues, expenses and changes in net position. The total amount transferred as of June 30, 2025 and 2024 were $0 and $625,000.

## NOTE 5 – INVESTMENT IN DIRECT FINANCING LEASE

The OP lease, created through the Circle Road Corporation, is a non-cancellable 25-year lease supporting the repayment of the TIAA mortgage. As such, this lease is classified as a direct financing lease. Under this treatment, the underlying capital assets are not recorded separately on the consolidated statements of net position. Instead, the Finance Corporation records its net investment in direct financing lease. The components of the net investment in direct financing lease are shown below as of June 30, 2025 and 2024.

| | 2025 | 2024 |
|---|---|---|
| Net minimum lease payments receivable | $ 206,154,142 | $ 220,130,694 |
| Estimated residual value of leased property (unguaranteed) | 65,861,269 | 65,861,269 |
| Less unearned income | (105,220,154) | (114,928,849) |
| Net investment in direct financing lease | $ 166,795,257 | $ 171,063,114 |

The following schedule provides an analysis of the Circle Road Corporation's cost of the property held for lease under the direct financing lease as of June 30, 2025 and 2024.

| | 2025 | 2024 |
|---|---|---|
| Building | $ 182,613,585 | $ 182,613,585 |
| Equipment | 13,018,555 | 13,598,570 |
| Art | 104,351 | 104,351 |
| | $ 195,736,491 | $ 196,316,506 |

The associated equipment has a maximum useful life of 10 years, while the building has a useful life of 40 years. The term of the lease is 25 years, as stipulated in the mortgage agreement with TIAA. At the conclusion of the lease, any residual amounts will revert to capital assets.

## NOTE 6 – CAPITAL ASSETS AND INTANGIBLE ASSETS

Capital assets as of June 30, 2025 and 2024 consisted of the following:

| | 2025 | 2024 |
|---|---|---|
| Buildings | $ 32,247,901 | $ 32,247,901 |
| Land | 6,593,084 | 6,593,084 |
| Equipment | 4,415,096 | 4,086,595 |
| Software | 129,910 | 129,910 |
| Total capital and intangible assets | 43,385,991 | 43,057,490 |
| Less accumulated depreciation | 16,469,323 | 14,783,159 |
| Capital assets, net | $ 26,916,668 | $ 28,274,331 |

| | 2025 | 2024 |
|---|---|---|
| Right-to-use assets - buildings | $ 4,318,148 | $ 4,318,148 |
| Right-to-use assets - equipment | 60,386 | 60,386 |
| Total right-to-use assets | 4,378,534 | 4,378,534 |
| Less: accumulated amortization | 764,477 | 529,959 |
| Right-to-use assets - net | $ 3,614,057 | $ 3,848,575 |

As described in Note 1, the OP is leased to UConn Health under the terms of a direct financing lease.

## NOTE 6 – CAPITAL ASSETS AND INTANGIBLE ASSETS (CONTINUED)

Capital assets and depreciation activity for the fiscal years ended June 30, 2025 and 2024 were as follows:

| | 2024 | Additions | Deductions | 2025 |
|---|---|---|---|---|
| Buildings | $ 32,247,901 | $ - | $ - | $ 32,247,901 |
| Land | 6,593,084 | - | - | 6,593,084 |
| Equipment | 4,086,595 | 328,501 | - | 4,415,096 |
| Software | 129,910 | - | - | 129,910 |
| Total capital and intangible assets | $ 43,057,490 | $ 328,501 | $ - | $ 43,385,991 |

| | 2023 | Additions | Deductions | 2024 |
|---|---|---|---|---|
| Buildings | $ 29,730,870 | $ 2,517,031 | $ - | $ 32,247,901 |
| Land | 6,593,084 | - | - | 6,593,084 |
| Equipment | 37,983 | 4,048,612 | - | 4,086,595 |
| Software | - | 129,910 | - | 129,910 |
| Total capital and intangible assets | $ 36,361,937 | $ 6,695,553 | $ - | $ 43,057,490 |

**NOTE 6 – CAPITAL ASSETS AND INTANGIBLE ASSETS (CONTINUED)**

Related information on accumulated depreciation for the years ended June 30, 2025 and 2024 was as follows:

| | 2024 | Additions | Deductions | 2025 |
|---|---|---|---|---|
| Buildings | $ 14,670,516 | $ 1,023,130 | $ - | $ 15,693,646 |
| Equipment | 111,048 | 643,892 | - | 754,940 |
| Software | 1,595 | 19,142 | - | 20,737 |
| Total accumulated depreciation | $ 14,783,159 | $ 1,686,164 | $ - | $ 16,469,323 |

| | 2023 | Additions | Deductions | 2024 |
|---|---|---|---|---|
| Buildings | $ 13,874,540 | $ 795,976 | $ - | $ 14,670,516 |
| Equipment | 9,226 | 101,822 | - | 111,048 |
| Software | - | 1,595 | - | 1,595 |
| Total accumulated depreciation | $ 13,883,766 | $ 899,393 | $ - | $ 14,783,159 |

Activity for the Right-to-use assets for the fiscal year ended June 30, 2025 and 2024 was as follows:

| | 2024 | Additions | Deductions | 2025 |
|---|---|---|---|---|
| Right-to-use buildings | $ 4,318,148 | $ - | $ - | $ 4,318,148 |
| Right-to-use equipment | 60,386 | - | - | 60,386 |
| Total right-to-use assets | $ 4,378,534 | $ - | $ - | $ 4,378,534 |

| | 2023 | Additions | Deductions | 2024 |
|---|---|---|---|---|
| Right-to-use buildings | $ 825,337 | $ 3,492,811 | $ - | $ 4,318,148 |
| Right-to-use equipment | 60,386 | - | - | 60,386 |
| Total right-to-use assets | $ 885,723 | $ 3,492,811 | $ - | $ 4,378,534 |

**NOTE 6 – CAPITAL ASSETS AND INTANGIBLE ASSETS (CONTINUED)**

Intangible assets and amortization activity for the fiscal years ended June 30, 2025 and 2024 were as follows:

| | 2024 | Additions | Deductions | 2025 |
|---|---|---|---|---|
| Right-to-use buildings | $ 490,708 | $ 222,440 | $ - | $ 713,148 |
| Right-to-use equipment | 39,251 | 12,078 | - | 51,329 |
| Total accumulated amortization | $ 529,959 | $ 234,518 | $ - | $ 764,477 |

| | 2023 | Additions | Deductions | 2024 |
|---|---|---|---|---|
| Right-to-use buildings | $ 326,506 | $ 164,202 | $ - | $ 490,708 |
| Right-to-use equipment | 27,174 | 12,077 | - | 39,251 |
| Total accumulated amortization | $ 353,680 | $ 176,279 | $ - | $ 529,959 |

## NOTE 7 – NONCURRENT LIABILITIES

The Finance Corporation routinely leases various facilities and equipment instead of purchasing the assets. The contracts include variable payments, residual value guarantees or termination penalties that are not known or certain to be exercised at the time of the lease liability valuation. These are recognized as expenses in the period that they occur. For the fiscal years ended June 30, 2025 and 2024, the Finance Corporation recognized expense for lease variable payments related to common area maintenance and property taxes of $136 and $-0-, respectively. There were no termination penalties or residual guarantee payments expensed for the fiscal years ended June 30, 2025 or 2024.

The Finance Corporation's outstanding notes from direct borrowings related to business-type activities of $148,561,276 and $156,396,131 as of June 30, 2025 and 2024, respectively, are secured by the Musculoskeletal Institute building, the OP, the Leasehold (as to Land) and Fee (as to improvements) Mortgage, Security Agreement, Assignment of Lease and Rents and Fixture Filing. The outstanding notes from direct borrowings related to business-type activities contain a provision that in an event of default, outstanding amounts become immediately due. As of June 30, 2025, there were no instances of default under these agreements. Finance Corporation made the final scheduled payment on the UConn Musculoskeletal Institute's secured mortgage in November 2024.

The Finance Corporation through its subsidiary, the Circle Road Corporation, has a mortgage with TIAA, which financed the construction of the OP.

UHI has a construction loan held by Siemens, which financed the installation of equipment located at 5 Munson Road, Farmington, CT. The company also has finance leases held by Siemens, which financed the purchase of equipment.

## NOTE 7 – NONCURRENT LIABILITIES (CONTINUED)

Changes in long-term obligations for the years ended June 30, 2025 and 2024, respectively were as follows:

| | June 30, 2024 Balance | Additions | Reductions | June 30, 2025 Balance | Amounts due within 1 year |
|---|---|---|---|---|---|
| Right-to-Use Lease Liabilities | $ 7,816,144 | $ 131,629 | $ (900,607) | $ 7,047,166 | $ 962,018 |
| Business-type activities: | | | | | |
| Notes from Direct Borrowings - | | | | | |
| Secured mortgage - Capital Lease Funding (Key Bank), principal and interest payments began January 10, 2004 and and continued until November 10, 2024, with interest at 6.34%. | $ 826,105 | $ - | $ (826,105) | $ - | $ - |
| Secured note - Siemens, principal and interest began February, 2024 and continues until January, 2029 with interest at 6.91%. | 1,476,957 | - | (301,682) | 1,175,275 | 299,311 |
| Secured mortgage - TIAA, 25 year, 4.809% coupon. Principal and interest payments began on April 15, 2015 and will continue until March 15, 2040. | 154,093,069 | - | (6,707,068) | 147,386,001 | 7,036,815 |
| Total Notes from Direct Borrowings | $ 156,396,131 | $ - | $ (7,834,855) | $ 148,561,276 | $ 7,336,126 |
| Total Long-Term Liabilities | $ 164,212,275 | $ 131,629 | $ (8,735,462) | $ 155,608,442 | $ 8,298,145 |

## NOTE 7 – NONCURRENT LIABILITIES (CONTINUED)

| | June 30, 2023 Balance | Additions | Reductions | June 30, 2024 Balance | Amounts due within 1 year |
|---|---|---|---|---|---|
| Right-to-Use Lease Liabilities | $ 660,435 | $ 7,485,960 | $ (330,251) | $ 7,816,144 | $ 880,281 |
| Business-type activities: | | | | | |
| Notes from Direct Borrowings - | | | | | |
| Secured mortgage - Capital Lease Funding (Key Bank), principal and interest payments began January 10, 2004 and and continued until November 10, 2024, with interest at 6.34%. | $ 2,722,174 | $ - | $ (1,896,069) | $ 826,105 | $ 826,105 |
| Secured note - Siemens, principal and interest began February, 2024 and continues until January, 2029 with interest at 6.91%. | - | 1,565,383 | (88,426) | 1,476,957 | 277,793 |
| Secured mortgage - TIAA, 25 year, 4.809% coupon. Principal and interest payments began on April 15, 2015 and will continue until March 15, 2040. | 160,485,841 | - | (6,392,772) | 154,093,069 | 6,707,067 |
| Total Notes from Direct Borrowings | $ 163,208,015 | $ 1,565,383 | $ (8,377,267) | $ 156,396,131 | $ 7,810,965 |
| Total Long-Term Liabilities | $ 163,868,450 | $ 9,051,343 | $ (8,707,518) | $ 164,212,275 | $ 8,691,246 |

**NOTE 7 – NONCURRENT LIABILITIES (CONTINUED)**

Debt service requirements on long-term debt at June 30, 2025 are as follows:

| | Business-Type Activities | |
|---|---|---|
| | Notes from Direct Borrowings | |
| Year Ending June 30, | Principal | Interest |
| 2026 | $ 7,336,126 | $ 7,005,872 |
| 2027 | 7,703,445 | 6,638,563 |
| 2028 | 8,089,286 | 6,252,722 |
| 2029 | 8,338,310 | 5,849,196 |
| 2030 | 8,526,094 | 5,444,758 |
| 2031-2035 | 49,345,824 | 22,820,800 |
| 2036-2040 | 59,222,191 | 7,139,353 |
| Total from direct borrowings | $ 148,561,276 | $ 61,151,265 |

The Finance Corporation recorded interest expense of $7,735,121 and $7,841,846, respectively, during the years ended June 30, 2025 and 2024.

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

| | Lease Liabilities | |
|---|---|---|
| Year Ending June 30, | Principal | Interest |
| 2026 | $ 962,018 | $ 345,097 |
| 2027 | 1,014,450 | 286,603 |
| 2028 | 1,018,030 | 224,715 |
| 2029 | 847,136 | 162,984 |
| 2030 | 134,699 | 135,195 |
| 2031-2035 | 835,423 | 576,003 |
| 2036-2040 | 1,158,776 | 361,730 |
| 2041-2045 | 1,076,633 | 84,218 |
| Total lease liability | $ 7,047,166 | $ 2,176,544 |

## NOTE 8 – SUBSEQUENT EVENTS

In preparing these financial statements, the Finance Corporation has evaluated events and transactions for potential recognition or disclosure through November 20, 2025, the date the financial statements were available to be issued. No subsequent events required recognition or disclosure in the financial statements were identified.

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

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

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

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

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# INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Joint Audit and Compliance Committee
The University of Connecticut Health Center
Farmington, Connecticut

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of The University of Connecticut Health Center Finance Corporation (Finance Corporation or the Company), as of and for the year ended June 30, 2025, and the related notes to the consolidated financial statements, which collectively comprise the Finance Corporation's consolidated financial statements, and have issued our report thereon dated November 20, 2025.

## *Report on Internal Control Over Financial Reporting*

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

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

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

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***Report on Compliance and Other Matters***

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

***Purpose of This Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CliftonLarsonAllen LLP

**CliftonLarsonAllen LLP**

West Hartford, Connecticut
November 20, 2025

**THE UNIVERSITY OF CONNECTICUT HEALTH CENTER**
**FINANCE CORPORATION**

**SCHEDULE I – CONSOLIDATING STATEMENT OF NET POSITION**

**JUNE 30, 2025**

| | UCHC Finance Corporation | UCHCFC Circle Road Corporation | UConn Health Pharmacy Services, Inc. | UConn Health Imaging, LLC. | Eliminations | Total |
|---|---|---|---|---|---|---|
| **Assets** | | | | | | |
| **Current Assets** | | | | | | |
| Cash | $ - | $ - | $ 20,397,251 | $ 733,476 | $ - | $ 21,130,727 |
| Malpractice Fund | 3,852,755 | - | - | - | - | 3,852,755 |
| Accounts receivable, net | - | - | 7,606,245 | 974,244 | - | 8,580,489 |
| Lease receivable -current portion | - | 9,600 | - | - | - | 9,600 |
| Other receivables | | | | 93,957 | | 93,957 |
| Inventory | - | - | 3,391,822 | 13,518 | - | 3,405,340 |
| Due from UConn Medical Group | - | - | 696,166 | - | - | 696,166 |
| Due (to) from subsidiaries | (2,745,010) | 561,806 | 2,183,204 | - | - | - |
| Prepaid expenses | - | - | 925 | 365,098 | - | 366,023 |
| Net investment in direct financing lease, current portion | - | 4,516,027 | - | - | - | 4,516,027 |
| **Total Current Assets** | 1,107,745 | 5,087,433 | 34,275,613 | 2,180,293 | - | 42,651,084 |
| **Noncurrent Assets** | | | | | | |
| Deposits with vendors | - | - | 14,159,611 | - | - | 14,159,611 |
| Lease receivable, net of current portion | - | 389,475 | - | - | - | 389,475 |
| Investment in UHI | 3,777,500 | - | - | - | (3,777,500) | - |
| Investment in CSC | 179,966 | - | - | - | - | 179,966 |
| Net investment in direct financing lease, net of current portion | - | 162,279,230 | - | - | - | 162,279,230 |
| Property - right-to-use assets, net | - | - | 290,218 | 3,323,839 | - | 3,614,057 |
| Capital assets, net | 20,942,816 | - | 42,465 | 5,931,387 | - | 26,916,668 |
| **Total Noncurrent Assets** | 24,900,282 | 162,668,705 | 14,492,294 | 9,255,226 | (3,777,500) | 207,539,007 |
| **Total Assets** | $ 26,008,027 | $ 167,756,138 | $ 48,767,907 | $ 11,435,519 | $ (3,777,500) | $ 250,190,091 |

***See independent auditors' report.***

**THE UNIVERSITY OF CONNECTICUT HEALTH CENTER**
**FINANCE CORPORATION**

**SCHEDULE I – CONSOLIDATING STATEMENT OF NET POSITION**
**(CONTINUED)**

**JUNE 30, 2025**

| | UCHC Finance Corporation | UCHCFC Circle Road Corporation | UConn Health Pharmacy Services, Inc. | UConn Health Imaging, LLC | Eliminations | Total |
|---|---|---|---|---|---|---|
| **Liabilities and Net Position** | | | | | | |
| **Current Liabilities** | | | | | | |
| Accounts payable and accrued expenses | $ 29,627 | $ 298,096 | $ 7,505,843 | $ 845,998 | $ - | $ 8,679,564 |
| Due to UConn Health – Malpractice Fund | 3,852,755 | - | - | - | - | 3,852,755 |
| Due to UConn Health | - | - | 452,181 | - | - | 452,181 |
| Due to John Dempsey Hospital | - | - | 16,002,111 | - | - | 16,002,111 |
| Due to third party payors | - | - | 145,197 | - | - | 145,197 |
| Lease liability, current portion | - | - | 148,312 | 813,706 | - | 962,018 |
| Loans payable, current portion | - | 7,036,815 | - | 299,311 | - | 7,336,126 |
| **Total Current Liabilities** | 3,882,382 | 7,334,911 | 24,253,644 | 1,959,015 | - | 37,429,952 |
| **Noncurrent Liabilities** | | | | | | |
| Due to John Dempsey Hospital, net of current portion | - | - | 14,159,611 | - | - | 14,159,611 |
| Lease liability, net of current portion | - | - | 229,495 | 5,855,653 | - | 6,085,148 |
| Loans payable, net of current portion | - | 140,349,187 | - | 875,963 | - | 141,225,150 |
| **Total Noncurrent Liabilities** | - | 140,349,187 | 14,389,106 | 6,731,616 | - | 161,469,909 |
| **Total Liabilities** | 3,882,382 | 147,684,098 | 38,642,750 | 8,690,631 | - | 198,899,861 |
| **Deferred Inflows of Resources** | | | | | | |
| Deferred inflows - right-to-use assets | - | 345,482 | - | - | - | 345,482 |
| **Net Position** | | | | | | |
| Net investment in capital assets | 20,942,816 | 19,409,255 | (2,659) | 1,410,593 | - | 41,760,005 |
| Minority interest - UHI | - | - | - | 686,222 | - | 686,222 |
| Unrestricted | 1,182,829 | 317,303 | 10,127,816 | 648,073 | (3,777,500) | 8,498,521 |
| **Total Net Position** | 22,125,645 | 19,726,558 | 10,125,157 | 2,744,888 | (3,777,500) | 50,944,748 |
| **Total Liabilities, Deferred Inflows and Net Position** | $ 26,008,027 | $ 167,756,138 | $ 48,767,907 | $ 11,435,519 | $ (3,777,500) | $ 250,190,091 |

***See independent auditors' report.***

**THE UNIVERSITY OF CONNECTICUT HEALTH CENTER**
**FINANCE CORPORATION**

## SCHEDULE II – CONSOLIDATING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

## FOR THE YEAR ENDED JUNE 30, 2025

| | UCHC Finance Corporation | UCHCFC Circle Road Corporation | UConn Health Pharmacy Services, Inc. | UConn Health Imaging, LLC | Eliminations | Total |
|---|---|---|---|---|---|---|
| **Operating Revenues** | | | | | | |
| Interest income - right-to-use assets | $ 13,179 | $ 19,404 | $ - | $ - | $ - | $ 32,583 |
| Lease Revenue - right-to-use assets | 732,505 | 16,793 | - | - | - | 749,298 |
| Interest income from direct financing lease | - | 9,711,066 | - | - | - | 9,711,066 |
| Contract and other income | 1,750 | - | 15,846,003 | - | - | 15,847,753 |
| Imaging revenue, net | - | - | - | 4,123,894 | - | 4,123,894 |
| Pharmaceutical revenues, net | - | - | 191,114,116 | - | - | 191,114,116 |
| **Total Operating Revenues** | 747,434 | 9,747,263 | 206,960,119 | 4,123,894 | - | 221,578,710 |
| **Operating Expenses** | | | | | | |
| Professional services | 31,421 | 3,500 | - | 2,571,431 | - | 2,606,352 |
| Outside agency per diems | - | - | 12,631,880 | 865,879 | - | 13,497,759 |
| Internal contractual support | - | - | 2,976,494 | - | - | 2,976,494 |
| Internal pharmaceutical charges | - | - | 80,488,983 | - | - | 80,488,983 |
| Pharmaceuticals/medical supplies | - | - | 109,773,881 | 171,948 | - | 109,945,829 |
| Equipment and software leases | - | - | 117,001 | 60,733 | - | 177,734 |
| Insurance, rent and utilities | - | - | 750 | 120,329 | - | 121,079 |
| Repairs and maintenance | - | - | - | 352,007 | - | 352,007 |
| Interest expense | 10,230 | 7,250,345 | 15,913 | 474,546 | - | 7,751,034 |
| Depreciation | 753,300 | - | 6,054 | 926,810 | - | 1,686,164 |
| Amortization - right-to-use assets | - | - | 120,913 | 113,605 | - | 234,518 |
| Other | - | 2,371 | 70,798 | 137,756 | - | 210,925 |
| **Total Operating Expenses** | 794,951 | 7,256,216 | 206,202,667 | 5,795,044 | - | 220,048,878 |
| **Operating Income (Loss)** | (47,517) | 2,491,047 | 757,452 | (1,671,150) | - | 1,529,832 |
| **Nonoperating Revenue (Expense)** | | | | | | |
| Investment revenue | 6,889 | - | - | - | - | 6,889 |
| Loan servicing fee | (4,348) | (5,800) | - | - | - | (10,148) |
| **Net Nonoperating Income (Expense)** | 2,541 | (5,800) | - | - | - | (3,259) |
| **Income (Loss)** | (44,976) | 2,485,247 | 757,452 | (1,671,150) | - | 1,526,573 |
| **Contribution - controlling interest - UHI** | - | - | - | 1,777,500 | (1,777,500) | - |
| **Contribution - minority interest - UHI** | - | - | - | 592,500 | - | 592,500 |
| **Increase in Net Position - Restricted** | - | - | - | 174,713 | - | 174,713 |
| **Increase in Net Position - Unrestricted** | (44,976) | 2,485,247 | 757,452 | 524,138 | (1,777,500) | 1,944,361 |
| **Net Position** - Beginning of year | 22,170,621 | 17,241,311 | 9,367,705 | 2,046,038 | (2,000,000) | 48,825,675 |
| **Net Position** - End of year | $ 22,125,645 | $ 19,726,558 | $ 10,125,157 | $ 2,744,888 | $ (3,777,500) | $ 50,944,748 |

***See independent auditors' report.***

Global
INDEPENDENT
NETWORK MEMBER

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# ATTACHMENT 2.3

# ATTACHMENT 2.3

# NCAA Agreed-Upon Procedures

## *For the Year Ended June 30, 2025*

**Katie Davis, CPA | Partner**

**December 2025**

JAMESMOORE

# Background

- Purpose: For NCAA Member Institution Presidents and Chancellors to gain an understanding of the financial position of their institution's intercollegiate athletics program and obtain peace of mind that material revenue and expense categories are in compliance with NCAA financial reporting requirements.
- Scope of Work: In accordance with NCAA Bylaws and professional standards performed by independent accountants. This is not an audit.
- The NCAA Financial Reporting Framework is not in accordance with Generally Accepted Accounting Principles, but it is designed to allow the NCAA and member institutions to compare data in an "apples to apples" format.
- The NCAA Financial Reporting System also obtains relevant data that determines the University's revenue distribution for the upcoming year.

# Results of Procedures and Reported Items

- There were no findings or exceptions to the procedures we performed.
- The Statement of Revenues and Expenses highlights the results of operations of your various sports programs, specifically highlighting football, men's basketball, women's basketball, men's ice hockey, all other sports, and nonprogram specific financial activity.
- The Notes and Variance Analysis disclosed in the report are the athletic department's opportunity to tell their financial story by providing context to the numbers.

# Questions?

# UNIVERSITY OF CONNECTICUT
# INTERCOLLEGIATE ATHLETICS PROGRAM

## INDEPENDENT ACCOUNTANTS' REPORT ON THE APPLICATION OF AGREED-UPON PROCEDURES

## FOR THE YEAR ENDED JUNE 30, 2025

**UNIVERSITY OF CONNECTICUT**
**INTERCOLLEGIATE ATHLETICS PROGRAM**
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**JUNE 30, 2025**


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# INDEPENDENT ACCOUNTANTS' REPORT ON THE APPLICATION OF AGREED-UPON PROCEDURES

Dr. Radenka Maric, President,
University of Connecticut:

We have performed the procedures enumerated below on the accompanying Statement of Revenues and Expenses (the Statement, see Exhibit I) of the University of Connecticut (the University) Intercollegiate Athletics Program (the Program) in compliance with the National Collegiate Athletic Association's (NCAA) Bylaw 20.2.4.18 for the year ended June 30, 2025. The University's management is responsible for the accompanying Statement and the Statement's compliance with those requirements for the year ended June 30, 2025.

The University has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of evaluating whether the accompanying Statement is in compliance with the NCAA's Bylaw 20.2.4.18 for the year ended June 30, 2025. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

Exceptions totaling the lesser of $100,000 or 10% of the line item total to which an agreed-upon procedure has been applied to, other than exceptions related to internal control procedures of the Program, for which there are no thresholds, have been reported. The procedures and the associated findings are as follows:

## Agreed-Upon Procedures Related to the Statement of Revenues and Expenses

| Procedure | Finding |
|---|---|
| **All Revenue Categories** | |
| • Compare and agree each operating revenue category reported in the statement during the reporting period to supporting schedules provided by the Program. If a specific reporting category is less than 4.0% of the total revenues, no procedures are required for that specific category. | No exceptions noted. |
| • Compare and agree a sample of operating revenue receipts obtained from the above operating revenue supporting schedules to adequate supporting documentation. | No exceptions noted. |
| • Compare each major revenue account over 10% of the total revenues to prior period amounts and budget estimates. Obtain and document an explanation of any variations greater than 10%. Report the analysis as a supplement to the final Agreed-Upon procedures report. | No exceptions noted and amounts and explanations for variations from the prior period are included in the supplement on page 22. |

| Procedure | Finding |
|---|---|
| **1. Ticket Sales** | |
| **a.** Compare tickets sold during the reporting period, complimentary tickets provided during the reporting period and unsold tickets to the related revenue reported by the Program in the statement and the related attendance figures and recalculate totals. | No exceptions noted. |
| **2. Direct State or Other Governmental Support** | |
| **a.** Compare direct state or other governmental support recorded by the Program during the reporting period with state appropriations, institutional authorizations and/or other corroborative supporting documentation and recalculate totals. | No exceptions noted. |
| **3. Student Fees** | |
| **a.** Compare and agree student fees reported by the Program in the statement for the reporting period to student enrollments during the same reporting period and recalculate totals. | We could not perform the procedure as outlined; however, we noted that the University determines the amount the Program receives. We confirmed the amount with the University and noted no exceptions. |
| **b.** Obtain documentation of Program's methodology for allocating student fees to intercollegiate athletics programs. | An understanding of the University's methodology was gained, and we noted the allocation was in accordance with the University's methodology. |
| **c.** If the Program is reporting that an allocation of student fees should be countable as generated revenue, recalculate the totals of their methodology for supporting that they are able to count each sport. Tie the calculation to supporting documents such as seat manifests, ticket sales reports and student fee totals. | No exceptions noted. |
| **4. Direct Institutional Support** | |
| **a.** Compare the direct institutional support recorded by the Program during the reporting period with the institutional supporting budget transfers documentation and other corroborative supporting documentation and recalculate totals. | No exceptions noted. |
| **5. Less – Transfers to Institution** | |
| **a.** Compare the transfers back to the institution with permanent transfers back to the institution from the athletics department and recalculate totals. | As transfers to institution represent less than 4.0% of total revenues for the year ended June 30, 2025, this procedure was not performed. |

| Procedure | Finding |
|---|---|
| **6. Indirect Institutional Support (6 and 6A)** | |
| **a.** Compare the indirect institutional support recorded by the Program during the reporting period with expense payments, cost allocation detail and other corroborative supporting documentation and recalculate totals. | No exceptions noted. |
| **7. Guarantees** | |
| **a.** Select a sample of settlement reports for away games during the reporting period and agree each selection to the Program's general ledger and/or the statement and recalculate totals. | As guarantees represent less than 4.0% of total revenues for the year ended June 30, 2025, this procedure was not performed. |
| **b.** Select a sample of contractual agreements pertaining to revenues derived from guaranteed contests during the reporting period and compare and agree each selection to the Program's general ledger and/or the statement and recalculate totals. | As guarantees represent less than 4.0% of total revenues for the year ended June 30, 2025, this procedure was not performed. |
| **8. Contributions** | |
| **a.** Any contributions of moneys, goods or services received directly by an intercollegiate athletics program from any affiliated or outside organization, agency or group of individuals (two or more) not included above (e.g., contributions by corporate sponsors) that constitutes 10 percent or more in aggregate for the reporting year of all contributions received for intercollegiate athletics during the reporting periods shall obtain and review supporting documentation for each contribution and recalculate totals. | No exceptions noted. |
| **9. In-Kind** | |
| **a.** Compare the in-kind recorded by the Program during the reporting period with a schedule of in-kind donations and recalculate totals. | As there was no in-kind support for the year ended June 30, 2025, this procedure was not performed. |
| **10. Compensation and Benefits Provided by a Third-Party** | |
| **a.** Obtain the summary of revenues from affiliated and outside organizations (the "Summary") as of the end of the reporting period from the Program and select a sample of funds from the Summary and compare and agree each selection to supporting documentation, the Program's general ledger and/or the Summary and recalculate totals. | As there were no compensation and benefits provided by a third party for the year ended June 30, 2025, this procedure was not performed. |
| **11. Media Rights** | |
| **a.** Obtain and inspect agreements to understand the institution's total media (broadcast, television, radio) rights received by the Program or through their conference offices as reported in the statement. | As media rights represent less than 4.0% of total revenues for the year ended June 30, 2025, this procedure was not performed. |

| Procedure | Finding |
|---|---|
| **b.** Compare and agree the media rights revenues to a summary statement of all media rights identified, if applicable, and the Program's general ledger and recalculate totals. Ledger totals may be different for total conference distributions if media rights are not broken out separately. | As media rights represent less than 4.0% of total revenues for the year ended June 30, 2025, this procedure was not performed. |
| **12. NCAA Distributions and NCAA Host Revenue Settlements (12A-12C)** | |
| **a.** Compare the amounts recorded in the revenue categories to general ledger detail for NCAA distributions (12A), NCAA Host Revenue Settlements (12B), or post-season non-football NCAA expense reimbursements and other corroborative supporting documents and recalculate totals. | As NCAA distributions represent less than 4.0% of total revenues for the year ended June 30, 2025, this procedure was not performed. |
| **13. Conference Distributions and Conference Distributions of Post-Season Generated Revenue (13 and 13A)** | |
| **a.** Obtain and inspect agreements related to the Program's conference distributions and participation in revenues from tournaments during the reporting period for relevant terms and conditions. | As conference distributions represent less than 4.0% of total revenues for the year ended June 30, 2025, this procedure was not performed. |
| **b.** Compare and agree the related revenues to the Program's general ledger, and/or the statement and recalculate totals. | As conference distributions represent less than 4.0% of total revenues for the year ended June 30, 2025, this procedure was not performed. |
| **14. Program Sales, Concessions, Novelty Sales, and Parking** | |
| **a.** Compare the amount recorded in the revenue reporting category to a general ledger detail of program sales, concessions, novelty sales and parking as well as any other corroborative supporting documents and recalculate totals. | As program sales, concessions, novelty sales, and parking represent less than 4.0% of total revenues for the year ended June 30, 2025, this procedure was not performed. |
| **15. Royalties, Licensing, Advertisements and Sponsorships** | |
| **a.** Obtain a summary of customers for total revenue and select a sample of agreements related to the institution's participation in revenues from royalties, licensing, advertisements, and sponsorships during the reporting period for relevant terms and conditions. | Agreements were obtained and an understanding of the relevant terms and conditions was gained. |
| **b.** Compare and agree the related revenues to the institution's general ledger, and/or the statement and recalculate totals. | No exceptions noted. |

| Procedure | Finding |
|---|---|
| **16. Sports Camp Revenues** | |
| **a.** Inspect sports camp contract(s) between the institution and person(s) conducting institutional sports-camps or clinics during the reporting period to obtain documentation of the Program's methodology for recording revenues from sports- camps. | As sports camp revenues represent less than 4.0% of total revenues for the year ended June 30, 2025, this procedure was not performed. |
| **b.** Obtain schedules of camp participants and select a sample of individual camp participant cash receipts from the schedule of sports- camp participants and agree each selection to the Program's general ledger, and/or the statement and recalculate totals. | As sports camp revenues represent less than 4.0% of total revenues for the year ended June 30, 2025, this procedure was not performed. |
| **17. Athletics Restricted Endowment and Investment Income** | |
| **a.** Obtain and inspect endowment agreements, if any, for relevant terms and conditions. | As athletics restricted endowment and investment income represents less than 4.0% of total revenues for the year ended June 30, 2025, this procedure was not performed. |
| **b.** Compare and agree the classification and use of endowment and investment income reported in the statement during the reporting period to the uses of income defined within the related endowment agreement and recalculate totals. | As athletics restricted endowment and investment income represents less than 4.0% of total revenues for the year ended June 30, 2025, this procedure was not performed. |
| **18. Other Operating Revenue** | |
| **a.** Perform minimum agreed-upon procedures referenced for all revenue categories and recalculate totals. | As other operating revenue represents less than 4.0% of total revenues for the year ended June 30, 2025, this procedure was not performed. |
| **19. Football Bowl Revenues** | |
| **a.** Obtain and inspect agreements related to the Program's revenues from post-season football bowl participation during the reporting period to gain an understanding of the relevant term and conditions. | As football bowl revenues represent less than 4.0% of total revenues for the year ended June 30, 2025, this procedure was not performed. |
| **b.** Compare and agree the related revenues to the Program's general ledger, and/or the statement and recalculate totals. | As football bowl revenues represent less than 4.0% of total revenues for the year ended June 30, 2025, this procedure was not performed. |

| Procedure | Finding |
|---|---|
| **All Expense Categories** | |
| • Compare and agree each expense category reported in the statement during the reporting period to supporting schedules provided by the institution. If a specific reporting category is less than 4.0% of the total expenses, no procedures are required for that specific category. | No exceptions noted. |
| • Compare and agree a sample of expenses obtained from the above operating expense supporting schedules to adequate supporting documentation. | No exceptions noted. |
| • Compare each major expense account over 10% of the total expenses to prior period amounts and budget estimates. Obtain and document an explanation of any variations greater than 10%. Report the analysis as a supplement to the final Agreed-Upon procedures report. | No exceptions noted and amounts and explanations for variations from the prior period are included in the supplement on page 22. |
| **20. Athletic Student Aid** | |
| **a.** Using the criteria below select a sample of student-athletes receiving athletic aid during the reporting period. Data should be captured by the institution through the creation of a squad/eligibility list for each sport sponsored.<br>• If using the NCAA's Compliance Assistant (CA) application, select 10% of the total student-athletes with a maximum sample size of 40.<br>• If using a compliance application other than the NCAA's CA application, select 20% of total student-athletes with a maximum sample size of 60).<br>*Note: Division I revenue distribution equivalencies (athletic grant amount divided by the full grant amount) should only include tuition, fees, living expenses and required course-related books, per Bylaw 20.02.10. Cost of Attendance or Other Expenses Related to Attendance are **not** countable for revenue distribution purposes.*<br>*Note: The Calculation of Revenue Distribution Equivalencies Report (CRDE) within Compliance Assistant should provide equivalencies that do not contain Cost of Attendance or Other Expenses Related to Attendance.* | A sample of 60 student aid recipients was selected. |

| Procedure | Finding |
|---|---|
| **b.** Obtain individual student-athlete account details for each selection. Reconcile the total athletic aid reported by the institution to the student-athlete's account detail reported in CA or the institution report that reconciles to the NCAA Membership Financial Reporting System. | No exceptions noted. |
| **c.** **Division I Institutions Only:** Perform a check of each student selected to ensure their information was reported accurately in either the NCAA's CA software or entered directly into the NCAA Membership Financial Reporting System using the following criteria: | No exceptions noted. |
| • Grants-in-aid is calculated by using the revenue distribution equivalencies, athletic grant amount divided by the full grant amount. | No exceptions noted. |
| • Other expenses related to attendance (also known as cost of attendance) should **not** be included in grants-in-aid revenue distribution equivalencies. Only tuition, fees, living expenses, and course-related books are countable for grants-in-aid revenue distribution per Bylaw 20.02.10.<br>Note: For compliance purposes equivalencies may include other expenses related to attendance per Bylaw 15.02.2. However, other expenses related to attendance are **not** allowed to be included for revenue distribution equivalencies. If using the NCAA CA application, the Calculation of Revenue Distribution Equivalencies Report (CRDE) should provide equivalencies that do not include other expenses related to attendance. | No exceptions noted. |
| • Full grant amount should be entered as a full year of tuition, not a semester or quarter. | No exceptions noted. |
| • Student-athletes are to be counted once, regardless of multiple sport participation, and should **not** receive a revenue distribution equivalency greater than 1.00. | No exceptions noted. |
| • Athletic grants are valid for revenue distribution purposes only in sports in which the NCAA conducts championships competition, emerging sports for women and football bowl subdivision football. | No exceptions noted. |
| • Grants-in-aid are valid for revenue distribution purposes in NCAA sports that do not meet the minimum contests and participants' requirements of Bylaw 20.9.6.3. | No exceptions noted. |
| • Institutions providing grants to student-athletes listed on the CRDE as "Exhausted Eligibility (fifth-year)" or "Medical" receive credit in the grants-in-aid component. | No exceptions noted. |

| Procedure | Finding |
|---|---|
| • The athletics aid equivalency cannot exceed maximum equivalency limits. However, the total revenue distribution equivalency can exceed maximum equivalency limits due to exhausted eligibility and medical equivalencies, Bylaw 15.5.3.<br>Note: The NCAA Membership Financial Reporting System's Revenue Distribution data entry webpage will automatically reduce the Total Revenue Distribution Equivalencies Awarded column to adhere to Bylaw 15.5.3. | No exceptions noted. |
| • If a sport is discontinued and athletic aid is still being awarded/honored by the institution, the athletic aid is countable for revenue distribution purposes.<br>Note: The discontinued sport will need to be added to the NCAA Membership Financial Reporting System's Revenue Distribution data entry Webpage. | As there were no discontinued sports for the year ended June 30, 2025, this procedure was not performed. |
| • All equivalency calculations should be rounded to two decimal places. | No exceptions noted. |
| • If a selected student receives a Pell Grant, ensure the value of the grant is not included in the calculation of equivalencies or the total dollar amount of student athletic aid expense for the institution. | No exceptions noted. |
| • If a selected student received a Pell Grant, ensure the student's grant was included in the total number and total dollar value of Pell Grants reported for Revenue Distribution purposes in the NCAA Membership Financial Reporting System. | No exceptions noted. |
| **d.** Recalculate totals for each sport and overall. | No exceptions noted. |
| **21. Guarantees** | |
| **a.** Obtain and inspect visiting institution's away-game settlement reports received by the institution during the reporting period and agree related expenses to the Program's general ledger and/or the statement and recalculate totals. | As guarantees represent less than 4.0% of total expenses for the year ended June 30, 2025, this procedure was not performed. |
| **b.** Obtain and inspect contractual agreements pertaining to expenses recorded by the institution from guaranteed contests during the reporting period. Compare and agree related amounts expensed by the institution during the reporting period to the institution's general ledger and/or the statement and recalculate totals. | As guarantees represent less than 4.0% of total expenses for the year ended June 30, 2025, this procedure was not performed. |

| Procedure | Finding |
|---|---|
| **22. Coaching Salaries, Benefits, and Bonuses Paid by the University and Related Entities** | |
| **a.** Obtain and inspect a listing of coaches employed by the Program and related entities during the reporting period. Select a sample of coaches' contracts that must include football, and men's and women's basketball from the listing. | A listing of all coaches employed by the Program was obtained. A sample of five coaches for two pay periods each was selected, including the men's and women's basketball head coaches and the men's football head coach. |
| **b.** Compare and agree the financial terms and conditions of each selection to the related coaching salaries, benefits, and bonuses recorded by the Program and related entities in the statement during the reporting period. | No exceptions noted. |
| **c.** Obtain and inspect payroll summary registers for the reporting year for each selection. Compare and agree payroll summary registers from the reporting period to the related coaching salaries, benefits and bonuses paid by the Program and related entities expense recorded by the Program in the statement during the reporting period. | No exceptions noted. |
| **d.** Compare and agree the totals recorded to any employment contracts executed for the sample selected and recalculate totals. | No exceptions noted. |
| **23. Coaching Salaries, Benefits, and Bonuses Paid by a Third-Party** | |
| **a.** Obtain and inspect a listing of coaches employed by third parties during the reporting period. Select a sample of coaches' contracts that must include football, and men's and women's basketball from the listing. | As there were no coaching salaries, benefits, and bonuses paid by a third party for the year ended June 30, 2025, this procedure was not performed. |
| **b.** Compare and agree the financial terms and conditions of each selection to the related coaching other compensation and benefits paid by a third party and recorded by the Program in the statement during the reporting period. | As there were no coaching salaries, benefits, and bonuses paid by a third party for the year ended June 30, 2025, this procedure was not performed. |
| **c.** Obtain and inspect the reporting period payroll summary registers for each selection. Compare and agree related payroll summary register to the coaching other compensation and benefits paid by a third-party recorded by the institution in the statement during the reporting period and recalculate totals. | As there were no coaching salaries, benefits, and bonuses paid by a third party for the year ended June 30, 2025, this procedure was not performed. |

| Procedure | Finding |
|---|---|
| **24. Support Staff/Administrative Compensation, Benefits, and Bonuses Paid by the University and Related Entities** | |
| **a.** Select a sample of support staff/administrative personnel employed by the Program and related entities during the reporting period. | A sample of five support staff/ administrative personnel for two pay periods each was selected. |
| **b.** Obtain and inspect reporting period summary payroll register for each selection. Compare and agree related summary payroll register to the related support staff administrative salaries, benefits and bonuses paid by the Program and related entities expense recorded by the Program in the statement during the reporting period and recalculate totals. | No exceptions noted. |
| **25. Support Staff/Administrative Compensation, Benefits, and Bonuses Paid by a Third-Party** | |
| **a.** Select a sample of support staff/administrative personnel employed by third parties during the reporting period. | As there were no support staff/ administrative compensation, benefits, and bonuses paid by a third-party for the year ended June 30, 2025, this procedure was not performed. |
| **b.** Obtain and inspect the reporting period payroll summary registers for each selection. Compare and agree related payroll summary registers to the related support staff administrative other compensation and benefits expense recorded by the Program in the statement during the reporting period and recalculate totals. | As there were no support staff/ administrative compensation, benefits, and bonuses paid by a third-party for the year ended June 30, 2025, this procedure was not performed. |
| **26. Severance Payments** | |
| **a.** Select a sample of employees receiving severance payments by the institution during the reporting period and agree each severance payment to the related termination letter or employment contract and recalculate totals. | As there were no severance payments for the year ended June 30, 2025, this procedure was not performed. |
| **27. Recruiting** | |
| **a.** Obtain documentation of the Program's recruiting expense policies. | As recruiting expenses represent less than 4.0% of total expenses for the year ended June 30, 2025, this procedure was not performed. |
| **b.** Compare and agree to existing institutional- and NCAA-related policies. | As recruiting expenses represent less than 4.0% of total expenses for the year ended June 30, 2025, this procedure was not performed. |
| **c.** Obtain general ledger detail and compare to the total expenses reported and recalculate totals. | As recruiting expenses represent less than 4.0% of total expenses for the year ended June 30, 2025, this procedure was not performed. |

| Procedure | Finding |
|---|---|
| **28. Team Travel** | |
| **a.** Obtain documentation of the Program's team travel policies. | We obtained and documented an understanding of the Program's team travel policies. |
| **b.** Compare and agree to existing institutional- and NCAA-related policies. | No exceptions noted and policies are consistent with institutional and NCAA-related policies. |
| **c.** Obtain general ledger detail and compare to the total expenses reported and recalculate totals. | No exceptions noted. |
| **29. Sports Equipment, Uniforms, and Supplies** | |
| **a.** Obtain general ledger detail and compare to the total expenses reported. Select a sample of transactions to validate existence of transaction and accuracy of recording and recalculate totals. | As sports equipment, uniforms, and supplies represent less than 4.0% of total expenses for the year ended June 30, 2025, this procedure was not performed. |
| **30. Game Expenses** | |
| **a.** Obtain general ledger detail and compare to the total expenses reported. Select a sample of transactions to validate existence of transaction and accuracy of recording and recalculate totals. | As game expenses represent less than 4.0% of total expenses for the year ended June 30, 2025, this procedure was not performed. |
| **31. Fund Raising, Marketing and Promotion** | |
| **a.** Obtain general ledger detail and compare to the total expenses reported. Select a sample of transactions to validate existence of transaction and accuracy of recording and recalculate totals. | As fund raising, marketing and promotion represents less than 4.0% of total expenses for the year ended June 30, 2025, this procedure was not performed. |
| **32. Sports Camp Expenses** | |
| **a.** Obtain general ledger detail and compare to the total expenses reported. Select a sample of transactions to validate existence of transaction and accuracy of recording and recalculate totals. | As there were no sports camp expenses for the year ended June 30, 2025, this procedure was not performed. |
| **33. Spirit Groups** | |
| **a.** Obtain general ledger detail and compare to the total expenses reported. Select a sample of transactions to validate existence of transaction and accuracy of recording and recalculate totals. | As spirit groups represent less than 4.0% of total expenses for the year ended June 30, 2025, this procedure was not performed. |

| Procedure | Finding |
|---|---|
| **34. Athletic Facilities Debt Service, Leases and Rental Fees** | |
| **a.** Obtain a listing of debt service schedules, lease payments and rental fees for athletics facilities for the reporting year. Compare a sample of facility payments including the top two highest facility payments to additional supporting documentation (e.g. debt financing agreements, leases, rental agreements). | No exceptions noted. |
| **b.** Compare amounts recorded to amounts listed in the general ledger detail and recalculate totals. | No exceptions noted. |
| **35. Direct Overhead, Administrative Expenses, Facilities Maintenance and Operations (35 and 35A)** | |
| **a.** Obtain general ledger detail and compare to the total expenses reported. Select a sample of transactions to validate existence of transaction and accuracy of recording and recalculate totals. | As direct overhead, administrative expenses, facilities maintenance and operations represent less than 4.0% of total expenses for the year ended June 30, 2025, this procedure was not performed. |
| **36. Indirect Institutional Support** | |
| **a.** Tested with revenue section- Indirect Institutional Support. | As indirect institutional support represents less than 4.0% of total expenses for the year ended June 30, 2025, this procedure was not performed. |
| **37. Medical Expenses and Insurance** | |
| **a.** Obtain general ledger detail and compare to the total expenses reported. Select a sample of transactions to validate existence of transaction and accuracy of recording and recalculate totals. | As medical expenses and insurance represent less than 4.0% of total expenses for the year ended June 30, 2025, this procedure was not performed. |
| **38. Memberships and Dues** | |
| **a.** Obtain general ledger detail and compare to the total expenses reported. Select a sample of transactions to validate existence of transaction and accuracy of recording and recalculate totals. | As memberships and dues represent less than 4.0% of total expenses for the year ended June 30, 2025, this procedure was not performed. |
| **39. Student-Athlete Meals (non-travel)** | |
| **a.** Obtain general ledger detail and compare to the total expenses report. Select a sample of transactions to validate existence of transaction and accuracy of recording and recalculate totals. | As student-athlete meals (non-travel) represent less than 4.0% of total expenses for the year ended June 30, 2025, this procedure was not performed. |
| **40. Other Operating Expenses** | |
| **a.** Obtain general ledger detail and compare to the total expenses reported. Select a sample of transactions to validate existence of transaction and accuracy of recording and recalculate totals. | No exceptions noted. |

| Procedure | Finding |
|---|---|
| **41. Post-season Football Expenses (41, 41A and 41B)** | |
| **a.** Obtain general ledger detail and compare to the total expenses reported. Select a sample of transactions to validate existence of transaction and accuracy of recording and recalculate totals. | As post-season football expenses represent less than 4.0% of total expenses for the year ended June 30, 2025, this procedure was not performed. |
| **42. Post-season Non-Football Expenses (42, 42A and 42B)** | |
| **a.** Obtain general ledger detail and compare to the total expenses reported. Select a sample of transactions to validate existence of transaction and accuracy of recording and recalculate totals. | As post-season non-football expenses represent less than 4.0% of total expenses for the year ended June 30, 2025, this procedure was not performed. |
| **43. Enhanced Educational Expenses (Alston or other)** | |
| **a.** Obtain general ledger detail and compare to the total expenses reported. Select a sample of transactions to validate existence of transaction and accuracy of recording and recalculate totals. | As enhanced educational expenses (Alston or other) represent less than 4.0% of total expenses for the year ended June 30, 2025, this procedure was not performed. |
| **44. Institutional NIL Revenue Share** | |
| **a.** Obtain general ledger detail and compare to the total settlement-related cash benefit expenses reported for student-athletes and/or student-athletes' families. Select a sample of transactions to validate existence of transaction and accuracy of recording and recalculate totals. However, do not include additional scholarships or enhanced educational benefits. | As there were no institutional NIL revenue share expenses for the year ended June 30, 2025, this procedure was not performed. |

## ADDITIONAL MINIMUM AGREED-UPON PROCEDURES

In order for the NCAA to place reliance on the **Division I** financial reporting to calculate the Division I NCAA revenue distributions, which is a financial benefit to the institution, the following procedures are required:

| Procedure | Finding |
|---|---|
| **1. Grants-in-Aid:** | |
| **a.** Compare and agree the sports sponsored reported in the NCAA Membership Financial Reporting System to the Calculation of Revenue Distribution Equivalencies Report (CRDE) from Compliance Assistant (CA) or other report that supports the equivalency calculations from the institution. The NCAA Membership Financial Reporting System populates the sports from the NCAA Sports Sponsorship and Demographics Form as they are reported by the institution between April and June. If there is a discrepancy in the sports sponsored between the NCAA Membership Financial Reporting System and the CRDE or other report that supports the equivalency calculations, inquire about the discrepancy, and report the justification in the AUP report. | No exceptions noted. |
| **b.** Compare current year Grants-in-Aid revenue distribution equivalencies to prior year reported equivalencies per the Membership Financial Report submission. Inquire and document an explanation for any variance greater than +/- 4%. The submitted data is reviewed by NCAA staff. Providing a detailed variance explanation will assist with the review process. | We noted no variance greater than the threshold. |
| **2. Sports Sponsorship:** | |
| **a.** Obtain the institution's Sports Sponsorship and Demographics Form submitted to NCAA Research for the reporting year. Validate that the countable NCAA sports reported by the institution met the minimum requirements, set forth in Bylaw 20.9.6.3, related to the number of contests and the number of participants. If the institution requested and/or received a waiver related to minimum contests or minimum participants for a sport, that sport would **not** qualify as a sponsored sport for the purposes of revenue distribution. Also, only sports in which the NCAA conducts championships competition, emerging sports for women and bowl subdivision football are eligible. Once the countable sports have been validated, ensure that the institution has properly reported these sports as countable for revenue distribution purposes within the NCAA Membership Financial Reporting System. Any discrepancies MUST be resolved within the NCAA Membership Financial Reporting System prior to the report being submitted to the NCAA. | No exceptions noted. |

| Procedure | Finding |
|---|---|
| **b.** Compare current year's number of Sports Sponsored to the prior year's reported total per the Membership Financial Report submission. Inquire and document an explanation for any variance. The submitted data is reviewed by NCAA staff. Providing a detailed variance explanation will assist with the review process. | No variance noted. |
| **3. Pell Grants:** | |
| **a.** Agree the total number of Division I student-athletes who, during the academic year, received a Pell Grant award (e.g. Pell Grant recipients on Full Athletic Aid, Pell Grant recipients on Partial Athletic Aid and Pell Grant recipients with no Athletic Aid) and the total dollar amount of these Pell Grants reported in the NCAA Membership Financial Reporting System to a report generated out of the institutions financial aid records of all student-athlete Pell Grants.<br>• Note 1: Only Pell Grants for sports in which the NCAA conducts championships competition, emerging sports for women and bowl subdivision football are countable.<br>• Note 2: Student-athletes should only be counted once even if the athlete participates in multiple sports.<br>• Note 3: Individual student-aid file testing in step 31 above should tie any selected student athletes who received Pell Grants back to the report of all student athlete Pell Grants to test the completeness and accuracy of the report. | No exceptions noted. |
| **b.** Compare current year Pell Grants total to prior year reported total per the Membership Financial Report submission. Inquire and document an explanation for any variance greater than +/- 20 grants. The submitted data is reviewed by NCAA staff. Providing a detailed variance explanation will assist with the review process. | We noted no variance greater than the threshold. |

## MINIMUM AGREED-UPON PROCEDURES FOR OTHER REPORTING ITEMS

| | |
|---|---|
| **50. Excess Transfers to Institution** | |
| **a.** Obtain general ledger detail and compare to the total expenses reported. Select a sample of transactions to validate existence of transaction and accuracy of recording and recalculate totals. | As there were no excess transfers to institution for the year ended June 30, 2025, this procedure was not performed. |
| **51. Conference Realignment Expenses** | |
| **a.** Obtain general ledger detail and compare to the total expenses reported. Select a sample of transactions to validate existence of transaction and accuracy of recording and recalculate totals. | No exceptions noted. |

| Procedure | Finding |
|---|---|
| **52. Total Athletics Related Debt** | |
| **a.** Obtain repayment schedules for all outstanding intercollegiate athletics debt during the reporting period. Recalculate annual maturities (consisting of principal and interest) provided in the schedules obtained. | No exceptions noted. |
| **b.** Agree the total annual maturities and total outstanding athletic related debt to supporting documentation and the institution's general ledger, as applicable. | No exceptions noted. |
| **53. Total Institutional Debt** | |
| **a.** Agree the total outstanding institutional debt to supporting documentation and the institution's audited financial statements, if available, or the institution's general ledger. | No exceptions noted. |
| **54. Value of Athletics Dedicated Endowments** | |
| **a.** Obtain a schedule of all athletics dedicated endowments maintained by athletics, the institution, and affiliated organizations. Agree the fair market value in the schedules(s) to supporting documentations, the general ledger(s) and audited financial statements, if available. | No exceptions noted. |
| **55. Value of Institutional Endowments** | |
| **a.** Agree the total fair market value of institutional endowments to supporting documentation, the institution's general ledger and/or audited financial statements, if available. | No exceptions noted. |
| **56. Total Athletics Related Capital Expenditures** | |
| **a.** Obtain a schedule of athletics related capital expenditures made by athletics, the institution, and affiliated organizations during the reporting period, additions only. | No exceptions noted. |
| **b.** Obtain general ledger detail and compare to the total expenses reported. Select a sample of transactions to validate existence of transaction and accuracy of recording and recalculate totals. | No exceptions noted. |

## Agreed-Upon Procedures Related to Affiliated and Outside Organizations

**Procedure**

1. The Program shall identify all intercollegiate athletics-related affiliated and outside organizations and obtain those organizations' statements for the reporting period. Once the Program has made these statements available, the independent accountant shall agree the amounts reported in the statement to the organization's general ledger or, alternatively, confirm revenues and expenses directly with a responsible official of the organization. In addition, the Program shall prepare a summary of revenues and expenses for or on behalf of intercollegiate athletics programs affiliated and outside organizations to be included with the agreed-upon procedures report.

**Results**

The Program identified the University of Connecticut Foundation, Inc. (the Foundation) and the UConn Club, Inc. (the Club) as the only outside organizations making expenditures for, or on behalf of the Program or its employees. The Foundation serves as the official legal conduit for the acceptance, investment, and distribution of private gifts in support of the activities and programs of the University of Connecticut. For the year ended June 30, 2025, the Foundation recognized revenues of $6,772,173, expenses of $4,564,220, and capital expenditures of $2,207,953 on behalf of the Program. The Club did not recognize any revenues or expenses on behalf of the Program for the year ended June 30, 2025.

**Finding**

No exceptions noted.

**Procedure**

2. The independent accountant shall obtain and review the audited financial statements of the organization and any additional reports regarding internal control matters if the organization is audited independent of the agreed-upon procedures required by NCAA legislation. The Program's independent accountant shall also inquire of institutional and outside organization management as to corrective action taken in response to comments concerning internal control structure (if any).

**Results**

We obtained and read the audited financial statements of the Foundation for the year ended June 30, 2025. The results of this procedure disclosed that the independent auditors expressed an unmodified opinion on the financial statements of the Foundation. The Club is not subject to an annual audit; however, we obtained and reviewed the compiled financial statements of the Club for the year ended June 30, 2025.

**Finding**

No exceptions noted.

We were engaged by the University to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the AICPA. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the compliance of the accompanying Statement of Revenues and Expenses (Exhibit I) of the University and the accompanying notes to the Statement of Revenues and Expenses (Exhibit II). Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the University and to meet our ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

James Moore & Co., P.L.

Gainesville, Florida
December 1, 2025

**UNIVERSITY OF CONNECTICUT**
**INTERCOLLEGIATE ATHLETICS PROGRAM**
**STATEMENT OF REVENUES AND EXPENSES**
**FOR THE YEAR ENDED JUNE 30, 2025**
**(UNAUDITED - SEE ACCOMPANYING INDEPENDENT ACCOUNTANTS' REPORT ON THE APPLICATION OF AGREED-UPON PROCEDURES)**

| | | Football | Men's Basketball | Women's Basketball | Men's Ice Hockey | Other Sports | Nonprogram Specific | Total |
|---|---|---|---|---|---|---|---|---|
| **Revenues** | | | | | | | | |
| 1 | Ticket sales | $ 2,608,649 | $ 8,868,404 | $ 4,253,560 | $ 777,160 | $ 517,014 | $ 1,734,571 | $ 18,759,358 |
| 2 | Direct state or other governmental support | - | - | - | - | - | 5,008,226 | 5,008,226 |
| 3 | Student fees | - | - | - | - | - | 5,189,585 | 5,189,585 |
| 4 | Direct institutional support | - | - | - | - | - | 32,320,822 | 32,320,822 |
| 5 | Less - Transfers to institution | - | - | - | - | - | (1,054,300) | (1,054,300) |
| 6 | Indirect institutional support | - | - | - | - | - | 2,564,181 | 2,564,181 |
| 6A | Indirect institutional support - athletic facilities debt service, leases and rental fees | - | - | - | - | - | 4,994,544 | 4,994,544 |
| 7 | Guarantees | 700,000 | 43,225 | 289,800 | 20,000 | 52,000 | - | 1,105,025 |
| 8 | Contributions | 472,991 | 1,676,554 | 992,396 | 215,284 | 1,183,413 | 15,693,612 | 20,234,250 |
| 9 | In-kind | - | - | - | - | - | - | - |
| 10 | Compensation and benefits provided by a third-party | - | - | - | - | - | - | - |
| 11 | Media rights | - | - | - | - | - | 2,724,750 | 2,724,750 |
| 12A | NCAA distributions | - | - | - | 16,000 | - | 2,260,522 | 2,276,522 |
| 12B | NCAA host revenue settlements | - | 10,965 | - | - | 60,606 | - | 71,571 |
| 12C | Post-season non-football NCAA expense reimbursements | - | 72,660 | 309,318 | 42,548 | 127,368 | - | 551,894 |
| 13 | Conference distributions (non media and non post-season) | 342,928 | - | - | - | - | 1,618,250 | 1,961,178 |
| 13A | Conference distributions of post-season generated revenue | - | 750,000 | 1,000,000 | - | 130,000 | - | 1,880,000 |
| 14 | Program sales, concessions, novelty sales, and parking | - | 219,933 | 162,683 | 80,904 | 109,319 | 440,091 | 1,012,930 |
| 15 | Royalties, licensing, advertisement and sponsorships | - | - | - | - | - | 10,983,434 | 10,983,434 |
| 16 | Sports camp revenues | 3,792 | - | - | - | 18,260 | 1,464 | 23,516 |
| 17 | Athletics restricted endowment and investment income | 355,746 | 250,955 | 352,346 | 119,326 | 1,594,143 | 133,633 | 2,806,149 |
| 18 | Other operating revenue | 1,472,439 | 8,660 | 1,115,128 | - | 84,101 | 1,087,924 | 3,768,252 |
| 19 | Football bowl revenues | 106,250 | - | - | - | - | - | 106,250 |
| | Total operating revenues | 6,062,795 | 11,901,356 | 8,475,231 | 1,271,222 | 3,876,224 | 85,701,309 | 117,288,137 |
| **Expenses** | | | | | | | | |
| 20 | Athletic student aid | $ 4,350,672 | $ 695,081 | $ 758,939 | $ 872,442 | $ 7,700,171 | $ 287,865 | $ 14,665,170 |
| 21 | Guarantees | 850,000 | 520,000 | 87,500 | - | 20,500 | - | 1,478,000 |
| 22 | Coaching salaries, benefits, and bonuses paid by the university and related entities | 4,219,100 | 11,434,518 | 4,312,015 | 1,198,981 | 6,126,207 | - | 27,290,821 |
| 23 | Coaching salaries, benefits, and bonuses paid by a third-party | - | - | - | - | - | - | - |
| 24 | Support staff/administrative compensation, benefits, and bonuses paid by the university and related entities | 2,640,091 | 1,202,295 | 1,103,895 | 106,581 | 319,643 | 10,771,398 | 16,143,903 |
| 25 | Support staff/administrative compensation, benefits, and bonuses paid by a third-party | - | - | - | - | - | - | - |
| 26 | Severance payments | - | - | - | - | - | - | - |
| 27 | Recruiting | 878,266 | 905,719 | 637,590 | 81,607 | 515,839 | - | 3,019,021 |
| 28 | Team travel | 1,901,212 | 3,169,980 | 2,275,148 | 286,808 | 4,145,566 | 12,277 | 11,790,991 |
| 29 | Sports equipment, uniforms, and supplies | 806,708 | 228,536 | 197,178 | 203,721 | 1,497,403 | 402,416 | 3,335,962 |
| 30 | Game expenses | 1,493,558 | 574,202 | 526,507 | 279,144 | 844,413 | 7,635 | 3,725,459 |
| 31 | Fundraising, marketing and promotion | - | - | - | - | - | 1,132,825 | 1,132,825 |
| 32 | Sports camp expenses | - | - | - | - | - | - | - |
| 33 | Spirit groups | - | 44,380 | 11,370 | 6,125 | - | - | 61,875 |
| 34 | Athletic facilities debt service, leases and rental fees | - | - | - | - | - | 6,175,349 | 6,175,349 |
| 35 | Direct overhead and administrative expenses | 179,228 | 23,253 | 17,985 | 9,217 | 199,201 | 337,843 | 766,727 |
| 35A | Facilities maintenance and operations | - | - | - | - | - | - | - |
| 36 | Indirect institutional support | - | - | - | - | - | 2,564,181 | 2,564,181 |
| 37 | Medical expenses and insurance | 12,862 | - | 6,778 | 28 | 9,426 | 1,648,636 | 1,677,730 |
| 38 | Memberships and dues | 5,346 | 1,605 | 1,590 | 35,600 | 54,108 | 21,029 | 119,278 |
| 39 | Student-athlete meals (non-travel) | 102,334 | 146,386 | 95,020 | 3,376 | 8,771 | 405,161 | 761,048 |
| 40 | Other operating expenses | 822,383 | 2,224,370 | 1,076,528 | 116,985 | 641,386 | 4,571,224 | 9,452,876 |
| 41 | Post-season football expenses | 1,700,528 | - | - | - | - | - | 1,700,528 |
| 41A | Post-season football expenses - coaching compensation/bonuses | 689,144 | - | - | - | - | - | 689,144 |
| 41B | NCAA football host expense settlements | - | - | - | - | - | - | - |
| 42 | NCAA post-season non-football expenses | - | 182,349 | 518,256 | 96,409 | 308,073 | - | 1,105,087 |
| 42A | NCAA post-season non-football expenses - coaching compensation/bonuses | - | 121,200 | 1,272,504 | 142,763 | 75,279 | - | 1,611,746 |
| 42B | NCAA non-football host expense settlements | - | - | 157,352 | - | 39,635 | - | 196,987 |
| 43 | Enhanced educational benefits (Alston or other) | - | 80,730 | 113,620 | 5,980 | 8,970 | - | 209,300 |
| 44 | Institutional NIL revenue share | - | - | - | - | - | - | - |
| | Total operating expenses | 20,651,432 | 21,554,604 | 13,169,775 | 3,445,767 | 22,514,591 | 28,337,839 | 109,674,008 |
| **Results of operations** | | $ (14,588,637) | $ (9,653,248) | $ (4,694,544) | $ (2,174,545) | $ (18,638,367) | $ 57,363,470 | $ 7,614,129 |
| 50 | Excess transfers to institution | | | | | | | - |
| 56 | Total athletics related capital expenditures | | | | | | | 8,380,228 |
| **Excess (deficiency) of revenues over (under) expenses** | | | | | | | | $ (766,099) |
| **Other reporting items** | | | | | | | | |
| 51 | Conference realignment expenses | | | | | | | $ 1,292,910 |
| 52 | Total athletics related debt | | | | | | | $ 78,231,893 |
| 53 | Total institutional debt | | | | | | | $ 2,139,892,714 |
| 54 | Value of athletics dedicated endowments | | | | | | | $ 63,945,924 |
| 55 | Value of institutional endowments | | | | | | | $ 533,068,739 |

- See accompanying notes to statement of revenues and expenses -

**UNIVERSITY OF CONNECTICUT**
**INTERCOLLEGIATE ATHLETICS PROGRAM**
**NOTES TO STATEMENT OF REVENUES AND EXPENSES**
**FOR THE YEAR ENDED JUNE 30, 2025**
**(UNAUDITED – SEE ACCOMPANYING INDEPENDENT ACCOUNTANTS' REPORT ON THE APPLICATION OF AGREED-UPON PROCEDURES)**

(1) **Basis of Accounting:**

The accompanying Statement of Revenues and Expenses of the University of Connecticut (the University) Intercollegiate Athletics Program (the Program) has been prepared on the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recognized when they are incurred.

(2) **Capital Assets:**

Capital asset purchases of the Program are recorded as expenditures when incurred, as capital assets are recorded in the property funds of the University and are not recorded as assets in the Program's accounting records. As such, no depreciation expense is recorded in the Program's accounting records.

(3) **Contributions:**

The University of Connecticut Foundation, Inc. (the Foundation) serves as the official legal conduit for the acceptance, investment, and distribution of private gifts in support of the activities and programs of the Program. Contributions of $20,234,250 were recognized from the Foundation for the year ended June 30, 2025, and have been included in the accompanying statement of revenues and expenses. Contributions received from the Foundation were the only contributions exceeding 10% of total contributions, as reported in the statement of revenues and expenses, for the year ended June 30, 2025.

(4) **Athletics Related Debt:**

In March 2018, the University issued the 2018 Series A Special Obligation Student Fee Revenue Bonds, which included proceeds of $24,290,000 to fund the construction and infrastructure of athletic stadia. Principal payments are due annually beginning in November of 2018, with a maturity date of November 15, 2047. Interest payments are due semiannually, with interest rates ranging from 3.0% to 5.25%.

In fiscal year 2023, the University adopted GASB Statement No. 96 (GASB 96), Subscription-Based Information Technology Arrangements (SBITAs). In accordance with GASB 96, the University records a right-to-use subscription asset and subscription liability. The Program entered into no new arrangements in fiscal year 2025. As of June 30, 2025, the balance of Program SBITA liabilities, reported under total athletics related debt, was $717,078. Principal and interest payments are due annually, with interest rates ranging from 4.80% to 4.95%.

(4) **Athletics Related Debt:** (Continued)

The following is a schedule of future principal and interest payments for long term debt as of June 30, 2025:

| Fiscal Year Ending June 30, | Long Term Debt | | Total Principal and Interest |
|---|---|---|---|
| | Principal | Interest | |
| 2026 | $ 714,467 | $ 1,076,416 | $ 1,790,883 |
| 2027 | 616,482 | 1,042,026 | 1,658,508 |
| 2028 | 650,153 | 1,010,605 | 1,660,758 |
| 2029 | 679,000 | 977,633 | 1,656,633 |
| 2030 | 718,032 | 942,976 | 1,661,008 |
| 2031-2035 | 3,818,944 | 4,174,576 | 7,993,520 |
| 2036-2040 | 4,615,000 | 3,174,093 | 7,789,093 |
| 2041-2045 | 5,870,000 | 1,911,569 | 7,781,569 |
| 2046-2047 | 4,320,000 | 348,075 | 4,668,075 |
| Total | $ 22,002,078 | $ 14,657,969 | $ 36,660,047 |

The Program has entered into internal loan agreements with the University to fund multiple capital projects. The internal loans will be repaid at various timeframes by gifts received by the Foundation or other revenues.

The following is a schedule of the internal loan agreements as of June 30, 2025:

| | Balance June 30, 2025 |
|---|---|
| Stadia | $ 4,881,892 |
| Hockey arena | 22,778,678 |
| Werth Hall of Fame | 500,000 |
| Werth Dining Hall | 254,245 |
| Field house | 27,815,000 |
| Total Internal Loans | $ 56,229,815 |

(5) **Direct State or Other Government Support:**

Pursuant to various public or special bond acts, the General Assembly of the State of Connecticut empowers the State Bond Commission to allocate and approve the issuance of bonds for a variety of projects or purposes. Public Act 23-205 authorized $10,000,000 for renovations, alterations, and improvements to the Harry A. Gampel Pavilion. Of this amount, $5,008,226 was allocated to the Program for capital expenditures in fiscal year 2025.

(6) **Surplus/Deficit Allocations:**

The Program is allowed to carry forward all available funds at the end of each fiscal year to the next fiscal year. Deficits are funded by the Program to the extent there is sufficient net position available.

**Exhibit III**

**SUPPLEMENT TO STATEMENT OF REVENUES AND EXPENSES**
**VARIANCE ANALYSIS OF TOTAL REVENUES AND EXPENSES**
**TO PRIOR PERIOD AMOUNTS AND BUDGET ESTIMATES**
**FOR THE YEAR ENDED JUNE 30, 2025**
**(UNAUDITED - SEE ACCOMPANYING INDEPENDENT ACCOUNTANTS' REPORT ON THE APPLICATION OF AGREED-UPON PROCEDURES)**

| | | 2025 | 2024 | $ Variance | % Variance | Variance Explanation |
|---|---|---|---|---|---|---|
| **Revenues** | | | | | | |
| 1 | Ticket sales | $ 18,759,358 | $ 16,059,598 | $ 2,699,760 | 16.81% | The increase was due to success in the Men's and Women's Basketball programs during FY25. |
| 8 | Contributions | $ 20,234,250 | $ 14,116,403 | $ 6,117,847 | 43.34% | The increase was due to the Division of Athletics utlizing more contributions during FY25 to support athletic student aid, general operations, and ongoing construction projects. |
| **Expenses** | | | | | | |
| 28 | Team travel | $ 11,790,991 | $ 13,529,771 | $ (1,738,780) | -12.85% | The decrease was due to variations in the FY25 competition schedule and changes to the NCAA reporting categories (new NCAA category 42). |

**Note 1:** The budget estimates for the University of Connecticut are not prepared in a format consistent with the revenue and expense categories specified by the NCAA. Thus, the variance analysis of total revenues and expenses to the budget estimates for the year ended June 30, 2025, could not be performed.

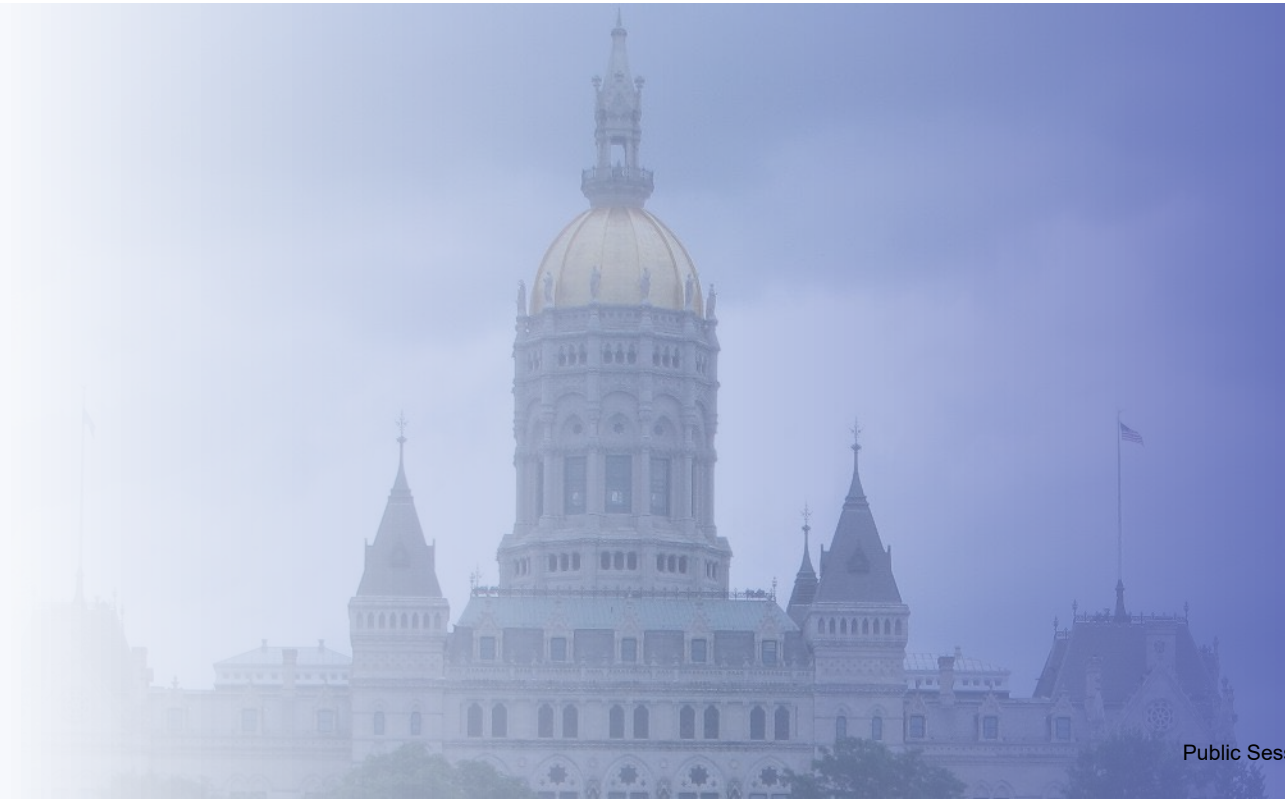
# ATTACHMENT 2.4

# ATTACHMENT 2.4

# University of Connecticut and University of Connecticut Health Center

Financial Statements as of and for the year ended June 30, 2025
Communication to the Joint Audit and Compliance Committee

December 11, 2025



**STATE OF CONNECTICUT**
Auditors of Public Accounts

**Jamie Drozdowski**
*Principal Auditor*

# Audit Opinions

The University of Connecticut system includes:

- UConn
- UConn Health
- The UConn Foundation

We audited, and expressed opinions on the financial statements of, only:

- UConn
- UConn Health (includes the John Dempsey Hospital, the UConn Medical Group, and the Finance Corporation)

We did not audit the UConn Foundation. Legal restrictions essentially prevent us from accessing UConn Foundation records except in special circumstances.

Audit Opinions:

- In our opinion, the financial statements present fairly, in all material respects, the respective financial position of the business-type activities and fiduciary activities of the University of Connecticut as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

# Emphasis of Matter

Our audit opinions included an emphasis of matter paragraph noting the following:

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

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

# Reliance on Other Auditors

We placed reliance on audits performed by other auditors of:

- The John Dempsey Hospital
- The UConn Medical Group
- The Finance Corporation

We did not review the working papers of the other auditors.

- We relied on their professional reputation.
- We performed various supplementary audit procedures that addressed component units of UConn Health.
- We requested representations from the other auditors stating that they were:
  - Independent
  - Aware that we intended to place reliance on their audits
  - Familiar with applicable accounting and auditing standards

# Internal Control

- An audit involves consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Accordingly, we express no such opinion regarding UConn or UConn Health's internal control.
- However, we did evaluate internal control and did place reliance on internal control in our audits of UConn and UConn Health.
- We are required to report significant control deficiencies (conditions less severe than a material weakness, yet important enough to merit attention by those charged with governance) and material weaknesses (control deficiencies that create a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis) to management and those charged with governance.

# Integration with Other Audits

- Audit procedures carried out to support our opinions on the financial statements are integrated with procedures carried out in connection with other audits we perform at UConn and UConn Health.
  - Statutorily required (Section 2-90 of the General Statutes) departmental audits addressing compliance with laws and regulations and internal control.
  - Our audit of the basic financial statements of the State of Connecticut.
  - Our audit of federal financial assistance under the requirements of the Federal Single Audit Act.

- Our departmental audits are performed in accordance with generally accepted government auditing standards (GAGAS) for performance audits. Our other audits, including our audits of UConn's and UConn Health's financial statements, are carried out in accordance with GAGAS for financial audits. For financial audits, GAGAS incorporates, by reference, generally accepted auditing standards (GAAS) promulgated by the American Institute of Certified Public Accountants. Therefore, all financial audits carried out in accordance with GAGAS are also carried out in accordance with GAAS.

- Though we perform our audits of UConn and UConn Health's financial statements in accordance with GAGAS for financial audits, our reports on those audits are issued under GAAS, as permitted by paragraph 6.37 of the 2024 revision of Government Auditing Standards (also known as the Yellow Book).

- As the procedures undertaken for purposes of our audits of the financial statements are integrated with those undertaken for other purposes, they are sometimes of greater extent than would be necessary if our sole objective was to express an opinion on the financial statements.

# Required Communications

**Significant Audit Matters:**

*Qualitative Aspects of Accounting Practices*

- Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by UConn and UConn Health are described in the notes to the financial statements. We noted no transactions entered into by UConn or UConn Health during the fiscal year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

- Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

*Difficulties encountered in performing the audit*

- We encountered no difficulties in dealing with management in performing and completing our audits.

*Corrected and Uncorrected Misstatements*

- Professional standards require us to accumulate all known and likely misstatements identified during our audits, other than those that are clearly trivial, and communicate them to the appropriate level of management. There were no misstatements noted to report.

*Disagreements with Management*

- For purposes of this communication, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audits.

# Required Communications

**Significant Audit Matters (Continued):**

*Management Representation*

- We have requested certain representations from management that are included in the management representation letters for UConn and UConn Health, dated December 5, 2025.

*Management Consultations with Other Independent Accountants*

- In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to UConn or UConn Health's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to contact us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants during the audited period.

**Other Matters:**

- We applied certain limited procedures to the management's discussion and analysis, pension plan schedules and information, and the other post-employment benefits schedules and information, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquires of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

- The introductory and statistical sections, which accompany the financial statements but are not RSI, are presented for purposes of additional analysis. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

This document provides an outline of our audits of the University of Connecticut (UConn) and the University of Connecticut Health Center (UConn Health). It is intended for the use of the Joint Audit and Compliance Committee, UConn's Board of Trustees, UConn Health's Board of Directors, management, and others affiliated with UConn and/or UConn Health. It is not intended to be, and should not be, used by anyone other than these specified parties. However, this document is a matter of public record, and its distribution is not limited. We would be happy to elaborate on any of the matters discussed herein, or any other matters of interest.

# Thank You


**John Harrison**

*Principal Auditor*

*John.Harrison@ctauditors.gov*

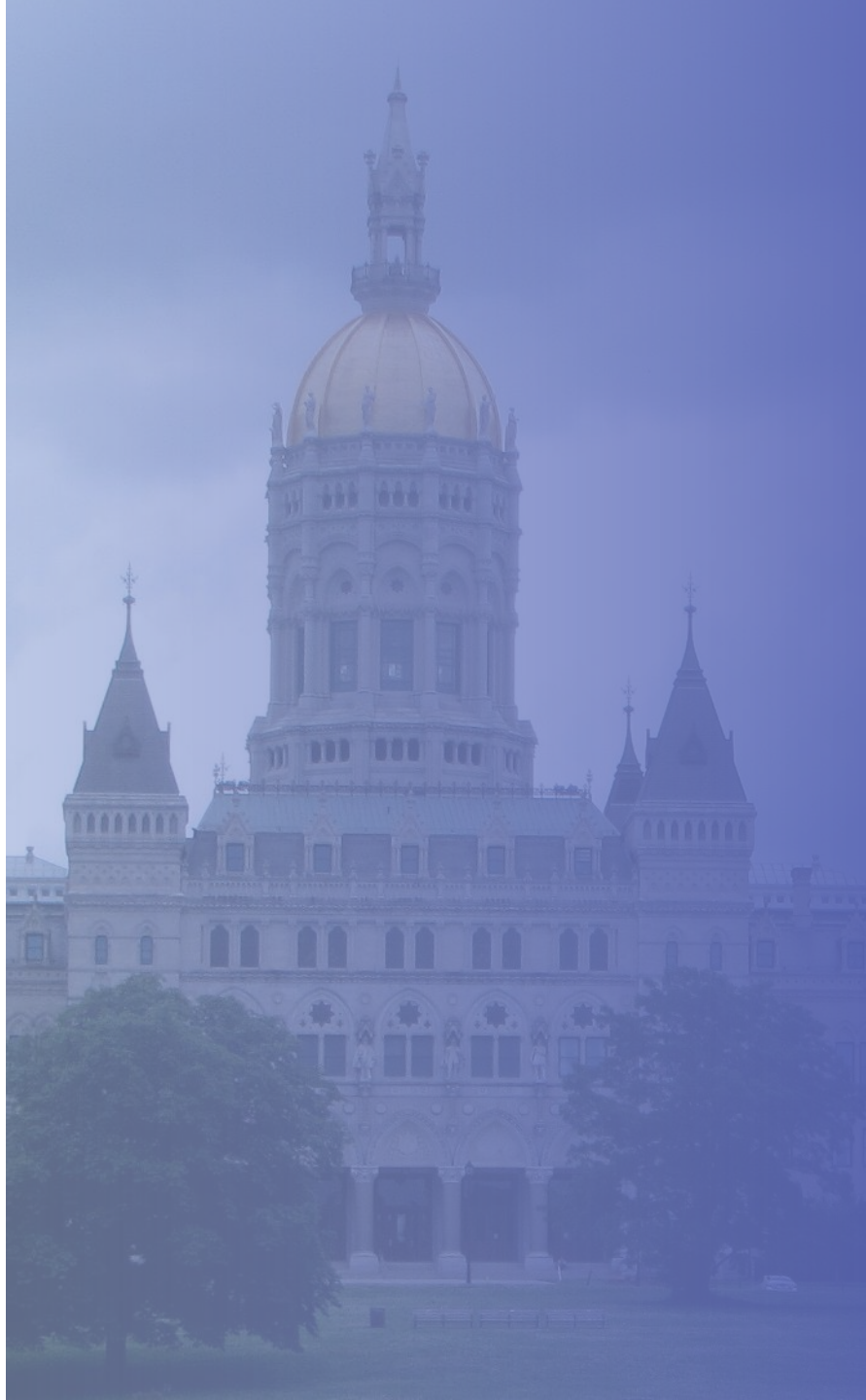
*www.ctauditors.gov*

**Jamie Drozdowski**

*Principal Auditor*

*Jamie.Drozdowski@ctauditors.gov*

*www.ctauditors.gov*




# Annual Comprehensive Financial Report

## FOR THE YEAR ENDED JUNE 30, 2025

*Included as an Enterprise Fund of the State of Connecticut*

UCONN | UNIVERSITY OF CONNECTICUT

UCONN

UNIVERSITY OF CONNECTICUT

# Annual Comprehensive Financial Report

## For the Year Ended June 30, 2025

*Included as an Enterprise Fund of the State of Connecticut*

*Prepared by the Office of the Associate Vice President of Financial Operations and Controller*

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# INTRODUCTORY SECTION

UCONN
UNIVERSITY OF CONNECTICUT

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

## LETTER OF TRANSMITTAL

December 5, 2025

To President Maric,
Members of the Board of Trustees, and
Citizens of Connecticut:

We are pleased to submit to you the Annual Comprehensive Financial Report (ACFR) of the University of Connecticut for the fiscal year ended June 30, 2025. For purposes of this report, the University of Connecticut (University) is herein defined as all financial activity from Storrs-based undergraduate and graduate programs, the regional campuses, the School of Law, and the School of Social Work. The University of Connecticut Health Center (UConn Health), which maintains a separate budget and issues its own audited financial statements, is excluded from this report.

This ACFR includes the Management's Discussion and Analysis (MD&A), the basic financial statements, notes, and other supplementary and statistical information. It provides financial information about the University's results of activities during the year and describes its financial position at the end of the year based on currently known facts, decisions, and conditions.

Management assumes full responsibility for the contents of this report including the accuracy, completeness, and fairness of the data presented. We believe the University's system of internal controls is sufficient to identify material misstatements. Although we have strong internal controls, the cost of internal controls should not exceed the benefits. Therefore, the objective of the University's internal control system is to provide reasonable—rather than absolute—assurance that the financial statements are free of material misstatements, and that assets are safeguarded against loss from unauthorized use or disposition.

The University's Joint Audit and Compliance Committee (JACC) of the Board of Trustees exercises oversight over the integrity of the financial statements and internal control systems, as well as direct engagement in the approval of independent auditing services. Certain bond covenants require that the University's accounting and financial records be subject to an annual independent audit. The University's annual audit for the fiscal year ended June 30, 2025, was performed by the State of Connecticut Auditors of Public Accounts. They have issued an unmodified opinion on the fair presentation of the financial statements. The independent auditors' opinion can be found in the front of the financial section.

The ACFR is prepared in accordance with generally accepted accounting principles (GAAP) and in conformity with standards established by the Governmental Accounting Standards Board (GASB), as well as using guidelines of the Government Finance Officers Association (GFOA) of the United States and Canada. The MD&A is presented to supplement the financial statements and should be read in conjunction with this letter of transmittal. The MD&A may be found immediately following the auditors' report.

### University Profile

*Background*
The University was founded in 1881 when Charles and Augustus Storrs donated land and money to the State of Connecticut (State), establishing the Storrs Agricultural School, which later became Connecticut's land-grant college. Today, the University serves as the State's flagship institution for higher education, meeting the educational needs of undergraduate, graduate, professional, and continuing education students through the integration of teaching, research, service, and outreach.

The University is governed by the Board of Trustees, which is composed of 21 members, including the Governor, the UConn Health Board of Directors Chair, and the Commissioners of Agriculture, Economic and Community Development, and Education. The University is reported as an enterprise fund in the State's annual financial report and operates as a state-assisted institution of higher education.

The University supports a robust research program, with a "Research 1" classification that places it among universities with the highest level of research activity. Many of the University programs rank among the top research programs in their respective disciplines.

In addition to academic excellence, the University also competes in Division I athletics. UConn has won 26 National Championships across 4 sports, including 12 NCAA titles in women's basketball, 6 titles in men's basketball, 5 in field hockey, and 3 in men's soccer.

*Student and Faculty Data*
For the 2024-2025 academic year, the number of applications for undergraduate first-year admissions was 55,479 for just over 6,900 seats. Total enrollment in the fall of 2024 was 32,878 students, including 7,574 graduate students. The University's diverse student population hails from 46 states and 118 countries. The University employs 1,695 full-time faculty members and an additional 759 part-time faculty and adjuncts. In the 2024-2025 academic year, the University conferred 8,804 degrees. Approximately 76 percent of in-state graduates who are employed continue to work in the State of Connecticut.

*Related Organization*
The University of Connecticut Foundation, Inc. (Foundation), a related organization, operates exclusively to promote the educational, scientific, cultural, research, and recreational objectives for both the University and UConn Health. Therefore, it is not included as a component unit in the accompanying financial statements. See Notes 1 and 13 for additional information.

## Economic Condition

According to the State Comptroller, the State ended fiscal year 2025 with a general fund surplus of $410 million, which is higher than initially budgeted. With a strong labor market and wage growth throughout the year, certain tax revenues performed better than expected. Connecticut's budgetary results are ultimately dependent upon the performance of the national and state economies. Overall, the U.S. economy performed well in fiscal year 2025. The Federal Reserve lowered the federal funds target rate by one full percentage point between September 2024 and December 2024, making monetary policy less restrictive as the labor market showed signs of cooling. Connecticut added 7,500 positions (0.4 percent), private industry employment reached an all-time high and the state's unemployment rate ended at 3.8 percent in June 2025. Despite these trends, a frequently changing schedule of double-digit tariffs on imports, additional immigration enforcement action, and cuts to the federal workforce and previously allocated federal funding contribute to economic uncertainty.

The University ended fiscal year 2025 with a net gain of $2.8 billion, primarily driven by a one-time accounting adjustment related to pension and other post-employment benefits (OPEB) liabilities. Beginning in fiscal year 2025, the University no longer recognizes net pension and net OPEB liabilities on its financial statements, as State employee retiree costs for Connecticut higher education institutions are now fully funded by the State. As a result, the University reversed its previously recorded pension and OPEB balances, resulting in a special item that significantly increased the University's net position. This accounting gain reflects the State's assumption of long-term obligations rather than an increase in the University's spendable resources.

Excluding this special item, the University reported an overall gain that was largely due to significant funding from the State. Additionally, favorable tuition, fees, and grant revenues were recognized during the year as well as significant growth in reimbursements from the Foundation, all offsetting additional spending on salaries, benefits, financial aid, and other operating expenses.

## Long-Term Financial Planning

The University sincerely appreciates the State's continued one-time funding through fiscal year 2025. However, the total State support is expected to decrease by $51 million in fiscal year 2026, with further reductions anticipated in fiscal year 2027. To address these challenges, the University continues to seek operating support from the State while implementing its five-year financial sustainability plan to eliminate the structural deficit. A key component of this plan is the development of the Strategic Enrollment Management (SEM) plan, aimed at improving retention and graduation rates, expanding student opportunities, and maximizing enrollment and net revenue. Additionally, the University's long-term plan includes greater self-reliance through the diversification of operating revenues and cost reduction initiatives.

*Student Tuition*
Starting in fiscal year 2017 and growing since that time, gross tuition revenue has become the largest source of revenue for the University. In December 2019, the Board approved a five-year tuition plan, covering fiscal years 2021-2025. The multi-year plan provides more certainty for students as they plan with their families for their college careers. Although tuition increased, more financial aid was also made available to help address issues of affordability and accessibility for

the University's students. In December 2024, the Board approved a one-year rate proposal for fiscal year 2026 to hold tuition flat to ensure that UConn remains an economic value for students and families. To address rising costs, a modest increase has been approved for select mandatory student fees, housing and dining rates, and academic program fees.

*Reductions in Spending*
Over the last several years, the University has been implementing and will continue to implement spending cuts across departments. Units are regularly asked to identify the required attrition, vacancy, and other savings necessary to achieve targeted cost savings. The University remains committed to fostering fiscal flexibility and reinvestment within its departments to focus on academic excellence and deliver high quality service to our students.

## Major Initiatives

Next Generation Connecticut (NextGenCT) represents one of the most ambitious State investments in economic development, higher education, and research in the nation, with a particular focus on capital investment. The NextGenCT initiative added $2.9 billion in bond funds for new and renovated facilities, extending the UConn Infrastructure Improvement Program (UCONN 2000) that began in 1995 to 2031. An operating component was also included but has been limited due to the State's financial constraints. The general obligation bonds issued through UCONN 2000 for NextGenCT are secured by the State's debt service commitment; therefore, there are no University revenues budgeted for the repayment of these bonds. Through fiscal year 2025, the University has been authorized $2.0 billion in funding for this initiative, with an additional $128.0 million and $116.0 million coming in fiscal years 2026 and 2027, respectively. The NextGenCT funds have allowed the University to open two new residential halls and associated dining facilities, build a new downtown Hartford campus, a new Engineering and Science Building, a new Fine Arts production facility, complete phases 1 and 2 of the Gant Building renovations, construct the Northwest Science Quad complex, anchored by the Science 1 research building, update and renovate various other buildings, and address needed infrastructure and deferred maintenance improvements.

The NextGenCT initiative has provided a strong framework for the University and has aided the State's economy. Since the beginning of the initiative, many new faculty have been hired, particularly in the fields of science, technology, engineering, and math (STEM). Additionally, funds have been provided for STEM scholarships and STEM fellowships, as well as for staff positions. Since fiscal year 2013, total undergraduate enrollment has grown by 3,003 at all campuses with a 52 percent increase in STEM undergraduate enrollment. This ongoing success has attracted higher quality students, and the University maintains solid rankings in virtually all relevant areas.

## Academic and Financial Highlights

- For fall 2024, the University ranks 22nd among the national public research universities for first-year retention and has a 92 percent retention rate into sophomore year.

- Among the graduates from the 2023-2024 academic year, 92 percent are employed, continuing their education, serving in the U.S. Armed Forces, or volunteering as of six months post-graduation.

- The University maintained the average time it takes to graduate at 4.1 years and ranks tied for 2nd among 58 public research university peers. The reduced amount of time it takes to graduate helps students pay less in tuition and join the workforce more quickly.

- In fiscal year 2025, the University provided $196.3 million in tuition funded financial aid, representing a 9 percent increase over the previous fiscal year.

- From fiscal year 1996 to fiscal year 2025, the University has expended $4.0 billion out of the $4.4 billion of bonds authorized to date under the UCONN 2000 program, which includes funding allocated for UConn Health projects.

Looking ahead, the University will continue to build on these accomplishments and further strengthen its programs and services for faculty, staff, students, and the University community.

UCONN
UNIVERSITY OF CONNECTICUT

**Awards and Acknowledgements**

Graduate education at the University across a wide variety of fields rates among the best in the nation. The 2025 U.S. News & World Report graduate rankings highlight the continued strength of the University's programs across a range of disciplines. Programs in the College of Liberal Arts and Sciences, the Neag School of Education, and the School of Law in both Best Law Schools and part-time Law, earned high marks, as did the School of Public Policy, and the School of Social Work. The Neag School of Education ranks 28th among public graduate schools of education in the U.S. The School of Business's part-time MBA program ranks 33rd in the nation, holding steady from prior year. These recognitions highlight the University's commitment to student excellence and support, as well as the efforts of the individual schools and colleges measured in the rankings.

The GFOA awarded a Certificate of Achievement for Excellence in Financial Reporting to the University for its ACFR for the fiscal year ended June 30, 2024. This was the 9th consecutive year that the University has achieved this prestigious award. To be awarded a Certificate of Achievement, a report issuer must publish an easily readable and efficiently organized ACFR. This report must satisfy both GAAP and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. The University believes that the current ACFR continues to meet the Certificate of Achievement Program's requirements and will submit its ACFR for the fiscal year ended June 30, 2025, to the GFOA to determine its eligibility for another certificate.

Preparation of this ACFR in a timely manner would not have been possible without the coordinated efforts from staff within the Office of the Associate Vice President of Financial Operations and Controller and other University financial staff. Each member has my sincere appreciation for their contribution in the preparation of the report.

Respectfully submitted,



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

Government Finance Officers Association

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

## University of Connecticut

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2024



Executive Director/CEO

# University of Connecticut
# Board of Trustees
# As of June 30, 2025

***MEMBERS EX OFFICIO***

The Honorable Ned Lamont
Governor of the State of Connecticut
*President ex officio* — *Hartford*

The Honorable Bryan Hurlburt
Commissioner of Agriculture
*Member ex officio* — *Hartford*

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

The Honorable Charlene M. Russell-Tucker
Commissioner of Education
*Member ex officio* — *Hartford*

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

***APPOINTED BY THE GOVERNOR***

| | |
|---|---|
| Daniel D. Toscano, *Chairman* | *Darien* |
| Andrea Dennis-LaVigne, *Vice-Chair* | *Simsbury* |
| Trisha M. Bailey | *Orlando, FL* |
| Andy F. Bessette | *West Hartford* |
| Mark L. Boxer | *West Hartford* |
| Charles F. Bunnell | *Waterford* |
| Shari G. Cantor | *West Hartford* |
| Marilda L. Gandara | *Hartford* |
| Denis J. Nayden | *Jupiter, FL* |
| Kevin J. O'Connor | *Rye, NY* |
| Thomas D. Ritter | *Hartford* |
| Philip E. Rubin | *Fairfield* |

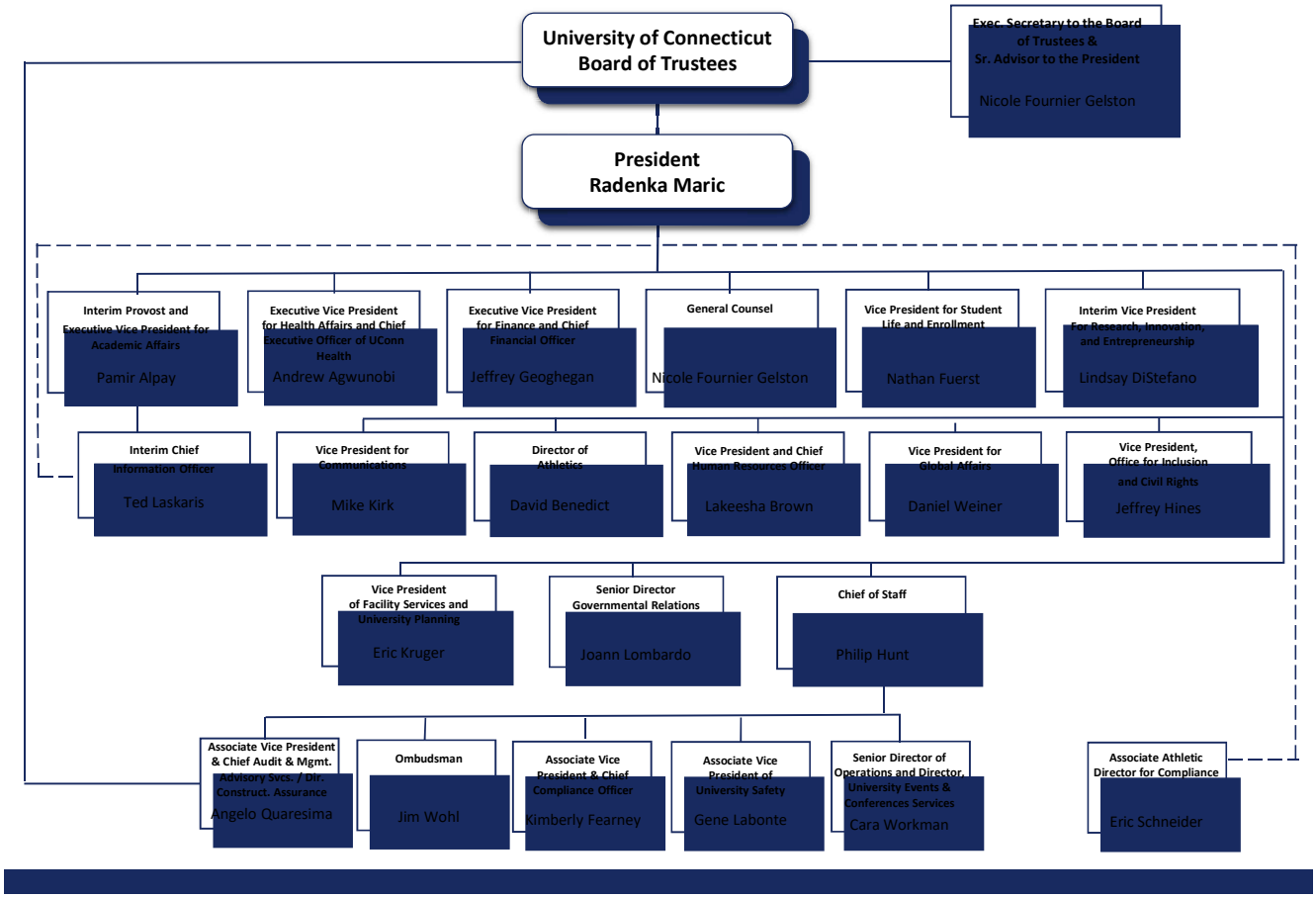
***ELECTED BY THE ALUMNI***

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

***ELECTED BY THE STUDENTS***

| | |
|---|---|
| Sean K. Dunn | *Storrs* |
| Fabio R. Saccomanno | *West Hartford* |

# *UNIVERSITY OF CONNECTICUT*
# *Organization Chart*



# FINANCIAL SECTION

STATE OF CONNECTICUT

AUDITORS OF PUBLIC ACCOUNTS

JOHN C. GERAGOSIAN

STATE CAPITOL
210 CAPITOL AVENUE
HARTFORD, CONNECTICUT 06106-1559

CRAIG A. MINER

# INDEPENDENT AUDITORS' REPORT

Board of Trustees of the
University of Connecticut

## Opinions

We have audited the accompanying financial statements of the business-type activities and the fiduciary activities of the University of Connecticut (UConn), a component unit of the University of Connecticut system, which includes UConn, the University of Connecticut Health Center, and the University of Connecticut Foundation, Inc. The accompanying financial statements, which consist of the statements of net position and fiduciary net position as of June 30, 2025, and the related statements of revenues, expenses, and changes in net position, cash flows, and changes in fiduciary net position for the year then ended, and the related notes to the financial statements, collectively comprise UConn's basic financial statements.

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

## Basis for Opinions

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

## Emphasis of Matter

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

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

**Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about UConn's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

**Auditors' Responsibilities for the Audit of the Financial Statements**

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of UConn's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about UConn's ability to continue as a going concern for a reasonable period of time.

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

**Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the accompanying management's discussion and analysis and pension plan and postemployment benefits schedules be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to

the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Other Information**

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

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





John C. Geragosian
State Auditor

Craig A. Miner
State Auditor

December 5, 2025
State Capitol
Hartford, Connecticut

# Management's Discussion and Analysis

## INTRODUCTION

This Management's Discussion and Analysis (MD&A) provides an overview of the University of Connecticut's financial activities for the fiscal year ended June 30, 2025, with selected comparative information from fiscal year 2024. It is designed to help readers understand the University's financial performance, position, and key trends. The MD&A should be read in conjunction with the accompanying financial statements and notes.

The University of Connecticut (University) is herein defined as all programs of the Storrs main campus, regional campuses, the School of Law, and the School of Social Work, but excludes the University of Connecticut Health Center (UConn Health, see Note 1), which issues separate financial statements. The University also administers the Department of Dining Services Money Purchase Pension Plan (MPPP) as a fiduciary fund.

The University's financial report consists of three primary statements and related notes:

- **Statement of Revenues, Expenses, and Changes in Net Position:** This statement highlights how operating and nonoperating activities affect the University's financial position. Operating revenues stem from core services, while operating expenses reflect the cost of delivering those services, including depreciation and amortization. These amounts are reported using the accrual basis of accounting, meaning revenues are recognized when earned and expenses when incurred, regardless of when cash is received or paid. The resulting operating loss is typical for public institutions and is offset by nonoperating revenues such as state appropriations, state and federal financial aid, gifts, and investment income.

- **Statement of Net Position:** This statement presents a snapshot of the University's financial condition at the fiscal year-end, detailing assets, liabilities, deferred outflows of resources, deferred inflows of resources, and net position. Assets and liabilities are classified as current or noncurrent based on their expected timing, with capital assets reported at historical cost less depreciation and amortization. Deferred outflows of resources and deferred inflows of resources represent the consumption or acquisition of net assets that apply to future periods. Net position represents the residual value of the University's assets and deferred outflows after deducting liabilities and deferred inflows and is reported in three categories: net investment in capital assets, restricted (expendable and nonexpendable), and unrestricted. These categories show the nature of resources and whether they are available for institutional use.

- **Statement of Cash Flows:** This statement explains how the University generated and used cash during the fiscal year. It separates cash activity into operating, noncapital financing, capital and related financing, and investing categories. Unlike the accrual-based Statement of Revenues, Expenses, and Changes in Net Position, it shows actual cash movements. Differences between the two statements are mainly due to noncash items like depreciation and amortization. The statement also includes a reconciliation of operating loss to net cash used in operations and illustrates how the University meets its cash needs.

The remaining basic financial statements report on the University's fiduciary activities, specifically those related to its role as trustee for the MPPP. The Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position present resources held on behalf of others, which are excluded from the University's operational finances because they cannot be used to support its own programs.

These statements are prepared in accordance with standards issued by the Governmental Accounting Standards Board (GASB). The MD&A, financial statements, notes, required supplementary information, and other supplementary information are the responsibility of management.

## FISCAL YEAR 2025 FINANCIAL HIGHLIGHTS

- **Net position increased by $2.81 billion**, primarily due to the derecognition of pension and other post-employment benefits (OPEB) balances, which are now fully assumed by the State of Connecticut (State). This change was recorded as a special item in fiscal year 2025 and represents an accounting adjustment, not new operating resources (see Notes 1 and 17).

- **A change in accounting principle reduced beginning net position by $19.4 million**. The adoption of GASB Statement No. 101 (GASB 101), *Compensated Absences,* required additional recognition of certain employee leave benefits. The cumulative effect of applying this standard was recorded as a restatement to beginning net position (see Notes 1 and 16).

- **Operating revenues grew by $92.4 million**, reflecting tuition increases, enrollment growth, expanded housing and dining, and stronger research funding.
- **Operating expenses decreased by $1.0 million overall**. Salary and wage growth, along with a $33.3 million increase in supplies and other expenses, was offset by an $88.5 million reduction in fringe benefit expenses, as the University no longer records pension and OPEB costs following the State's assumption of those obligations.
- **Net nonoperating revenues increased by $62.2 million**, reflecting higher federal and state financial aid (including support through the American Rescue Plan Act), stronger gift revenues, and increased investment income, which together more than offset a decline in State appropriations.

These factors and other changes are further detailed in the following sections of the MD&A.

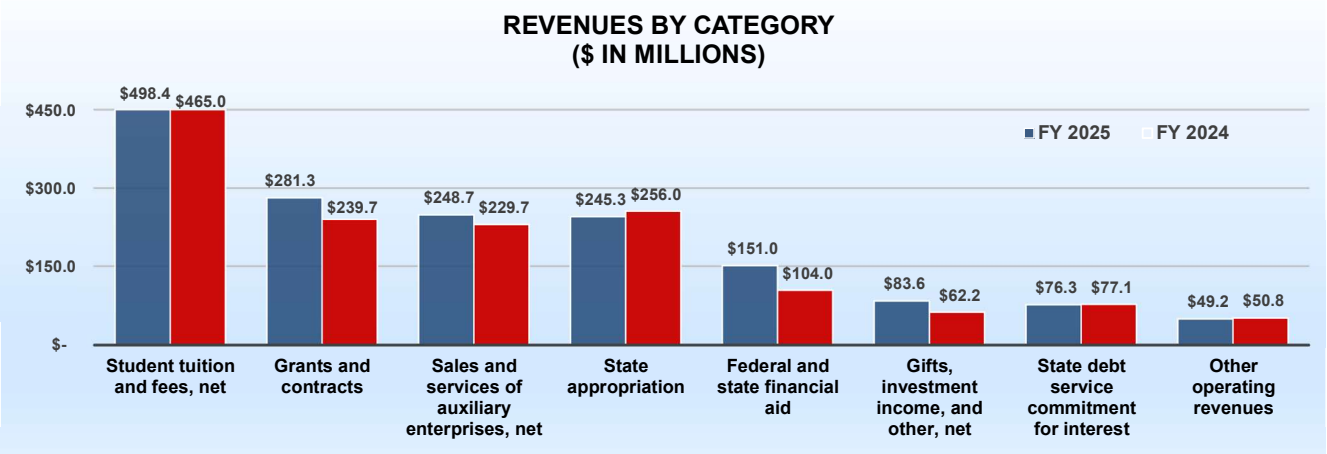
## STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

The following table shows a Condensed Schedule of Revenues, Expenses, and Changes in Net Position for the years ended June 30 ($ in millions):

| | 2025 | 2024 | $ Change | % Change |
|---|---|---|---|---|
| **Operating Revenues** | | | | |
| Student tuition and fees, net | $ 498.4 | $ 465.0 | $ 33.4 | 7.2% |
| Grants and contracts | 281.3 | 239.7 | 41.6 | 17.4% |
| Sales and services of auxiliary enterprises, net | 248.7 | 229.7 | 19.0 | 8.3% |
| Other | 49.2 | 50.8 | (1.6) | (3.1%) |
| Total Operating Revenues | 1,077.6 | 985.2 | 92.4 | 9.4% |
| **Operating Expenses** | | | | |
| Salaries and wages | 778.8 | 732.9 | 45.9 | 6.3% |
| Fringe benefits | 191.0 | 279.5 | (88.5) | (31.7%) |
| Supplies and other expenses | 354.4 | 321.1 | 33.3 | 10.4% |
| Utilities | 22.9 | 22.6 | 0.3 | 1.3% |
| Depreciation and amortization | 147.1 | 144.4 | 2.7 | 1.9% |
| Scholarships and fellowships | 29.1 | 23.8 | 5.3 | 22.3% |
| Total Operating Expenses | 1,523.3 | 1,524.3 | (1.0) | (0.1%) |
| Operating Loss | (445.7) | (539.1) | 93.4 | (17.3%) |
| **Nonoperating Revenues (Expenses)** | | | | |
| State appropriation | 245.3 | 256.0 | (10.7) | (4.2%) |
| State debt service commitment for interest | 76.3 | 77.1 | (0.8) | (1.0%) |
| Federal and state financial aid | 151.0 | 104.0 | 47.0 | 45.2% |
| Gifts, investment income, and other, net | 83.6 | 62.2 | 21.4 | 34.4% |
| Interest and other expenses | (71.1) | (76.4) | 5.3 | (6.9%) |
| Net Nonoperating Revenues | 485.1 | 422.9 | 62.2 | 14.7% |
| Income (Loss) Before Other Changes in Net Position | 39.4 | (116.2) | 155.6 | (133.9%) |
| **Other Changes in Net Position** | | | | |
| Derecognition of pension and OPEB balances | 2,762.8 | - | 2,762.8 | 100.0% |
| State debt service commitment for principal | - | 209.2 | (209.2) | (100.0%) |
| Capital allocation | 20.0 | 45.0 | (25.0) | (55.6%) |
| Capital grants and gifts | 4.7 | 7.5 | (2.8) | (37.3%) |
| Additions to permanent endowments | 0.1 | 0.2 | (0.1) | (50.0%) |
| Net Other Changes in Net Position | 2,787.6 | 261.9 | 2,525.7 | 964.4% |
| Increase in Net Position | 2,827.0 | 145.7 | 2,681.3 | 1,840.3% |
| **Net Position – Beginning of Year, As Previously Reported** | (276.1) | (421.8) | 145.7 | (34.5%) |
| Cumulative effect of accounting change | (19.4) | - | (19.4) | 100.0% |
| **Net Position – Beginning of Year, As Restated** | (295.5) | (421.8) | 126.3 | (29.9%) |
| **Net Position – End of Year** | $ 2,531.5 | $ (276.1) | $ 2,807.6 | (1,016.9%) |

## Overview of Total Revenues

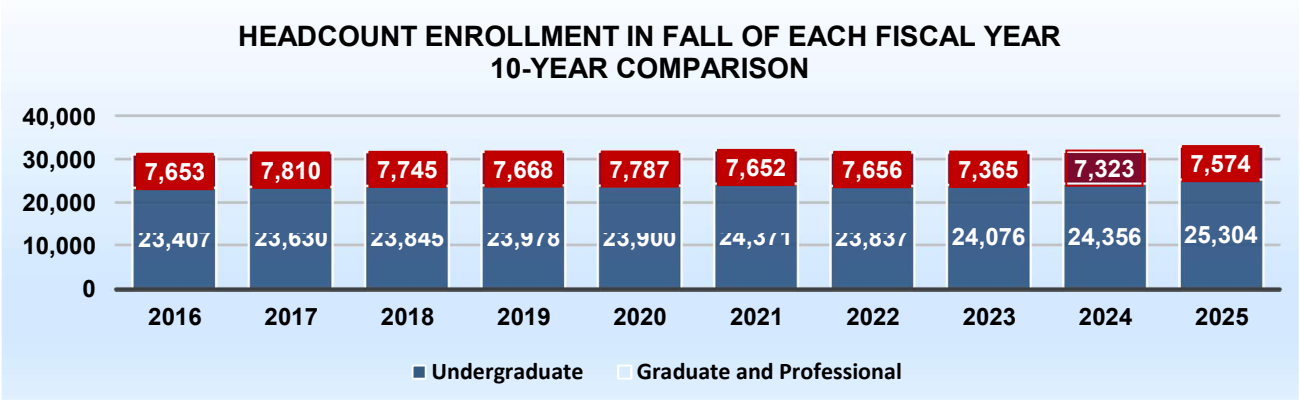
The following graph shows the University's total operating and nonoperating revenues by category:




## Operating Revenues Increased by $92.4 Million

- **Student tuition and fees, net**, remain the University's largest source of operating revenue. For the fiscal year ended June 30, 2025, this revenue increased by $33.4 million compared to the prior year.
  - **Tuition increase:** Tuition revenue increased by $49.7 million, primarily due to Board-approved tuition increases that raised full-time tuition by $678 annually ($339 per semester).
  - **Enrollment trends:** Undergraduate enrollment increased overall, with in-state students up 0.5 percent and out-of-state undergraduates up 18.4 percent. These gains were partially offset by a 3.4 percent decline in international undergraduate enrollment. Graduate enrollment grew by 3.4 percent. As a result, fee revenue increased by $7.6 million compared to fiscal year 2024, reflecting both higher summer session activity and overall enrollment growth, despite no change in fee rates.
  - **Scholarship allowances:** These are subtracted from gross tuition and fees to determine net revenue. Scholarship discounts and allowances increased by $23.9 million, primarily due to higher tuition-funded financial aid associated with increased enrollment and higher tuition rates, along with growth in federal and state programs, which together raised the total value of aid awarded.

The graph below presents overall undergraduate and graduate enrollment over the last 10 years:



- **Operating grants and contracts** revenue grew by $41.6 million in fiscal year 2025, despite a nationwide slowdown in federal grant activity. Federal funding increased by $24.2 million, driven by growth in engineering, health, and science-related disciplines. State grants and contracts rose by $4.3 million, primarily due to expanded collaborations with Connecticut agencies focused on early childhood and community initiatives, along with increased grant activity at the Innovations Institute funded by state agencies outside Connecticut. Nongovernmental funding grew by $13.1 million, supported by expanded partnerships with private foundations and industry in biotechnology, manufacturing, technology, energy, and health-related fields. Together, these gains reflect continued growth in the University's research activity and its success in securing a diverse range of funding sources that support academic and public initiatives.

- **Sales and services of auxiliary enterprises, net**, increased by $19.0 million in fiscal year 2025. This net increase is the result of several key changes:

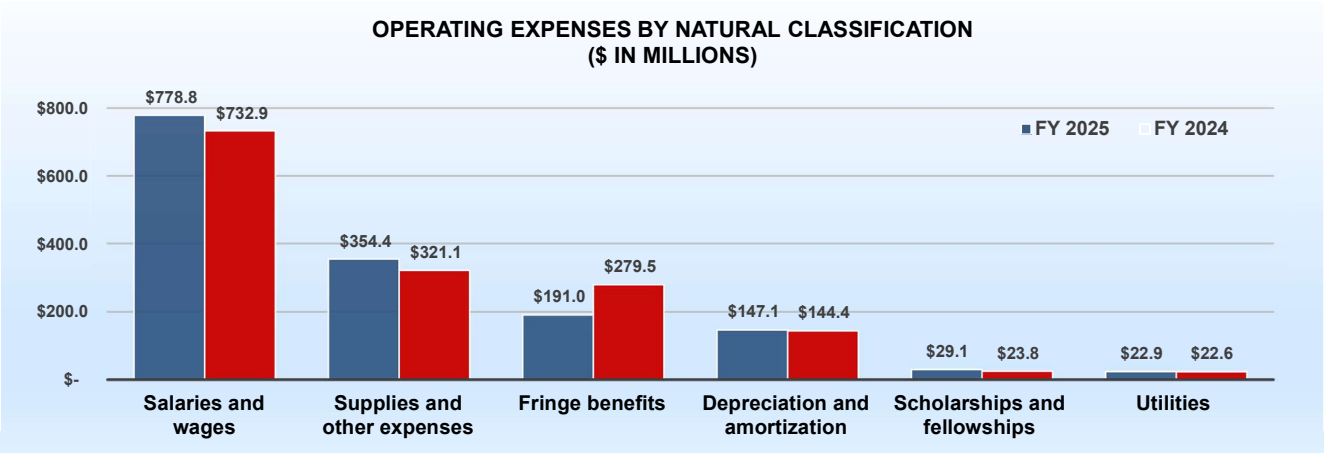
  - **Student housing and dining services:** Revenue increased by $26.6 million, with student housing revenue up $18.3 million and dining revenue up $8.3 million. These gains were driven by about a 2.75 percent increase in room and dining rates, expanded housing capacity at both the Storrs and Stamford campuses, and sustained high occupancy rates, based on updated calculations (103.8 percent in fiscal year 2025 compared to 101.1 percent in fiscal year 2024). Consistent with these trends, demand for meal plans also increased.

  - **Athletics:** Revenue decreased by $3.1 million in fiscal year 2025, largely due to one-time postseason revenues generated by the basketball program in fiscal year 2024, which boosted auxiliary revenues but did not recur in the current year. The decline was partially offset by strong ticket sales growth and the women's basketball program's record-setting season in fiscal year 2025.

  - **Scholarship allowances:** An increase in scholarship aid applied primarily to room and dining fees reduced auxiliary revenues by $6.2 million.

## Operating Expenses Decreased by $1.0 Million

The following graph shows the University's operating expenses by natural classification, ordered by magnitude:




- **Salaries and wages** increased by $45.9 million in fiscal year 2025, driven primarily by mandatory wage increases under collective bargaining agreements, along with new faculty hiring, increases in athletic compensation, and additional costs for graduate assistants and student labor. Dining Services' payroll also grew in line with expanded dining operations, reflecting the opening of Connecticut Hall, the new South Campus residence hall and associated dining facilities.

- **Fringe benefits** expenses decreased by $88.5 million in fiscal year 2025. This reduction reflects the University no longer recording pension and OPEB expenses in its operating results, as these costs are now funded directly by the State (see Notes 1 and 17). The exclusion of pension- and OPEB-related expenses reduced current year expenses by $47.1 million and $53.8 million, respectively, across several functional expense categories. Excluding this impact, fringe benefit costs increased, driven by higher health insurance rates, salary growth, and expanded staffing levels.

- **Supplies and other expenses** increased by $33.3 million in fiscal year 2025, with changes across several functional areas:

  - **Operations and maintenance of plant:** Expenses increased by $15.0 million, largely due to noncapital costs associated with facilities projects and related adjustments. These included design and remediation work, corrective measures to address building conditions, furnishings and equipment that did not meet capitalization requirements. Of this increase, $7.5 million was related to a dormitory project that was later cancelled. The overall increase was partially offset by net changes in environmental cost estimates that reduced expenses.

  - **Research and public service:** Expenses increased in total by $14.0 million, in line with growth in sponsored programs and operating grant revenues. Part of this increase was due to subawards, which are grant funds distributed to external entities with specialized expertise, and were concentrated in federally funded engineering research and public service initiatives. Additional increases are also related to sponsored activities in the sciences and public health-related fields.

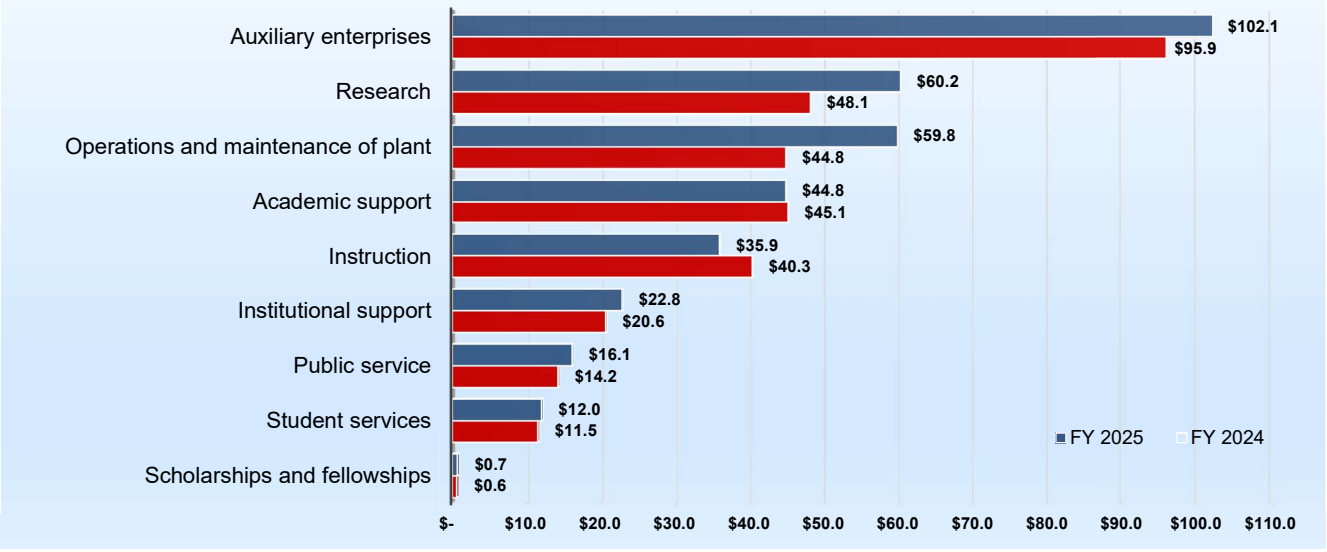
  - **Auxiliary enterprises:** Expenses increased by $6.1 million, primarily due to short-term lease expenses for student housing and costs associated with Connecticut Hall. These increases were partially offset by lower athletic-related expenses compared to fiscal year 2024, when postseason activity resulted in higher overall program costs.

  - **Institutional support:** Expenses increased by $2.3 million, primarily due to a higher annual service fee paid to the University of Connecticut Foundation (UConn Foundation).

  - **Instruction:** Expenses decreased by $4.4 million, reflecting lower overall program costs, including a reduction in subawards and other miscellaneous decreases.

The University's supplies and other expenses by functional classification are presented below:

**SUPPLIES AND OTHER EXPENSES BY FUNCTIONAL CLASSIFICATION**
**($ IN MILLIONS)**



- **Depreciation and amortization** expenses increased by $2.7 million in fiscal year 2025. The increase was primarily driven by new subscription-based information technology arrangements (SBITAs) and building depreciation from Connecticut Hall. These increases were partially offset by lower amortization of non-structural and intangible assets, reflecting asset clean-up efforts and the reclassification of certain software to SBITAs.

- **Scholarships and fellowships** increased by $5.3 million in fiscal year 2025, primarily due to higher University-funded financial aid to support rising enrollment and tuition levels. Additional growth in federal and state aid also contributed to the overall increase.

## Net Nonoperating Revenues Increased by $62.2 Million

- **State appropriation** funding remains a critical source of support for the University, though it now represents a smaller share of total revenues. Appropriations decreased by $10.7 million, primarily due to a reduction in one-time funds. The University received $20.0 million in one-time support in fiscal year 2025, compared to over $40.0 million in prior-year carryforward funds. This decrease was partially offset by a $7.5 million increase in the baseline block grant, which helped cover collective bargaining agreement-related payroll increases. Additional funding from the State's American Rescue Plan Act (ARPA) allocation was received and is reported under federal and state financial aid.

- **Federal and state financial aid** increased by $47.0 million, reflecting temporary operating support from the State's ARPA allocation, which rose from $42.2 million in fiscal year 2024 to $75.7 million in fiscal year 2025 (see Note 13). Recurring student financial aid also increased, including a $10.3 million rise in Federal Pell Grant funding and a $4.1 million increase in the Roberta B. Willis Scholarship Program, net of small decreases in other programs of $0.9 million.

- **Gifts, investment income, and other, net**, increased by $21.4 million. Gifts rose by $17.0 million, driven largely by higher UConn Foundation reimbursements, including support for athletics and scholarships, as well as increased support across a range of University activities. During fiscal year 2025, the University increased its use of Foundation funds to support operations, consistent with its strategy to align donor support with institutional needs. Investment income also increased by $3.5 million, driven by higher cash balances in operating and unspent State bond funds, which generated additional earnings.

## Other Changes in Net Position Increased by $2,525.7 Million

Other changes in net position consist of a special item, State debt service commitment for principal (capital appropriation), capital allocation, capital grants and gifts, and additions to permanent endowments.

- A special item was recorded in fiscal year 2025 for the **derecognition of pension and OPEB balances**, which increased net position by $2,762.8 million (see Notes 1 and 17).

- **State debt service commitment** for principal decreased by $209.2 million, primarily due to a capital appropriation recognized in fiscal year 2024 for general obligation bonds issued by the University and secured by the State. No general obligation bonds were issued in fiscal year 2025.

- **Capital allocation** decreased by $25.0 million, reflecting reduced funding from State General Obligation Bond proceeds. In fiscal year 2024, the State Bond Commission allocated $45.0 million across several projects. In fiscal year 2025, allocations totaled $20.0 million, which supported information technology equipment and renovations to Gampel Pavilion.

## STATEMENT OF NET POSITION

The following table shows a Condensed Schedule of Net Position at June 30 ($ in millions):

| | 2025 | 2024 | $ Change | % Change |
|---|---|---|---|---|
| **Assets** | | | | |
| Current assets | $ 889.5 | $ 858.0 | $ 31.5 | 3.7% |
| Capital assets, net | 2,746.3 | 2,756.2 | (9.9) | (0.4%) |
| Other noncurrent assets | 1,394.8 | 1,524.7 | (129.9) | (8.5%) |
| Total Assets | 5,030.6 | 5,138.9 | (108.3) | (2.1%) |
| **Deferred Outflows of Resources** | 0.2 | 326.0 | (325.8) | (99.9%) |
| **Liabilities** | | | | |
| Current liabilities | 469.0 | 474.7 | (5.7) | (1.2%) |
| Noncurrent liabilities | 2,003.1 | 4,259.8 | (2,256.7) | (53.0%) |
| Total Liabilities | 2,472.1 | 4,734.5 | (2,262.4) | (47.8%) |
| **Deferred Inflows of Resources** | 27.2 | 1,006.5 | (979.3) | (97.3%) |
| **Net Position** | | | | |
| Net investment in capital assets | 963.9 | 1,013.2 | (49.3) | (4.9%) |
| Restricted nonexpendable | 16.5 | 16.4 | 0.1 | 0.6% |
| Restricted expendable | 1,323.0 | 1,286.3 | 36.7 | 2.9% |
| Unrestricted | 228.1 | (2,592.0) | 2,820.1 | (108.8%) |
| Total Net Position | $ 2,531.5 | $ (276.1) | $ 2,807.6 | (1,016.9%) |

### Total Assets and Deferred Outflows Decreased by $434.1 Million

- **Current assets** increased by $31.5 million in fiscal year 2025 despite an overall decrease in total assets. Cash and cash equivalents rose by $113.8 million, reflecting reimbursements from Student Fee Revenue Bond funds for prior Connecticut Hall capital expenditures, reduced capital spending from unrestricted sources, and investment income. During the year, $101.5 million was transferred to the Renewal and Replacement Fund for future capital renewal needs, which reduced cash but increased Deposits with Bond Trustee. Despite this transfer, Deposits with Bond Trustee decreased by $79.6 million overall as bond proceeds were spent down. These changes in cash and trustee balances align with activity reported in the Statement of Cash Flows.

- **Noncurrent assets** decreased by $129.9 million, primarily due to a $132.0 million reduction in the State debt service commitment receivable from principal repayments. This decrease was partially offset by an increase in investments, reflecting $1.5 million in new deferred compensation investments and a modest increase in the fair value of underlying endowment investments.

- **Capital assets, net**, decreased by $9.9 million, which consists of additions of $138.1 million, offset by depreciation and amortization of $147.1 million, and retirements of $0.9 million.

- **Deferred outflows of resources** decreased by $325.8 million due to the removal of pension and OPEB balances.

The following graph shows total assets by major category:



## Total Liabilities and Deferred Inflows Decreased by $3,241.7 Million

- **Current liabilities** declined by $5.7 million, primarily due to a combined decrease of $23.8 million in amounts owed to UConn Health for capital projects funded by general obligation bonds, the current portion of debt service, and accrued payables. These decreases were partially offset by an increase of $6.5 million in compensated absences, partly attributable to the implementation of GASB 101, and an increase of $11.5 million in other payroll liabilities.

- **Noncurrent liabilities** decreased by $2,256.7 million, primarily due to the derecognition of pension and OPEB liabilities of $2,113.4 million as the State assumed responsibility for retiree costs. The long-term portion of debt also declined by $167.0 million, reflecting scheduled principal repayments and premium amortization, with no new debt issued during fiscal year 2025. These decreases were offset by an increase in compensated absences of $16.6 million, driven by the adoption of GASB 101, which resulted in a $16.1 million restatement to the beginning balance for the noncurrent portion (see Note 16). Lease and subscription liabilities rose by $7.4 million due to lease and subscription-based software contracts.

- **Deferred inflows of resources** decreased by $979.3 million from the derecognition of pension and OPEB balances and amortization of debt refunding gains.

The following graph shows total liabilities by major category:




## Net Position Increased by $2,807.6 Million

As of June 30, 2025, the University's net position totaled $2,531.5 million, as total assets and deferred outflows exceeded total liabilities and deferred inflows. In prior fiscal years, the University's Statement of Net Position reflected substantial net pension and net OPEB liabilities in accordance with GASB accounting standards, resulting in a negative net position. The current increase in net position primarily reflects the $2,762.8 million derecognition of pension and OPEB balances (see Notes 1 and 17). This change represents an accounting adjustment, not new spendable resources.

The following table illustrates the impact of the pension and OPEB changes on the University's net position as of June 30 ($ in millions):

| | 2025 | 2024 | $ Change | % Change |
|---|---|---|---|---|
| **Net Position** | | | | |
| Net investment in capital assets | $ 963.9 | $ 1,013.2 | $ (49.3) | (4.9%) |
| Restricted nonexpendable | 16.5 | 16.4 | 0.1 | 0.6% |
| Restricted expendable | 1,323.0 | 1,286.3 | 36.7 | 2.9% |
| Unrestricted | 228.1 | (2,592.0) | 2,820.1 | (108.8%) |
| Total Net Position | 2,531.5 | (276.1) | 2,807.6 | (1,016.9%) |
| Penson impact | - | 1,017.9 | (1,017.9) | (100.0%) |
| OPEB impact | - | 1,744.9 | (1,744.9) | (100.0%) |
| Net Position, Excluding Pension and OPEB | $ 2,531.5 | $ 2,486.7 | $ 44.8 | 1.8% |

- **Net investment in capital assets** decreased by $49.3 million, reflecting the combined effect of a $9.9 million net decrease in capital assets and a $39.4 million net change in capital-related liabilities, deferred outflows of resources, and deferred inflows of resources.

- **Restricted expendable** net position increased by $36.7 million in fiscal year 2025. The change was driven by $119.0 million in higher balances for capital projects, largely from a $101.5 million transfer to the Renewal and Replacement Fund, related interest earnings, and additional State bond allocations. Balances for research, instruction, scholarships, loans, and other purposes also rose by $13.1 million, reflecting higher nonexchange grant balances and fringe benefit rate adjustments. These gains were partly offset by a $95.4 million decrease in restricted expendable debt service funds. This consisted of a $135.7 million reduction in the State debt service commitment receivable for principal, partially offset by a $41.1 million decline in the noncapital portion of general obligation debt due to repayments.

- **Unrestricted net position** increased by $2,820.1 million, inclusive of the pension and OPEB adjustments and the restatement of compensated absences under GASB 101, which reduced beginning unrestricted net position by $19.4 million. Excluding the pension and OPEB adjustments, unrestricted net position rose by $57.3 million. This growth was primarily driven by reimbursements related to Connecticut Hall, lower reliance on unrestricted funds for capital projects, and stronger tuition, fee, auxiliary, and investment revenues. These gains were partially offset by higher salary and benefit costs, and the transfer to the Renewal and Replacement Fund.

## STATEMENT OF CASH FLOWS

The following table shows the Condensed Schedule of Cash Flows for the years ended June 30 ($ in millions):

| | 2025 | 2024 | $ Change | % Change |
|---|---|---|---|---|
| Cash provided from operating activities | $ 1,371.5 | $ 1,239.8 | $ 131.7 | 10.6% |
| Cash used in operating activities | (1,645.7) | (1,534.4) | (111.3) | 7.3% |
| Net cash used in operating activities | (274.2) | (294.6) | 20.4 | (6.9%) |
| Net cash provided from noncapital financing activities | 433.0 | 447.5 | (14.5) | (3.2%) |
| Net cash provided from (used in) capital financing activities | (151.9) | 100.9 | (252.8) | (250.5%) |
| Net cash provided from (used in) investing activities | 106.9 | (165.0) | 271.9 | (164.8%) |
| Net increase in cash and cash equivalents | $ 113.8 | $ 88.8 | $ 25.0 | 28.2% |

- **Net cash used in operating activities** decreased by $20.4 million, indicating stronger core operating performance. The improvement was driven by higher cash inflows from grants and contracts, student tuition and fees, and auxiliary enterprises, reflecting both increased activity levels and revenue growth. These gains were partially offset by higher payroll and program costs, along with lower operating receipts from UConn Health.

- **Net cash provided from noncapital financing activities** decreased by $14.5 million, reflecting reduced State appropriations and the absence of bond proceeds for UConn Health projects. These decreases were partially offset by higher levels of gift receipts and financial aid, including State ARPA funding.

- **Net cash provided from (used in) capital and related financing activities** decreased by $252.8 million, primarily due to the absence of new bond proceeds in fiscal year 2025, lower capital allocation, and higher debt service payments. These declines were partially offset by reduced capital spending, reflecting the completion of several major projects, and increased State funding of general obligation debt service.

- **Net cash provided from (used in) investing activities** increased by $271.9 million, reflecting higher withdrawals of bond trustee funds to support capital projects and increased interest earnings. These inflows were partially offset by higher transfers to bond trustee accounts for Renewal and Replacement funding, consistent with the University's long-term capital reinvestment strategy.

Overall, cash and cash equivalents increased by $113.8 million in fiscal year 2025 compared to a net increase of $88.8 million in fiscal year 2024, reflecting continued improvement in the University's liquidity position.

## CAPITAL ACTIVITIES

Capital assets, net of accumulated depreciation and amortization, consisted of the following on June 30 ($ in millions):

| | 2025 | 2024 | $ Change | % Change |
|---|---|---|---|---|
| Land | $ 32.3 | $ 32.3 | $ - | 0.0% |
| Construction in progress | 145.8 | 315.9 | (170.1) | (53.8%) |
| Art and historical collections | 61.6 | 60.7 | 0.9 | 1.5% |
| Non-structural improvements | 365.1 | 377.7 | (12.6) | (3.3%) |
| Buildings and improvements | 1,893.8 | 1,722.0 | 171.8 | 10.0% |
| Intangible assets | 7.6 | 10.0 | (2.4) | (24.0%) |
| Right-to-use assets | 152.7 | 148.3 | 4.4 | 3.0% |
| Library materials | 3.2 | 3.2 | - | 0.0% |
| Equipment | 84.2 | 86.1 | (1.9) | (2.2%) |
| Total Capital Assets, Net | $ 2,746.3 | $ 2,756.2 | $ (9.9) | (0.4%) |

- **Construction in progress** decreased by $170.1 million as projects including Residential Life Facilities – South Campus Residence Hall and Boiler Plant Equipment Replacement and Utility Tunnel Connection were completed and transferred from construction in progress to buildings and improvements and non-structural improvements. These reductions were partially offset by projects that continued construction, including South Campus Infrastructure and C2E2 to IPB Phase 1 Office & Lab Renovation.
- **Art and historical collections** increased by $0.9 million, representing additions.
- **Non-structural improvements** decreased by $12.6 million. Additions and transfers from construction in progress totaling $2.8 million came from several smaller value projects. These additions were offset by depreciation expense of $15.4 million.
- **Buildings and improvements** increased by $171.8 million. Additions and transfers from construction in progress of $265.2 million included the new Residential Life Facilities – South Campus Residence Hall and increases to existing buildings from the Boiler Plant Equipment Replacement and Utility Tunnel Connection, STEM Research Center Science 1, Supplemental Utility Plant and other projects. These additions were offset by depreciation expense of $93.3 million and retirements of $0.1 million.
- **Intangible assets** decreased by $2.4 million. Additions of $0.7 million representing software purchases were offset by amortization expense of $3.1 million.
- **Right-to-use assets** increased by $4.4 million. Additions of $21.5 million were partially offset by amortization expense of $16.9 million and retirements of $0.2 million.
- **Library materials** remained consistent. Additions of $0.5 million were offset by $0.5 million in depreciation expense.
- **Equipment** decreased by $1.9 million. Additions of $16.4 million were offset by depreciation expense of $18.0 million and retirements of $0.3 million.

See Note 4 in the financial statements for details related to capital activities.

## DEBT ACTIVITIES

The University issues general obligation bonds in its own name under the UCONN 2000 program, which is designed to modernize and expand the physical plant of the University. As amended, the program provides for a capital budget in three phases for the University and UConn Health, with an estimated total cost of $5.3 billion.

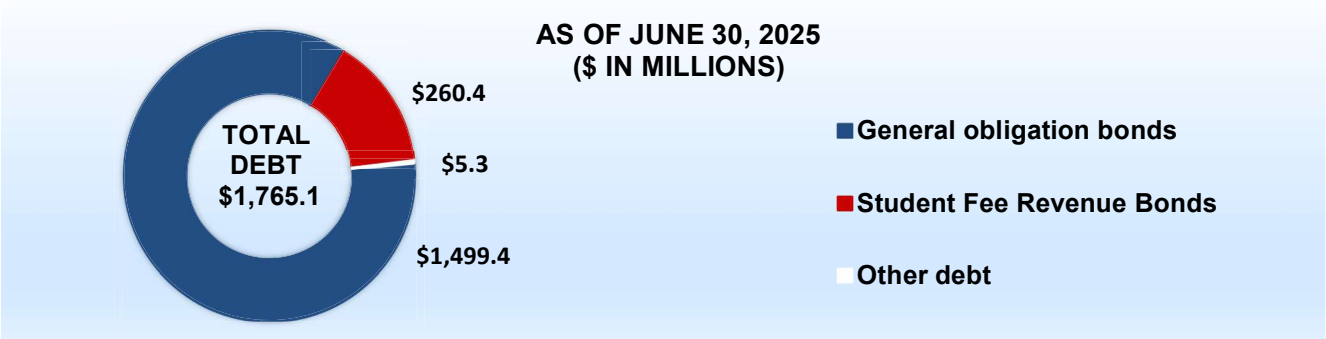
The State has made a commitment to fund the University for all principal and interest payments due on UCONN 2000 general obligation debt. As the general obligation debt is incurred, the commitment from the State is recorded as a current and noncurrent receivable in the Statement of Net Position. There were no general obligation bonds issued or refunded in fiscal year 2025.

In addition to general obligation bonds, the University may issue Student Fee Revenue Bonds, which are secured by pledged revenues. There were no Student Fee Revenue Bonds issued or refunded in fiscal year 2025.

Obligations under financed purchase agreements include a lease purchase agreement to finance the UCONN 2000 Cogeneration Facility and a financed purchase agreement for equipment. There were no new financed purchase agreements in fiscal year 2025.

See Note 6 in the financial statements for details related to debt activities.

The following graph illustrates total debt by category, exclusive of premiums and discounts:




## ECONOMIC OUTLOOK

The University enters fiscal year 2026 facing ongoing financial challenges, including limited state support, rising operating costs, and federal policy changes. These pressures mirror broader economic realities affecting Connecticut families and taxpayers.

As Connecticut enters the final quarter of 2025, the State's economy remains fiscally stable, with modest overall growth and a cooling but resilient labor market. Recent reports from the Office of the State Comptroller indicate that the State ended fiscal year 2025 with an estimated General Fund surplus of approximately $400 million, supporting essential public services, including higher education. While economic conditions remain stable, Connecticut's relatively high cost of living continues to pose challenges for students, employees, and families.

For fiscal year 2026, the University budgeted $1,816.1 million in operating expenditures and $1,778.2 million in revenues, resulting in a $37.9 million funding gap to be addressed through cost containment and revenue initiatives. Management actions include personnel optimization, reduced discretionary spending, contract reviews, greater use of UConn Foundation gift funds, and application of available reserves. These steps build on fiscal year 2025 measures that lowered the projected fiscal year 2026 deficit by $25.3 million through enrollment gains, philanthropy, and expense reductions.

State support represents 15.0 percent of total budgeted revenues, reflecting a continued long-term decline. The University increasingly depends on tuition, fees, auxiliary services, philanthropy, and investment income, while maintaining its commitment to affordability through expanded financial aid. Personnel costs account for 52.0 percent of budgeted expenditures, with student financial aid consisting of 19.0 percent.

Certain major collective bargaining agreements, including those covering faculty and professional staff, expired on June 30, 2025, and remain under negotiation. The outcome of these negotiations may affect salary, benefit, and other personnel costs in fiscal year 2026 and beyond.

Federal research revenues remain vital to the University's mission. The University plays a critical role in advancing national research priorities, with federal partnerships accounting for over 80 percent of sponsored research. Recent shifts in federal priorities have led to some grant cancellations, which the University addressed through internal bridge funding.

Looking ahead, the University is well-positioned to compete for federal opportunities in key areas of strength that align with national priorities—national security, quantum information science, artificial intelligence, and health and wellness. Should there be a reduction in federal Facilities and Administrative (F&A) reimbursements, the University is taking proactive steps to help mitigate potential impacts. At the same time, it continues to expand industry partnerships that drive innovation and prepare students for the future workforce.

The University continues to invest strategically in capital projects that support its academic and economic goals. For fiscal year 2026, the $175.0 million capital budget includes $128.0 million from UCONN 2000 General Obligation Bonds,

$8.0 million from State General Obligation Bonds, and $39.0 million from University funds, gifts, and reserves. Major projects include renovations to Gampel Pavilion, renovations and expansion of the Gant Science Complex, building and infrastructure upgrades, and construction of the Elisabeth DeLuca School of Nursing, a $100.0 million initiative of private philanthropy and State capital investment addressing nursing shortages and advancing healthcare innovation.

The University remains committed to responsible financial management, affordability, and strategic investment in its core priorities. With growing philanthropic support, it is well positioned to navigate fiscal challenges while continuing to serve as a leading educational, research, and economic engine for the State of Connecticut.

# UNIVERSITY OF CONNECTICUT
# STATEMENT OF NET POSITION
# As of June 30, 2025

*($ in thousands)*

| | 2025 |
|---|---|
| **ASSETS** | |
| **Current Assets** | |
| Cash and cash equivalents | $ 445,280 |
| Accounts receivable, net | 114,531 |
| Student and other loans receivable, net | 892 |
| Due from State of Connecticut | 725 |
| Due from affiliate | 11,174 |
| State debt service commitment | 154,476 |
| Deposits with bond trustee | 158,770 |
| Prepaid expenses and other assets | 3,625 |
| **Total Current Assets** | 889,473 |
| **Noncurrent Assets** | |
| Lease receivables | 1,728 |
| Investments | 23,659 |
| Student and other loans receivable, net | 2,038 |
| State debt service commitment | 1,367,405 |
| Capital assets, net | 2,746,275 |
| **Total Noncurrent Assets** | 4,141,105 |
| **Total Assets** | 5,030,578 |
| **DEFERRED OUTFLOWS OF RESOURCES** | |
| Deferred losses from refunding of debt | 84 |
| Deferred outflows from asset retirement obligation | 114 |
| **Total Deferred Outflows of Resources** | 198 |
| **LIABILITIES** | |
| **Current Liabilities** | |
| Accounts payable | 69,026 |
| Lease and subscription liabilities | 11,126 |
| Unearned revenue | 57,162 |
| Deposits held for others | 2,109 |
| Federal refundable loans | 468 |
| Wages payable | 74,333 |
| Compensated absences | 29,904 |
| Due to State of Connecticut | 16,569 |
| Due to affiliate | 6,959 |
| Current portion of long-term debt and bonds payable | 167,037 |
| Other current liabilities | 34,258 |
| **Total Current Liabilities** | 468,951 |
| **Noncurrent Liabilities** | |
| Compensated absences | 37,574 |
| Lease and subscription liabilities | 149,449 |
| Long-term debt and bonds payable | 1,812,282 |
| Federal refundable loans | 3,127 |
| Other liabilities | 708 |
| **Total Noncurrent Liabilities** | 2,003,140 |
| **Total Liabilities** | 2,472,091 |

*See accompanying notes to basic financial statements.*

*(Continued)*

# UNIVERSITY OF CONNECTICUT
# STATEMENT OF NET POSITION
# As of June 30, 2025

*($ in thousands)*

| | 2025 |
|---|---|
| **DEFERRED INFLOWS OF RESOURCES** | |
| Deferred inflows on lease receivables | 1,908 |
| Deferred gains from refunding of debt | 25,254 |
| **Total Deferred Inflows of Resources** | 27,162 |
| | |
| **NET POSITION** | |
| **Net investment in capital assets** | 963,863 |
| **Restricted nonexpendable** | 16,470 |
| **Restricted expendable** | |
| Research, instruction, scholarships, and other | 48,826 |
| Loans | 1,998 |
| Capital projects | 160,608 |
| Debt service | 1,111,628 |
| **Unrestricted** | 228,130 |
| **Total Net Position** | $ 2,531,523 |

*See accompanying notes to basic financial statements.*

# UNIVERSITY OF CONNECTICUT
# STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
# For the Year Ended June 30, 2025

*($ in thousands)*

| | 2025 |
|---|---|
| **OPERATING REVENUES** | |
| Student tuition and fees, net of scholarship allowances of $270,312 | $ 498,389 |
| Federal grants and contracts | 214,286 |
| State and local grants and contracts | 30,218 |
| Nongovernmental grants and contracts | 36,835 |
| Sales and services of educational departments | 18,312 |
| Sales and services of auxiliary enterprises, net of scholarship allowances of $21,309 | 248,737 |
| Other sources | 30,856 |
| **Total Operating Revenues** | 1,077,633 |
| **OPERATING EXPENSES** | |
| Salaries and wages | 778,852 |
| Fringe benefits | 191,039 |
| Supplies and other expenses | 354,384 |
| Utilities | 22,863 |
| Depreciation and amortization | 147,096 |
| Scholarships and fellowships | 29,122 |
| **Total Operating Expenses** | 1,523,356 |
| **Operating Loss** | (445,723) |
| **NONOPERATING REVENUES (EXPENSES)** | |
| State appropriation | 245,321 |
| State debt service commitment for interest | 76,325 |
| Federal and state financial aid | 150,945 |
| Gifts | 54,463 |
| Investment income | 28,554 |
| Interest expense | (70,559) |
| Disposal of capital assets, net | (591) |
| Other nonoperating revenue, net | 614 |
| **Net Nonoperating Revenues** | 485,072 |
| **Income Before Other Changes in Net Position** | 39,349 |
| **OTHER CHANGES IN NET POSITION** | |
| Derecognition of pension and OPEB balances (Note 17) | 2,762,885 |
| Capital allocation | 20,000 |
| Capital grants and gifts | 4,733 |
| Additions to permanent endowments | 79 |
| **Net Other Changes in Net Position** | 2,787,697 |
| **Increase in Net Position** | 2,827,046 |
| **NET POSITION** | |
| **Net Position – Beginning of Year, As Previously Reported** | (276,134) |
| Cumulative effect of accounting change (Note 16) | (19,389) |
| **Net Position – Beginning of Year, As Restated** | (295,523) |
| **Net Position – End of Year** | $ 2,531,523 |

*See accompanying notes to basic financial statements.*

# UNIVERSITY OF CONNECTICUT
# STATEMENT OF CASH FLOWS
# For the Year Ended June 30, 2025

*($ in thousands)*

| | 2025 |
|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | |
| Student tuition and fees | $ 490,305 |
| Grants and contracts | 288,884 |
| Sales and services of educational departments | 18,252 |
| Sales and services of auxiliary enterprises | 246,727 |
| Payments to employees | (764,782) |
| Payments for benefits | (181,446) |
| Payments to suppliers and others | (401,805) |
| Collections of loans to students | 566 |
| Loans issued to students | (491) |
| Fiduciary activities – third-party student receipts and other | 111,134 |
| Fiduciary activities – third-party student payments and other | (110,620) |
| Fiduciary activity – direct lending receipts | 187,298 |
| Fiduciary activity – direct lending payments | (186,621) |
| Other cash receipts | 28,370 |
| **Net Cash Used in Operating Activities** | (274,229) |
| **CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES** | |
| State appropriation | 245,002 |
| Federal and state financial aid | 143,109 |
| Gifts | 46,140 |
| State debt service commitment related to affiliate | 52,722 |
| Principal paid on debt related to affiliate | (35,191) |
| Interest paid on debt related to affiliate | (17,531) |
| Principal paid on other noncapital debt | (1,211) |
| Interest paid on other noncapital debt | (82) |
| **Net Cash Provided from Noncapital Financing Activities** | 432,958 |
| **CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES** | |
| State debt service commitment | 161,496 |
| Proceeds from the lease of assets | 211 |
| Principal paid on debt and other obligations | (130,505) |
| Interest paid on debt and other obligations | (79,013) |
| Proceeds from sale of capital assets | 37 |
| Purchases of capital assets | (132,590) |
| Capital allocation | 25,000 |
| Capital grants and gifts | 3,497 |
| **Net Cash Used in Capital and Related Financing Activities** | (151,867) |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | |
| Purchase of investments | (1,422) |
| Sale of investments | 145 |
| Interest on investments | 28,616 |
| Withdrawals from bond trustee accounts | 183,807 |
| Deposits into bond trustee accounts | (104,255) |
| **Net Cash Provided from Investing Activities** | 106,891 |

*See accompanying notes to basic financial statements.* *(Continued)*

# UNIVERSITY OF CONNECTICUT
# STATEMENT OF CASH FLOWS
# For the Year Ended June 30, 2025

*($ in thousands)*

| | | 2025 |
|---|---|---|
| **INCREASE IN CASH AND CASH EQUIVALENTS** | | 113,753 |
| **BEGINNING CASH AND CASH EQUIVALENTS** | | 331,527 |
| **ENDING CASH AND CASH EQUIVALENTS** | $ | 445,280 |
| **RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES** | | |
| **Operating Loss** | $ | (445,723) |
| Adjustments to Reconcile Operating Loss to Net Cash Used in Operating Activities: | | |
| Depreciation and amortization expense | | 147,096 |
| Non-capitalizable project costs | | 8,016 |
| Impairment loss | | 127 |
| Changes in Assets, Deferred Outflows of Resources, and Liabilities: | | |
| Receivables, net | | 1,324 |
| Student and other loans receivable, net | | 134 |
| Due from affiliate | | (2,266) |
| Prepaid expenses and other assets | | 149 |
| Deferred outflows of resources | | 4 |
| Accounts payable, wages payable, and compensated absences | | 19,006 |
| Unearned revenue | | 8,601 |
| Deposits held for others | | 21 |
| Federal refundable loans | | (98) |
| Due to State of Connecticut | | 915 |
| Due to affiliate | | (6,098) |
| Other liabilities | | (5,437) |
| **Net Cash Used in Operating Activities** | $ | (274,229) |
| **ACCOMPANYING SCHEDULE OF SIGNIFICANT NONCASH TRANSACTIONS** | | |
| Derecognition of pension and OPEB balances | $ | 2,762,885 |
| Amortization of premiums, discounts, and gains and losses on debt refundings | | 24,309 |
| Acquisition of right-to-use lease and subscription assets, inclusive of a $127 impairment loss and $56 in measurement adjustments, and excluding $130 in upfront implementation costs | | 21,507 |
| Change in fair value of investments | | 405 |
| Capital assets acquired through gifts | | 1,194 |
| Net loss on disposal of capital assets with an original cost of $23,266, accumulated depreciation of $22,353, cash proceeds of $37, trade-in value received of $85, and reductions in right-to-use assets of $200 | | (591) |

*See accompanying notes to basic financial statements.*

# UNIVERSITY OF CONNECTICUT
# STATEMENT OF FIDUCIARY NET POSITION – PENSION TRUST FUND
# As of June 30, 2025

*($ in thousands)*

| | 2025 |
|---|---|
| **ASSETS** | |
| Cash and cash equivalents | $ 86 |
| Receivable from employer | 464 |
| Investments at fair value: | |
| Mutual funds | 14,434 |
| Total investments | 14,434 |
| **Total Assets** | 14,984 |
| **LIABILITIES** | |
| Accounts payable and other liabilities | 80 |
| **Total Liabilities** | 80 |
| **NET POSITION** | |
| Restricted for pensions | 14,904 |
| **Total Net Position** | $ 14,904 |

# STATEMENT OF CHANGES IN FIDUCIARY NET POSITION – PENSION TRUST FUND
# As of June 30, 2025

*($ in thousands)*

| | 2025 |
|---|---|
| **ADDITIONS** | |
| Employer contributions | $ 951 |
| Investment Earnings: | |
| Increase in fair value of investments | 748 |
| Dividends and interest | 673 |
| Total investment earnings | 1,421 |
| Less: investment fees and charges | 79 |
| Net investment earnings | 1,342 |
| **Total Additions** | 2,293 |
| **DEDUCTIONS** | |
| Benefits paid to participants or beneficiaries | 726 |
| **Net Increase in Fiduciary Net Position** | 1,567 |
| **Net Position – Beginning of Year** | 13,337 |
| **Net Position – End of Year** | $ 14,904 |

*See accompanying notes to basic financial statements.*

# Notes to Financial Statements
# For the Year Ended June 30, 2025

## NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Reporting Entity**

The University of Connecticut, a comprehensive institution for higher education governed by a 21-member Board of Trustees, serves as the flagship for higher education in the State of Connecticut (State). This institution is composed of programs based in Storrs and at the four regional campuses: Avery Point, Hartford, Stamford, and Waterbury. It also includes the School of Law, the School of Social Work, and the University of Connecticut Health Center (UConn Health), a healthcare institution that oversees clinical care, advanced biomedical research, and academic education in medicine. Separate for purposes of audit and financial reporting, UConn Health has its own Board of Directors to whom the Board of Trustees has delegated authority and by State statute is a separate entity for purposes of maintaining operating funds and receiving appropriations from the State. The transactions and balances of UConn Health are not included within this annual comprehensive financial report for the year ended June 30, 2025, and the University of Connecticut (University) is herein defined as all programs except for UConn Health.

In accordance with standards issued by the Governmental Accounting Standards Board (GASB), the financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading. Legally separate, tax-exempt organizations are reported as component units of the reporting entity if they meet all of the following criteria: economic resources received or held by the organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents; the primary government is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the organization; and the economic resources received or held by the organization are significant to the primary government.

The financial operations of the University, along with those of UConn Health, are reported in the State's annual comprehensive report using the fund structure prescribed by GASB. The State includes the transactions and balances of the University within an enterprise fund under business-type activities on the government-wide financial statements and has noted that State colleges and universities do not possess corporate powers that would distinguish them as being legally separate.

The University of Connecticut Foundation, Inc. (Foundation) is a related, but independent, corporate entity that supports the mission of the University and is also included in the State's annual comprehensive financial report. The Foundation raises funds to promote, encourage, and assist education and research at both the University and UConn Health. Although the Foundation materially supports the mission of both the University and UConn Health, displaying the Foundation's financial statements as a component unit of either entity individually would distort its actual contribution or economic benefit to that entity. Therefore, the Foundation is not included as a component unit in the accompanying financial statements but is included as a component unit of the State.

**Fiduciary Statements**

The University is also the fiduciary of the University of Connecticut Department of Dining Services Money Purchase Pension Plan. The University reports this fund as a fiduciary activity in the accompanying Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position (Fiduciary Statements). See Note 9 for further disclosures related to the University of Connecticut Department of Dining Services Money Purchase Pension Plan.

**Financial Statement Presentation**

The accompanying financial statements have been prepared in conformity with United States generally accepted accounting principles (GAAP), as prescribed by GASB. The University is considered a special-purpose government engaged primarily in business-type activities, defined by GASB as those activities that are financed in whole or in part by fees charged to external parties for goods or services.

The University reports business-type activities in the accompanying Statement of Net Position; Statement of Revenues, Expenses, and Changes in Net Position; and Statement of Cash Flows. These financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned, expenses are recognized when incurred, and all significant intra-agency transactions have been eliminated. The Fiduciary Statements have been prepared using the economic resources measurement focus and the accrual basis of accounting in accordance with GASB requirements.

**Adoption of New Accounting Pronouncements**
The University's annual comprehensive financial report for fiscal year 2025 as presented herein includes the provisions of the following GASB pronouncements:

GASB Statement No. 101 (GASB 101), *Compensated Absences*, establishes a unified model for recognizing and measuring liabilities related to compensated absences, such as vacation, sick leave, and other paid time off. A liability is recognized for unused leave when it is attributable to services already rendered, the leave accumulates, and it is more likely than not to be used for time off or otherwise paid or settled. A liability is also recognized for leave that has been used but not yet paid or settled. The liability is measured using the employee's current pay rate as of the date of the financial statements and includes salary-related payments. GASB 101 also requires that a liability for certain types of compensated absences, including parental leave, military leave, and jury duty leave, not be recognized until the leave commences. This statement streamlines disclosures by requiring only the net change in the liability and eliminating the need to identify the funds that typically liquidate it. GASB 101 is effective for fiscal years beginning after December 15, 2023, and was implemented by the University for the fiscal year ended June 30, 2025. As part of this adoption, the University applied this change retroactively by restating beginning net position in the accompanying Statement of Revenues, Expenses, and Changes in Net Position. Prior period financial statements have not been restated. The effects of adopting GASB 101 are further described in Note 16.

GASB Statement No. 102 (GASB 102), *Certain Risk Disclosures*, establishes financial reporting requirements for risks related to a government's vulnerabilities due to certain concentrations or constraints. A concentration refers to a lack of diversity in significant inflows or outflows of resources, while a constraint is a limitation imposed by external parties or by formal action of the government's highest level of decision-making authority. Governments must assess whether such risks are likely to result in a substantial impact within 12 months of the date the financial statements are issued. If so, disclosures must describe the nature of the concentration or constraint, the events that could cause a substantial impact, and actions taken to mitigate the risk. However, if the disclosure criteria are not met due to mitigating actions prior to the issuance of the financial statements, no disclosure is required. GASB 102 is effective for fiscal years beginning after June 15, 2024, and was implemented by the University for the fiscal year ended June 30, 2025. The adoption of GASB 102 had no effect on the University's fiscal year 2025 financial statements, as no concentrations or constraints met the disclosure criteria. Management will continue to monitor potential risks in future reporting periods.

**Cash Equivalents**
The University considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Funds invested in the State of Connecticut Treasurer's Short-Term Investment Fund (STIF) are also considered cash equivalents, except for those classified as restricted balances included in deposits with bond trustee.

**Accounts and Loans Receivable**
Accounts receivable consists of tuition, fees, auxiliary enterprises service fees, amounts due from state and federal governments for grants and contracts, and the current portion of lease receivables. Accounts and loans receivable are recorded net of an estimated allowance for doubtful accounts.

Student and other loans receivable primarily consist of amounts due from students under the Federal Perkins Loan Program and the Nurse Faculty Loan Program, which are subject to significant restrictions. Student and other loans receivable are classified as current and noncurrent based on the amount estimated to be collected within one year and beyond one year, respectively.

**Due from and Due to State of Connecticut**
Amounts due from the State may include unspent State bond funds allocated by the State Bond Commission for specific capital projects. In fiscal year 2025, all allocated funds were received prior to year-end, and no bond fund receivable was reported. The amount due from the State also includes an appropriation receivable to reimburse certain payroll expenses. Additionally, the State administers employee benefits and retirement plans for University State employees. Fringe benefits accrued at the end of the year related to State employees are reported as a liability due to the State.

**Due from and Due to Affiliate**
The amount due from affiliate includes amounts owed by UConn Health resulting from various memoranda of understanding (MOUs) and other operating activities. The amount due to affiliate includes the unspent portion of general obligation bond proceeds that are managed by the University and allocated to UConn Health capital projects. The proceeds are reported net of accruals for capital expenditures.

**State Debt Service Commitment**
The State has committed to paying the annual debt service amounts on securities issued as general obligations of the University. As general obligation debt and related interest are incurred, the commitment from the State is recorded as

revenue for principal and interest in the accompanying Statement of Revenues, Expenses, and Changes in Net Position. A corresponding receivable is recorded in the accompanying Statement of Net Position and is classified as current and noncurrent based on debt service payments owed in one year and beyond one year, respectively.

**Deposits with Bond Trustee**

Tax-exempt bond proceeds are deposited into various accounts held by the Trustee Bank as required by certain trust indentures. The funds are invested and disbursed as directed by the University. The University's bond proceeds investment policy aims to balance an appropriate risk-return level, heavily weighted towards asset safety, as defined and permitted under the relative indentures and the General Statutes of Connecticut (State General Statutes).

The University has directed the Trustee Bank to invest UCONN 2000 indenture-related construction fund proceeds in STIF. Similarly, the University has directed the Trustee Bank to invest other related funds in dedicated STIF accounts for debt service funds for the Special Obligation Student Fee Revenue Bonds (Student Fee Revenue Bonds). Additionally, the University has the option to periodically transfer unrestricted funds in an amount at the University's discretion to a dedicated STIF account in accordance with the Renewal and Replacement Fund Requirement (see Note 2). The Renewal and Replacement Fund Requirement is defined by the Special Obligation Indenture as an amount deemed necessary to maintain certain assets financed with bond proceeds in sound operating condition.

Investment earnings from UCONN 2000 General Obligation Bond proceeds are retained by the State Treasurer's Office and do not flow to the University or the Trustee Bank. Investment earnings related to Student Fee Revenue Bonds are part of pledged revenues and are directly retained by the Trustee Bank to pay debt service on the bonds or for other indenture permitted purposes. Earnings on the UCONN 2000 General Obligation Debt Service Commitment Refunding Bonds and the Special Obligation Student Fee Revenue Refunding Redemption Fund escrows form part of the irrevocable escrows that are used by the Trustee Bank to meet debt service payments on defeased bonds until called.

**Investments**

The University accounts for its investments at fair value, categorized for disclosure purposes within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the investment. The three-level hierarchy of inputs is summarized as follows:

- Level 1 – Quoted prices for identical investments in an active market.
- Level 2 – Inputs other than Level 1 that are observable, such as quoted prices for similar investments in active markets; quoted prices for identical or similar investments in markets that are not active; or inputs other than quoted prices that are observable, such as interest rate and yield curves, volatilities, and credit spreads, among others.
- Level 3 – Inputs that are unobservable but supported by the University's or the Foundation's assumptions, taking into consideration the assumptions that market participants would use in pricing the investment. These inputs are developed based on the best information available under the circumstances.

The net asset value (NAV), or its equivalent, is used to determine the fair value of all investments that do not have a readily determinable fair value. Because they are not readily determinable, the fair values of these investments may differ from the values that would have been used had a ready market existed for these investments.

Changes in the unrealized gain or loss on the carrying value of the University's investments are recorded as nonoperating revenues or expenses in the accompanying Statement of Revenues, Expenses, and Changes in Net Position.

**Capital Assets**

Capital assets are reported at cost at the date of acquisition or, in the case of gifts, at acquisition value. All land is capitalized regardless of cost. Capital projects greater than $100,000 that significantly increase the value or useful life of an asset are capitalized. Routine repairs and maintenance costs are charged to operating expenses in the year incurred. Equipment with a value of $5,000 or more and a useful life of more than one year is capitalized.

Depreciation and amortization expenses are recorded on a straight-line basis over the estimated useful lives of the respective assets as follows:

| | |
|---|---|
| Non-structural improvements | 10 – 50 years |
| Buildings and building components | 6 – 60 years |
| Intangible assets | 3 – 10 years |
| Library materials | 15 years |
| Equipment | 3 – 30 years |

Right-to-use lease and subscription assets are capitalized if the underlying contract or agreement totals $100,000 or more and are amortized on a straight-line basis over the shorter of the term or the useful life of the underlying asset.

Art and historical collections are recognized at their acquisition values and are not depreciated. The Dodd Center for Human Rights at the University maintains historical collections of original source materials used for research and serves as the University's official archive. New items are added to the collection if their acquisition value can be substantiated by an external appraisal.

**Leases and Subscription-Based Information Technology Arrangements**

The University leases building space and equipment from external parties and enters into subscription-based information technology arrangements (SBITAs). Building space includes student housing, classroom, retail, laboratory, library, and office space. At the commencement of a lease or SBITA, the University records a right-to-use lease or subscription asset and a lease or subscription liability.

The University leases building space and cell towers to external parties. At the commencement of the lease term, the University records a lease receivable and a corresponding deferred inflow of resources.

The discount rate used for leases and SBITAs is based on the rate implicit in the contract or agreement or, if the interest rate cannot be determined, on the University's incremental borrowing rate using a period comparable with the term.

**Unearned Revenue**

Unearned revenue includes amounts received for services to be rendered in a future accounting period. This amount is composed primarily of student charges (tuition, fees, room, and board) received in advance of the applicable academic period and amounts received from sponsors related to certain restricted research grants that will not be included in revenue until the funds are expended. It also includes advance ticket sales for sporting events and commitments received in advance of the athletic season.

**Compensated Absences**

The University records a liability for employee vacation, holiday, compensatory, sick leave, and other paid time off benefits that are attributable to services already rendered, accumulate over time, and are more likely than not to be used or settled. This liability is reported as compensated absences in the Statement of Net Position and is classified as current or noncurrent based on the portion expected to be liquidated within one year or beyond one year, respectively. The liability includes salary-related payments that are directly and incrementally associated with the leave. Related expenses are recognized as operating expenses in the Statement of Revenues, Expenses, and Changes in Net Position.

**Noncurrent Liabilities**

Noncurrent liabilities include the long-term portion of compensated absences and principal payments due beyond one year on bonds (net of unamortized premiums and discounts), lease and subscription liabilities, and other debt. Federal refundable loans included as noncurrent consist of governmental advances for revolving student loan programs that are required to be returned beyond one year to the federal government upon cessation of the program. Other liabilities reported as noncurrent on the Statement of Net Position consist of an asset retirement obligation (ARO) and the long-term unamortized portion of contractual liabilities associated with the University's bookstore facilities.

**Deferred Outflows and Deferred Inflows of Resources**

Gains and losses on refunded debt are reported as deferred inflows of resources and deferred outflows of resources, respectively, and represent the difference between the reacquisition price and the net carrying amount of the refunded bonds. Such amounts are amortized as a component of interest expense on a straight-line basis over the life of either the old debt or the new debt, whichever is shorter.

For lessor arrangements, the deferred inflow of resources recorded at the initial measurement of the lease receivable is recognized as lease income on a straight-line basis over the lease term. A deferred outflow recorded upon the initial measurement of an ARO liability is amortized over the remaining useful life of the related asset.

**Net Position**

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

- **Net investment in capital assets:** This includes capital assets, net of accumulated depreciation and amortization, reduced by outstanding principal balances of bonds, notes, lease and subscription liabilities, and other liabilities that are attributable to the acquisition, construction, or improvement of those assets. It also includes deferred outflows of

resources and deferred inflows of resources that are related to the acquisition, construction, or improvement of those assets or associated debt.

- **Restricted nonexpendable:** These are endowment and similar assets where donors or outside sources have stipulated as a condition of the gift instrument that the principal is to be maintained inviolate and in perpetuity. These assets are invested for the purpose of producing present and future income, which may be expended or reinvested in principal.

- **Restricted expendable:** These assets, reduced by related liabilities and deferred inflows of resources, are expendable but where the University is legally or contractually obligated to spend the resources in accordance with restrictions imposed by external third parties.

- **Unrestricted:** This category includes net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that do not meet the definition of "restricted" or "net investment in capital assets." These assets are not subject to externally imposed stipulations, but they may be subject to internal designations. For example, amounts classified as unrestricted may be assigned to specific purposes by action of management or the Board of Trustees or may otherwise be limited by contractual agreements with outside parties. In general, all unrestricted amounts in net position are assigned to support academic and research programs, capital projects, retirement of indebtedness, and auxiliary enterprise activities.

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

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

**Revenues and Expenses**

The University has classified its revenues and expenses as either operating or nonoperating according to the following criteria:

- **Operating revenues and expenses:** Operating revenues consist of tuition and fees, grants and contracts, sales and services of educational activities, auxiliary enterprises revenue, and other sources of revenue that generally have the characteristics of exchange transactions. GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, requires recipients of government-mandated and voluntary nonexchange transactions to recognize revenue when all applicable eligibility requirements are met for these transactions. Restricted grant revenue that does not meet the nonexchange transaction definition is also recognized to the extent expended or, in the case of fixed price contracts, when the contract terms are met or completed. Operating expenses include all expense transactions incurred other than those related to investing or financing, irrespective of whether the revenues associated with those expenses are classified as operating or nonoperating. These expenses are reported using natural classification, comprehensive of expenses incurred under both educational and general programs and auxiliary enterprises. See also Note 14 for operating expenses presented by functional classification.

- **Nonoperating revenues and expenses:** All other revenues and expenses of the University are reported as nonoperating revenues and expenses including State appropriation, State debt service commitment for interest, federal and state financial aid, noncapital gifts, and investment income. Interest expense and disposal of capital assets, net, are also reported as nonoperating.

**Scholarship Discounts and Allowances**

GASB requires that revenue be reported net of scholarship discounts and allowances. These represent the difference between the stated charges for the University's tuition and fees, housing, dining, and other student services and the amounts actually paid by or on behalf of students. Any financial aid, excluding loans, applied directly to student accounts for these charges is recorded as a scholarship allowance deducted from the University's operating revenues. The scholarships and fellowships expense reported in the accompanying Statement of Revenues, Expenses, and Changes in Net Position includes financial aid disbursed directly to students.

**UConn Health MOUs**

The University and UConn Health maintain formal MOUs that govern certain shared operational activities. Under these agreements, each party provides services to the other in exchange for payment. These services include, but are not limited to, public safety, marketing, library access, research support, and other miscellaneous operations.

Each MOU spans a two-year term and includes provisions for an annual settlement based on actual expenses incurred. Payments received from UConn Health under these MOUs are recognized as operating revenues and reported under other sources in the accompanying Statement of Revenues, Expenses, and Changes in Net Position. Payments made by the University to UConn Health under these agreements are recorded as operating expenses (see Note 13).

**State Funding for Employee Retirement and Other Post-Employment Benefits (OPEB) Plans**

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

Additionally, since the University is included as an enterprise fund of the State and is not a legally separate entity, retirement costs funded directly by the State are not reflected as on-behalf revenues or expenses in the accompanying financial statements. For additional information on the State's funding structure and legislative background, see Note 13.

## NOTE 2. CASH AND CASH EQUIVALENTS, DEPOSITS, AND INVESTMENTS

The University's total cash and cash equivalents, deposits, and investments included the following as of June 30, 2025 (amounts in thousands):

| | 2025 |
|---|---|
| **Cash and Cash Equivalents** | |
| Cash maintained by State Treasurer | $ 355,627 |
| Invested in STIF | 77,238 |
| Other deposits | 12,415 |
| Total Cash and Cash Equivalents | 445,280 |
| **Deposits with Bond Trustee** | |
| Invested in STIF | 158,770 |
| Total Deposits with Bond Trustee | 158,770 |
| **Investments** | |
| Foundation-managed endowments | 21,461 |
| Other | 2,198 |
| Total Investments | 23,659 |
| Total Cash and Cash Equivalents, Deposits, and Investments | $ 627,709 |

**Cash and Cash Equivalents**

Collateralized deposits are protected by State General Statute. This statute requires that any bank holding public deposits must at all times maintain, segregated from its other assets, eligible collateral in an amount equal to at least a certain percentage of its public deposits. The applicable percentage is determined mainly by the bank's financial condition, which is measured using ratios of leverage, net worth, and risk-based capital. The collateral is kept in the custody of the trust department of either the pledging bank or another bank in the name of the pledging bank. Portions of the bank balance of the State are insured by the Federal Deposit Insurance Corporation (FDIC) or are collateralized.

As a State agency, the University benefits from this protection, though the extent to which the deposits of an individual State agency, such as the University, are protected cannot be readily determined.

The University's cash management investment policy permits investments in STIF, United States Treasury bills, United States Treasury notes and bonds, United States Government Agency obligations, bankers' acceptances, certificates of deposit (including Euro Dollars), commercial paper, money market funds, repurchase agreements, and savings accounts.

STIF is a money market investment pool in which the State, municipal entities, and other political subdivisions of the State are eligible to invest. The State Treasurer is authorized to invest monies of STIF in United States government and agency obligations, certificates of deposit, commercial paper, corporate bonds, money market mutual funds, repurchase agreements, and asset-backed securities. STIF had a Standard and Poor's rating of AAAm and a weighted average maturity of 21 days as of June 30, 2025.

**Deposits with Bond Trustee**

Deposits of the University include UCONN 2000 bond indenture related funds held by the Trustee Bank at the direction of the University. As of June 30, 2025, deposits with bond trustee included $158.8 million invested in STIF. Of this amount, $120.8 million is related to the Renewal and Replacement Fund, an indenture defined account funded with non-bond proceeds. In fiscal year 2025, the University transferred $101.5 million into this fund to support future capital renewal needs.

**Foundation-Managed Endowments**

The University designated the Foundation as the manager of the University's endowment funds. The Foundation makes spending allocation distributions to the University for each participating endowment. The distribution is spent by the University in accordance with the respective purposes of the endowments, the policies and procedures of the University and State General Statutes, and in accordance with the Foundation's endowment spending policy described in the following section.

The endowment spending policy adopted by the Foundation's Board of Directors, in conjunction with a strategic asset allocation policy for the long-term pooled investment portfolio, is designed to provide reliable growth in annual spending allocation levels and to preserve or increase the real value of the endowment principal over time. To meet these objectives, the Foundation utilizes a total return investment approach, with total return consisting of interest and dividends as well as realized and unrealized gains and losses, net of management fees. As of June 30, 2025, net appreciation gains of $5.0 million were reported as restricted expendable in the accompanying Statement of Net Position.

The Foundation's endowment spending allocation policy adheres to the Connecticut Uniform Prudent Management of Institutional Funds Act (UPMIFA). UPMIFA considers prudence in maintaining an endowment fund in perpetuity. Therefore, spending can occur from an endowment fund whose fair value is below its historic value as long as the governing body has determined that its policies will continue the perpetual nature of the endowment over time.

The amount of funds allocated for expenditure for the purposes for which an endowment was established equals 4 percent annually (1 percent per quarter) of the rolling 12-quarter average fair value on a unitized basis. The corresponding calculated spending allocations are distributed in equal quarterly installments on the first day of each quarter from the accumulated net total investment return for individual endowment funds where available, otherwise from the principal.

An advancement fee is assessed to fund expenses incurred in meeting the Foundation's fiduciary and fundraising responsibilities to donors and the University. The endowment spending allocation and advancement fee taken together cannot exceed 6.5 percent or fall below 3 percent of the quarterly fair value of endowment funds. Should this occur, the calculated amounts will be decreased or increased, respectively, on a pro rata basis.

Over the long term, the Foundation expects the current spending allocation and advancement fee policies to allow endowments to grow on average at least at the annualized rate of inflation. This is consistent with the organization's objective of providing resources for the underlying purposes of its endowment assets over the life of the endowments, whether in perpetuity or for a specified term, as well as to provide additional growth through new gifts and investment returns.

University endowment investments are managed by the Foundation in a pooled portfolio that is actively managed by professional investment managers as determined by the Investment Committee of the Foundation's Board of Directors. The Foundation has established asset allocation guidelines for the pooled investment portfolio, stipulating that the maximum exposure with any one manager would be 10 percent of the portfolio at the time of investment. The Foundation's Board of Directors also established an asset allocation policy for the long-term pooled investment portfolio. The Foundation expects that portfolios will be invested in only the strategies described in the following table, and not above or below the individual strategy percentage and its total percentage by objective, unless otherwise specified by its Board of Directors.

| Investment Objectives and Strategies | Allocation Range as Percentage of Fair Value |
|---|---|
| **Growth** | |
| Global equity | 30% – 90% |
| **Risk Minimizing** | |
| Global fixed income | 10% – 70% |
| Cash | 0% – 10% |
| **Inflation Hedging** | |
| Real assets | 0% – 10% |

The endowments invested with the Foundation are subject to risk due to the uncollateralized nature of most of its investments. Certain investments of the Foundation include external investment pools. Publicly traded fixed income investments totaled $1.8 million as of June 30, 2025. These represent an investment in a single fixed income fund for which a credit rating is not available. The University endowment's foreign publicly traded equities totaled $4.9 million as of June 30, 2025. Private capital investments totaled approximately $191,000 as of June 30, 2025.

**Other Investments**

Certain investments are held directly by the University. As of June 30, 2025, the University had approximately $1.5 million invested in various mutual funds and approximately $681,000 representing its ownership interest in UConn Innovation Fund, LLC (see Note 13).

**Fiduciary Investments**

The investments of the University of Connecticut Department of Dining Services Money Purchase Pension Plan are reported in the accompanying Statement of Fiduciary Net Position. The University is responsible for ensuring these assets are used only for their intended purposes and cannot use them to finance its operations. Under the direction of the University of Connecticut Department of Dining Services, the investments are invested by a third-party administrator and are subject to risk due to the uncollateralized nature of the investments.

**Funds Held in Trust by Others**

Certain other funds are held in trust for investment by outside trustees. The University is designated as the income beneficiary, and the funds are not under the direct control of the University. Accordingly, the assets of these funds are not included in the accompanying financial statements. The fair value of these funds was $20.1 million as of June 30, 2025. Investment income earned on these assets is transferred to the University in accordance with applicable trust agreements. Income received from those sources for the fiscal year ended June 30, 2025, was $662,000.

**Fair Value Measurement**

Certain investments managed by the Foundation are measured at fair value pricing using NAV, or its equivalent. NAVs provided by third parties have been utilized in determining fair value where there are significant unobservable inputs related to Level 3 assets, as all investments have been made through commingled fund structures with no direct ownership. The Foundation's investment managers utilize outside pricing services and administrators as well as their own internal valuation models in determining and verifying fair values.

The Foundation performs ongoing due diligence with its investment managers that includes evaluation of managers' operations and valuation procedures, conducting site visits, participating in investor calls, and reviewing manager filings and audited financial statements. The Investment Committee of the Foundation's Board of Directors monitors the performance of investment managers and meets formally with managers on a periodic basis in addition to the ongoing due diligence performed by the Foundation investment staff.

The fair value amounts presented in the following table are intended to reconcile the fair value hierarchy to the investment balances presented in the Statement of Net Position and the Statement of Fiduciary Net Position as of June 30, 2025 (amounts in thousands):

| | 2025 | | | | |
|---|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | NAV | Total |
| **Foundation-Managed Investments** | | | | | |
| Cash and cash equivalents | $ 671 | $ - | $ - | $ - | $ 671 |
| Fixed income securities | | | | | |
| Corporate investment grade | 1,815 | - | - | - | 1,815 |
| Equity securities | | | | | |
| Domestic | 13,571 | - | - | - | 13,571 |
| Offshore | 4,892 | - | - | - | 4,892 |
| Private capital | | | | | |
| Buyout and venture capital | - | - | - | 101 | 101 |
| Debt | - | - | - | 90 | 90 |
| Long and short equities | - | - | - | 1 | 1 |
| Private real estate | - | - | - | 7 | 7 |
| Private natural resources | - | - | - | 90 | 90 |
| Relative value | - | - | - | 223 | 223 |
| Total Foundation-Managed Investments | 20,949 | - | - | 512 | 21,461 |
| **University-Held Investments** | | | | | |
| Other | 1,517 | - | - | 681 | 2,198 |
| Total University-Held Investments | 1,517 | - | - | 681 | 2,198 |
| Total Investments – University | $ 22,466 | $ - | $ - | $ 1,193 | $ 23,659 |
| **Fiduciary Investments** | | | | | |
| Cash and cash equivalents | $ 86 | $ - | $ - | $ - | $ 86 |
| Mutual funds | 14,434 | - | - | - | 14,434 |
| Total Investments – Fiduciary | $ 14,520 | $ - | $ - | $ - | $ 14,520 |

The Foundation has agreements with external investment managers that include certain redemption terms and restrictions as noted in the following table as of the fiscal year ended June 30, 2025 (amounts in thousands):

| | 2025 | | | | |
|---|---|---|---|---|---|
| **Investment Strategy** | **Fair Value** | **Unfunded Commitments** | **Remaining Life** | **Redemption Terms** | **Redemption Restrictions** |
| Private capital partnerships including venture, buyout, and debt in the U.S. and international, and other | $ 191 | $ 107 | Less than 1 to 8 years | Not applicable | Not redeemable |
| Private real estate partnerships in commercial, residential, office, and industrial properties | 7 | 35 | 1 to 3 years | Not applicable | Not redeemable |
| Natural resource partnerships in energy and timber | 90 | 5 | 1 to 5 years | Not applicable | Not redeemable |
| Total | $ 288 | $ 147 | | | |

## NOTE 3. ACCOUNTS AND LOANS RECEIVABLE

### Accounts Receivable, Net

Accounts receivable as of June 30, 2025, consisted of the following (amounts in thousands):

| | 2025 |
|---|---|
| Grants and contracts | $ 75,972 |
| Student and general | 52,689 |
| Investment and interest income | 6 |
| Lease receivables | 168 |
| Allowance for doubtful accounts | (14,304) |
| Total Accounts Receivable, Net | $ 114,531 |

The University participates in the U.S. Department of Education Federal Direct Lending Program. Under this program, the University distributed loans of $186.6 million in fiscal year 2025 to students, including those enrolled in UConn Health programs. These distributions and related funding are not reflected as expenses and revenues in the accompanying financial statements. However, related cash inflows and outflows are shown in the accompanying Statement of Cash Flows. The excess of direct loans distributed over funding received from the U.S. Department of Education as of June 30, 2025, was $0.5 million; this amount was included as a receivable under grants and contracts.

### Student and Other Loans Receivable, Net

As of June 30, 2025, the University reported current and noncurrent student and other loans receivable of $0.9 million and $2.0 million, respectively. These balances are primarily composed of amounts owed from students under the U.S. Department of Education Federal Perkins Loan Program and the U.S. Department of Health and Human Services Nurse Faculty Loan Program, which are reported separately from accounts receivable in the accompanying Statement of Net Position. The total amount is reported net of an allowance for doubtful accounts of $0.2 million as of June 30, 2025. See Note 8 for information regarding the closeout of the Federal Perkins Loan Program.

## NOTE 4. CAPITAL ASSETS

The following table reflects the changes in capital assets for the year ended June 30, 2025 (amounts in thousands):

| | Balance July 1, 2024 | Additions | Retirements | Transfers | Balance June 30, 2025 |
|---|---|---|---|---|---|
| **Capital Assets Not Being Depreciated** | | | | | |
| Land | $ 32,344 | $ - | $ - | $ - | $ 32,344 |
| Construction in progress | 315,857 | 45,464 | - | (215,538) | 145,783 |
| Art and historical collections | 60,725 | 899 | (28) | - | 61,596 |
| Total Capital Assets Not Being Depreciated | 408,926 | 46,363 | (28) | (215,538) | 239,723 |
| **Depreciable Capital Assets** | | | | | |
| Non-structural improvements | 616,627 | 2,557 | (7,808) | 274 | 611,650 |
| Buildings and improvements | 3,268,284 | 49,942 | (486) | 215,264 | 3,533,004 |
| Intangible assets | 45,268 | 736 | (1,167) | - | 44,837 |
| Right-to-use assets | | | | | |
| Building leases | 147,113 | 9,219 | (220) | - | 156,112 |
| Equipment leases | 5,163 | - | (132) | - | 5,031 |
| Subscription assets | 24,502 | 12,235 | (5,911) | - | 30,826 |
| Library materials | 56,632 | 578 | - | - | 57,210 |
| Equipment | 307,022 | 16,398 | (7,514) | - | 315,906 |
| Total Depreciable Capital Assets | 4,470,611 | 91,665 | (23,238) | 215,538 | 4,754,576 |
| **Less Accumulated Depreciation** | | | | | |
| Non-structural improvements | 238,888 | 15,359 | (7,598) | - | 246,649 |
| Buildings and improvements | 1,546,251 | 93,277 | (322) | - | 1,639,206 |
| Intangible assets | 35,269 | 3,097 | (1,167) | - | 37,199 |
| Right-to-use assets | | | | | |
| Building leases | 18,452 | 7,258 | (220) | - | 25,490 |
| Equipment leases | 1,190 | 479 | (132) | - | 1,537 |
| Subscription assets | 8,836 | 9,132 | (5,715) | - | 12,253 |
| Library materials | 53,481 | 498 | - | - | 53,979 |
| Equipment | 220,914 | 17,996 | (7,199) | - | 231,711 |
| Total Accumulated Depreciation | 2,123,281 | 147,096 | (22,353) | - | 2,248,024 |
| **Depreciable Capital Assets, Net** | 2,347,330 | (55,431) | (885) | 215,538 | 2,506,552 |
| **Capital Assets, Net** | $ 2,756,256 | $ (9,068) | $ (913) | $ - | $ 2,746,275 |

During fiscal year 2025, a total of $7.5 million was recorded as supplies and other expenses in the accompanying Statement of Revenues, Expenses, and Changes in Net Position for costs relating to a dormitory project that was cancelled. These costs were previously capitalized as construction in progress.

## NOTE 5. CURRENT LIABILITIES

The following tables reflect the composition of certain current liabilities as of June 30, 2025 (amounts in thousands):

| | 2025 |
|---|---|
| **Accounts Payable** | |
| Construction suppliers | $ 24,869 |
| Other suppliers | 34,426 |
| Construction retainage | 9,731 |
| Total Accounts Payable | $ 69,026 |
| **Unearned Revenue** | |
| Tuition, fees, and other student charges | $ 24,436 |
| Amounts received from grant sponsors | 23,625 |
| Athletic tickets, commitments, and other | 9,101 |
| Total Unearned Revenue | $ 57,162 |
| **Other Current Liabilities** | |
| Accrued interest | $ 25,553 |
| Environmental remediation | 6,940 |
| Other accrued expenses | 1,238 |
| Barnes & Noble agreement | 527 |
| Total Other Current Liabilities | $ 34,258 |

## NOTE 6. LONG-TERM DEBT AND BONDS PAYABLE

Long-term debt activity for the year ended June 30, 2025, was as follows (amounts in thousands):

| | Balance June 30, 2024 | Additions | Retirements | Balance June 30, 2025 | Current Portion |
|---|---|---|---|---|---|
| General obligation bonds | $ 1,635,145 | $ - | $ (135,765) | $ 1,499,380 | $ 131,975 |
| Student Fee Revenue Bonds | 271,540 | - | (11,085) | 260,455 | 11,630 |
| Financed purchase agreements | | | | | |
| Cogeneration Facility | 8,163 | - | (5,411) | 2,752 | 2,752 |
| Installment loans | 107 | - | (55) | 52 | 47 |
| American Athletic Conference exit fee | 3,715 | - | (1,212) | 2,503 | 1,238 |
| Total Long-Term Debt | 1,918,670 | - | (153,528) | 1,765,142 | 147,642 |
| Premiums and discounts | 234,182 | - | (20,005) | 214,177 | 19,395 |
| Total Long-Term Debt, Net | $ 2,152,852 | $ - | $ (173,533) | $ 1,979,319 | $ 167,037 |

The UConn 2000 Infrastructure Improvement Program (UCONN 2000), established by The University of Connecticut 2000 Act (Act), is designed to modernize, rehabilitate, and expand the physical plant of the University. The Act provides for a 36-year capital budget program in three phases, estimated to cost $5,261.3 million. The Act was originally adopted in 1995 to authorize and finance the UCONN 2000 Phase I Projects and the UCONN 2000 Phase II Projects at University campuses, not including UConn Health. The Act was amended in 2002 by the 21st Century UConn Act to add the authorization and financing of UCONN 2000 Phase III Projects, which included projects at UConn Health.

In 2010, the General Assembly enacted and the Governor signed Public Act (PA) 10-104, which increased the cost of certain UConn Health projects, authorized additional projects for UConn Health, and extended UCONN 2000 for an additional two fiscal years to 2018. In 2011, the General Assembly enacted and the Governor signed PA 11-75, which increased the estimated cost of two UConn Health projects. In 2013, the General Assembly enacted and the Governor signed PA 13-233, Next Generation Connecticut, which authorized additional projects, increased the cost of certain projects, increased the authorized funding amount for bonds secured by the State debt service commitment, and extended UCONN 2000 for an additional six fiscal years to 2024.

In 2017, the General Assembly enacted and the Governor signed PA 17-2, which extended UCONN 2000 for an additional three fiscal years to 2027 but did not increase the total amount that may be authorized by the Board of Trustees for the UCONN 2000 projects.

In 2021, the General Assembly enacted and the Governor signed PA 21-2, increasing the authorized funding amount for bonds secured by the State debt service commitment for fiscal year 2022 by $25.0 million to $215.5 million, which increased the total authorization amount for fiscal years 1996 to 2027 to $4,307.9 million. The estimated costs in the Act were also changed, including an increase for the project known as “Deferred Maintenance/Code/ADA Compliance/Infrastructure & Improvements Renovation Lump Sum and Utility, Administrative and Support Facilities – Health Center”.

In 2023, the General Assembly enacted and the Governor signed PA 23-1, decreasing the authorized funding amount for bonds secured by the State debt service commitment for fiscal year 2025 by $12.0 million to $44.0 million. This decreased the total authorization for fiscal year 1996 to 2027 to $4,295.9 million.

In 2024, the General Assembly enacted and the Governor signed PA 24-151, which extended UCONN 2000 for an additional four fiscal years to 2031. The estimated cost of the Act also increased to $5,257.3 million. PA 24-151 increased the authorized funding amount for bonds secured by the State debt service commitment for fiscal years 2025 to 2027 by $295.0 million and included new authorizations for fiscal years 2028 to 2031 of $330.0 million, which increased the total authorization for fiscal years 1996 to 2031 to $4,920.9 million.

In 2025, the General Assembly enacted and the Governor signed PA 25-174, which increased the estimated cost of the Act to $5,261.3 million. PA 25-174 increased the authorized funding amount for bonds secured by the State debt service commitment for fiscal year 2026 by $4.0 million, which increased the total authorization for fiscal years 1996 to 2031 to $4,924.9 million.

UCONN 2000 is to be funded in part by the issuance of $4,924.9 million of general obligation bonds of the University secured by the State debt service commitment. The balance of the estimated cost of UCONN 2000 projects that is not to be financed by the University’s bonds secured by the State debt service commitment may be funded by the issuance of the University’s Student Fee Revenue Bonds, other University debt obligations, State general obligation bonds, gifts, and other revenue or borrowing resources of the University.

The University has also issued several series of general obligation refunding bonds, providing debt service savings for bonds refunded in advance of maturity. For refunding bonds, sufficient proceeds are deposited into irrevocable escrow accounts held by the Trustee Bank to meet all obligations on the refunded debt. All UCONN 2000 general obligation bonds of the University, including refunding bonds, are backed by the full faith and credit of the University and are payable from all assured revenues. Additionally, they are secured by a pledge of and lien upon the State debt service commitment. The University, consistent with the Act, is relying upon the receipt of the annual amount of the pledged State debt service commitment for the payment of the bonds and, accordingly, is not planning to budget any revenues for the payment of these bonds. Under the Master Indenture, the University expects to issue additional bonds to finance UCONN 2000 projects secured by the State debt service commitment. There were no general obligation bonds issued or refunded in fiscal year 2025.

As general obligation bonds are issued, the University recognizes revenue for the State debt service commitment for principal. This commitment is recorded as a capital appropriation and reported as other changes in net position at face value, net of any refunded debt and amounts set aside to finance UConn Health projects. For the year ended June 30, 2025, the University did not recognize revenue for the State debt service commitment for principal because no new general obligation bonds were issued or refunded during the fiscal year. The portion of general obligation bond proceeds set aside for UConn Health projects is recorded as due to affiliate in the accompanying Statement of Net Position. As of June 30, 2025, the unspent portion of this balance was $7.0 million. In addition, the State debt service commitment for interest is recognized as nonoperating revenue in the period the interest cost is incurred. For the year ended June 30, 2025, $76.3 million was recognized for the State debt service commitment for interest, of which approximately $17.0 million was associated with UConn Health projects. As of June 30, 2025, approximately $337.6 million of the total outstanding principal on general obligation bonds pertained to proceeds used to finance UConn Health projects.

In addition to general obligation bonds, the University may issue Student Fee Revenue Bonds, which are backed by certain pledged revenues of the University. There were no Student Fee Revenue Bonds issued or refunded in fiscal year 2025.

Student Fee Revenue Bonds are secured by certain pledged revenues as defined in the indenture. In fiscal year 2025, this included gross and net revenues of approximately $137.8 million. Gross pledged revenues consist of the

Infrastructure Maintenance Fee, the General University Fee, the Student Health & Wellness Fee, the Student Recreational Center Fee, and other revenues. Other revenues consist of the FIT (Facilities Investment Together) surcharge on athletic ticket sales plus investment income on certain bond accounts held by the Trustee Bank. Net pledged revenues include the residential life room fee, student apartment rentals, Greek housing fee, board (dining) fee, and parking and transportation fees, after accounting for the cost of maintaining, repairing, insuring, and operating the facilities but before depreciation expense is deducted. The University has covenanted to collect fees each fiscal year that represent pledged revenues, ensuring that the total gross and net revenue amount is at least 1.25 times the debt service requirement for the respective fiscal year for its Student Fee Revenue Bonds.

The total principal and interest remaining to be paid on all Student Fee Revenue Bonds as of June 30, 2025, was $441.4 million. The total amounts paid from pledged revenues in fiscal year 2025 were $11.1 million for the principal and $13.4 million for the interest.

Unamortized premiums and discounts are recorded as additions to or reductions from the face value of bonds payable. These amounts are amortized using the straight-line basis over the life of the bonds, reducing interest expense for premiums and increasing it for discounts.

Bonds outstanding as of June 30, 2025, consisted of the following (amounts in thousands):

| Type of Bond and Issue Date | Original Amount | Maturity Dates Through Fiscal Year | Interest Rate | 2025 Balance |
|---|---|---|---|---|
| GO 2015 Series A | $ 220,165 | 2035 | 1.0-5.0% | $ 110,075 |
| GO 2015 Refunding Series A | 34,625 | 2026 | 4.0-5.0% | 3,410 |
| GO 2016 Series A | 261,510 | 2036 | 3.0-5.0% | 143,825 |
| GO 2016 Refunding Series A | 80,425 | 2027 | 4.0-5.0% | 7,485 |
| GO 2017 Series A | 311,200 | 2037 | 2.5-5.0% | 186,720 |
| GO 2018 Series A | 276,075 | 2038 | 3.0-5.0% | 179,445 |
| GO 2019 Series A | 174,785 | 2039 | 3.0-5.0% | 122,345 |
| GO 2019 Refunding Series A | 64,680 | 2029 | 5.0% | 25,945 |
| GO 2020 Series A | 160,230 | 2041 | 3.0-5.0% | 128,170 |
| GO 2020 Refunding Series A | 119,085 | 2031 | 1.5-5.0% | 65,410 |
| GO 2022 Series A | 227,185 | 2042 | 3.0-5.0% | 193,105 |
| GO 2023 Series A | 224,540 | 2044 | 5.0% | 213,310 |
| GO 2023 Refunding Series A | 133,505 | 2034 | 5.0% | 120,135 |
| Total General Obligation Bonds | 2,288,010 | | | 1,499,380 |
| SFR 2018 Series A | 141,725 | 2048 | 3.0-5.25% | 125,395 |
| SFR 2022 Refunding Series A | 52,515 | 2030 | 5.0% | 39,340 |
| SFR 2023 Series A | 97,140 | 2054 | 5.0-5.5% | 95,720 |
| Total Student Fee Revenue Bonds | 291,380 | | | 260,455 |
| Total Bonds | $ 2,579,390 | | | $ 1,759,835 |

Bond obligations are scheduled to mature in the following fiscal years as of June 30 (amounts in thousands):

| Year(s) | General Obligation Bonds Principal | General Obligation Bonds Interest | General Obligation Bonds Total | Student Fee Revenue Bonds Principal | Student Fee Revenue Bonds Interest | Student Fee Revenue Bonds Total |
|---|---|---|---|---|---|---|
| 2026 | $ 131,975 | $ 71,709 | $ 203,684 | $ 11,630 | $ 12,833 | $ 24,463 |
| 2027 | 128,225 | 65,136 | 193,361 | 12,240 | 12,237 | 24,477 |
| 2028 | 124,310 | 58,799 | 183,109 | 12,860 | 11,609 | 24,469 |
| 2029 | 124,380 | 52,579 | 176,959 | 13,510 | 10,950 | 24,460 |
| 2030 | 117,725 | 46,524 | 164,249 | 14,215 | 10,257 | 24,472 |
| 2031-2035 | 523,635 | 152,659 | 676,294 | 32,095 | 45,814 | 77,909 |
| 2036-2040 | 273,510 | 49,498 | 323,008 | 40,775 | 37,134 | 77,909 |
| 2041-2045 | 75,620 | 6,520 | 82,140 | 51,980 | 25,916 | 77,896 |
| 2046-2050 | - | - | - | 48,045 | 11,556 | 59,601 |
| 2051-2055 | - | - | - | 23,105 | 2,629 | 25,734 |
| Total | $ 1,499,380 | $ 503,424 | $ 2,002,804 | $ 260,455 | $ 180,935 | $ 441,390 |

Other debt obligations of the University include financed purchase agreements and the American Athletic Conference (AAC) exit fee liability. Financed purchase agreements consist of the Cogeneration Facility and equipment installment loans. The University's Cogeneration Facility is financed by a 20-year purchase agreement that was entered into in December 2003. The Cogeneration Facility provides on-site generation of electricity, steam, and chilled water for heating and cooling at the University's Storrs campus. The project to establish the facility initially assumed a total cost of $75.0 million and included the construction of a building and the engineering, design, and installation of certain equipment. The purchase agreement was later amended in August 2005 when the anticipated cost increased to $81.9 million. The required monthly debt service payments were reduced to $462,000 following subsequent amendments and are payable through December 2025.

The AAC exit fee liability represents the remaining balance owed to the conference after the University's withdrawal in fiscal year 2020. On June 30, 2020, the AAC exit fee balance was $7.8 million, payable annually in six equal installments of $1.3 million, commencing on July 1, 2021. The University records the AAC exit fee liability at a discounted value using an imputed interest rate of 2.2 percent. As of June 30, 2025, the reported amount was shown net of imputed interest totaling $83,000. The University has the discretion to pay the remainder of the exit fee in full at any time.

Other debt obligations outstanding as of June 30, 2025, consisted of the following (amounts in thousands):

| Type of Debt and Issue Date | Original Amount | Maturity Dates Through Fiscal Year | Interest Rate | 2025 Balance |
|---|---|---|---|---|
| Financed purchase agreements | | | | |
| Cogeneration Facility | $ 81,900 | 2026 | 2.22% | $ 2,752 |
| Installment loans | 267 | 2027 | 3.23% | 52 |
| American Athletic Conference exit fee | 7,194 | 2027 | 2.20% | 2,503 |
| Total Other Debt | $ 89,361 | | | $ 5,307 |

Other debt obligations are scheduled to mature in the following fiscal years as of June 30 (amounts in thousands):

| Year(s) | Long-Term Debt - Other Principal | Interest | Total |
|---|---|---|---|
| 2026 | $ 4,037 | $ 74 | $ 4,111 |
| 2027 | 1,270 | 28 | 1,298 |
| Total | $ 5,307 | $ 102 | $ 5,409 |

## NOTE 7. LEASES AND SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

**Lessee and Subscriber Arrangements**

Right-to-use assets, net, are recorded as a component of capital assets, net, on the Statement of Net Position. See Note 4 for the right-to-use asset activity by major classes of underlying assets as of June 30, 2025.

A summary of changes in the related liabilities during the year ended June 30, 2025, was as follows (amounts in thousands):

| | Balance July 1, 2024 | Additions | Deductions | Balance June 30, 2025 | Current Portion |
|---|---|---|---|---|---|
| Lease liabilities | $ 140,466 | $ 9,402 | $ (4,771) | $ 145,097 | $ 5,069 |
| Subscription liabilities | 12,171 | 12,105 | (8,798) | 15,478 | 6,057 |
| Total Lease and Subscription Liabilities | $ 152,637 | $ 21,507 | $ (13,569) | $ 160,575 | $ 11,126 |

On May 30, 2025, the University entered into a purchase and sale agreement for property at 1201 Washington Boulevard in Stamford and simultaneously executed related lease agreements with RMS–Washington Boulevard, LLC, consisting of a Prime Lease, a Master Sublease, and a short-term Apartment Lease. Although legal title transferred at closing, the substance of the agreements is that the University will lease the property under a long-term Master Sublease beginning July 1, 2026.

Under the Prime Lease, the University leased the property back to RMS for nominal rent of $10 per year, and RMS retained possession and operational control until the Master Sublease commences. Because the University does not obtain control or the right to use the property until that date, no right-to-use asset or lease liability is recognized in the financial statements prior to July 1, 2026. Lease payments under the Prime Lease are immaterial, and no lease receivable or deferred inflow is recorded. The short-term Apartment Lease, which runs from July 15, 2025, to June 30, 2026, does not meet lease accounting requirements under GASB. See “Future Leased Commitments Not Yet Commenced” for outstanding commitments under the Master Sublease.

In fiscal year 2025, the University recorded an additional lease impairment loss totaling $127,000 due to a service life interruption of the Hartford Public Library lease. There was no corresponding change in the lease liability.

The related lease and subscription liabilities are scheduled to mature in the following fiscal years as of June 30 (amounts in thousands):

| | Lease Liabilities | | | Subscription Liabilities | | |
|---|---|---|---|---|---|---|
| Year(s) | Principal | Interest | Total | Principal | Interest | Total |
| 2026 | $ 5,069 | $ 4,243 | $ 9,312 | $ 6,057 | $ 707 | $ 6,764 |
| 2027 | 4,958 | 4,145 | 9,103 | 4,030 | 439 | 4,469 |
| 2028 | 4,288 | 4,050 | 8,338 | 1,986 | 255 | 2,241 |
| 2029 | 3,457 | 3,967 | 7,424 | 1,450 | 162 | 1,612 |
| 2030 | 3,192 | 3,889 | 7,081 | 897 | 93 | 990 |
| 2031-2035 | 16,496 | 17,842 | 34,338 | 1,058 | 55 | 1,113 |
| 2036-2040 | 11,296 | 15,836 | 27,132 | - | - | - |
| 2041-2045 | 14,201 | 13,696 | 27,897 | - | - | - |
| 2046-2050 | 19,024 | 11,073 | 30,097 | - | - | - |
| 2051-2055 | 24,859 | 7,520 | 32,379 | - | - | - |
| 2056-2060 | 25,891 | 3,650 | 29,541 | - | - | - |
| 2061-2065 | 12,366 | 385 | 12,751 | - | - | - |
| Total | $ 145,097 | $ 90,296 | $ 235,393 | $ 15,478 | $ 1,711 | $ 17,189 |

**Future Lease Commitments Not Yet Commenced**

As of June 30, 2025, the University has executed lease agreements for student housing at two locations. The first is at the Oaks on the Square in Storrs, with a lease term from August 1, 2025, through July 31, 2027. The second is at 1201 Washington Boulevard in Stamford, with a lease term from July 1, 2026, through June 30, 2061, including a 10-year renewal option that is considered reasonably certain to be exercised. Because the right-to-use assets associated with these leases have not yet been transferred, the leases have not commenced and are therefore not recorded as lease liabilities or right-to-use assets in the accompanying financial statements. The University, however, is committed to future lease payments under these agreements as follows (amounts in thousands):

| Year(s) | The Oaks | Stamford 1201 Washington Blvd | Total Future Lease Payments |
|---|---|---|---|
| 2026 | $ 14,224 | $ - | $ 14,224 |
| 2027 | 14,615 | 2,940 | 17,555 |
| 2028 | - | 3,021 | 3,021 |
| 2029 | - | 3,104 | 3,104 |
| 2030 | - | 3,189 | 3,189 |
| 2031-2035 | - | 17,311 | 17,311 |
| 2036-2040 | - | 19,826 | 19,826 |
| 2041-2045 | - | 22,706 | 22,706 |
| 2046-2050 | - | 26,005 | 26,005 |
| 2051-2055 | - | 29,783 | 29,783 |
| 2056-2060 | - | 34,109 | 34,109 |
| 2061-2065 | - | 7,395 | 7,395 |
| Total | $ 28,839 | $ 169,389 | $ 198,228 |

**Lessor Arrangements**

For lessor arrangements, the University recognized lease and interest income of $208,000 for the fiscal year ended June 30, 2025.

## NOTE 8. OTHER LONG-TERM LIABILITIES

Long-term liability activity other than debt and lease and subscription liabilities for the year ended June 30, 2025, was as follows (amounts in thousands):

| | (Restated) Balance July 1, 2024 | Additions | Deductions | Balance June 30, 2025 | Current Portion |
|---|---|---|---|---|---|
| Compensated absences* | $ 63,755 | $ 6,916 | $ (3,193) | $ 67,478 | $ 29,904 |
| Federal refundable loans | 3,630 | 688 | (723) | 3,595 | 468 |
| Net pension liabilities | 777,416 | - | (777,416) | - | - |
| Net OPEB liability | 1,335,953 | - | (1,335,953) | - | - |
| Other liabilities | | | | | |
| Barnes & Noble agreement | 1,628 | - | (537) | 1,091 | 527 |
| Asset retirement obligation | 144 | - | - | 144 | - |
| Total Other Long-Term Liabilities | $ 2,182,526 | $ 7,604 | $ (2,117,822) | $ 72,308 | $ 30,899 |

**Beginning balances as of July 1, 2024, shown in the table above, were restated due to the adoption of GASB 101 (see Note 16).*

The federal refundable loans include the liability for the Federal Perkins Loan Program that expired September 30, 2017. No new disbursements were permitted under the program after June 30, 2018. As part of the closeout of the Federal Perkins Loan Program, the University opted to continue to service outstanding loans, assign defaulted loans, and return the federal portion of the program's total cash on hand as required by the U.S. Department of Education.

In June 2016, the University contracted with Barnes & Noble Booksellers, Inc. (Barnes & Noble) to manage the University's bookstore facilities for the next 10 years. As part of the agreement, Barnes & Noble made an execution payment of $1.5 million and provided the University with a $3.9 million capital investment to improve and furnish the

bookstore facilities (Facility Investment). The University recorded liabilities associated with these amounts, which are amortized and recognized as revenue using the straight-line method over a 10-year period as specified in the agreement. If the University terminates the agreement before the end of the contract term, Barnes & Noble will be reimbursed for the unamortized execution payment and the net book value of the Facility Investment.

An ARO in the amount of $144,000 is recorded in other long-term liabilities relating to the University's 90-day storage facility for hazardous waste. The closure of these facilities is subject to State regulations as defined by the Connecticut Department of Energy and Environmental Protection. In fiscal year 2015, the University paid $144,000 to close its former 90-day storage facility. The University considers this a reasonable estimate to close the new facility, which has a 40-year useful life beginning January 1, 2017.

The University has an ARO relating to the closure of its Wastewater Treatment Facility that is not yet recognized because it cannot be reasonably estimated.

## NOTE 9. RETIREMENT PLANS

**State Retirement Systems**

The University offers two defined benefit plans administered through the State: the State Employees Retirement System (SERS) and the Connecticut Teachers' Retirement System (TRS). SERS and TRS do not issue stand-alone financial reports but are reported as fiduciary funds within the State's Annual Comprehensive Financial Report (ACFR). Financial reports are available on the website of the Office of the State Comptroller at osc.ct.gov.

*Plan descriptions.* SERS is a single-employer defined benefit plan that covers substantially all of the State's full-time employees who are not eligible for another State-sponsored retirement plan. Approximately 57 percent of the University's eligible employees participate in SERS, which is administered by the State Comptroller's Retirement Division under the direction of the State Employees Retirement Commission. SERS consists of Tier I, Tier II, Tier IIA, Tier III, Tier IV, and the Hybrid Plan.

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

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

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

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

Tier I Hazardous – 6 percent of earnings up to Social Security Taxable Wage Base plus 7 percent of earnings above that level

Tier I Plan B – 4 percent of earnings up to Social Security Taxable Wage Base plus 7 percent of earnings above that level

Tier I Plan C – 7 percent of earnings

Tier II Hazardous – 6 percent of earnings

Tier II (all others) – 2 percent of earnings

Tier IIA and III Hazardous – 7 percent of earnings

Tier IIA and III (all others) – 4 percent of earnings

Tier IV Hazardous – 8 percent of earnings

Tier IV (all others) – 5 percent of earnings

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

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

Individuals hired on or after July 1, 2011, who were otherwise eligible for the State Alternate Retirement Plan, were eligible to become members of the Hybrid Plan in addition to their existing choices. The Hybrid Plan has defined benefits identical to Tiers II, IIA, and III, but requires employee contributions 3 percent higher than the contributions required from the applicable Tier II, IIA, or III Plan.

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

Effective July 1, 2023, legislation altered the University's funding structure for employer contributions to SERS and TRS (see Note 13). Beginning in fiscal year 2024, the State assumed responsibility for these contributions, and the University did not make any payments to SERS or TRS.

*Proportionate share of the collective net pension liability (NPL) and pension expense*. In prior years, the University's proportionate share of the NPL was determined by its share of total contributions to each plan. Due to the legislative changes effective after June 30, 2023, the University's proportionate share was reduced to zero for both plans as of the June 30, 2024 measurement date, reflecting the State's full funding of contributions. As of the June 30, 2023 measurement date, the University's proportion was 3.72 percent for SERS and 0.03 percent for TRS.

With a zero percent proportionate share, the University removed both net pension liabilities, along with the related deferred outflows and deferred inflows of resources, from its financial statements. This removal was recorded as a special item in the Statement of Revenues, Expenses, and Changes in Net Position for the fiscal year ended June 30, 2025, rather than being amortized as a change in proportionate share through pension expense. Additional details are provided in Note 17. The State remains legally responsible for the pension obligations under SERS and TRS and reports the corresponding net pension liabilities, deferred outflows and inflows of resources, and pension expense in its ACFR.

**Alternate Retirement Plan**

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

All unclassified employees not already in a pension plan of a constituent unit of the State system of higher education or the central office staff of the Department of Higher Education are eligible to participate in ARP. Effective in fiscal year 2022, the University's eligible postdoctoral research associates may also participate in ARP.

ARP contribution requirements are established and may be amended by the State legislature subject to the contractual rights established by collective bargaining. The SEBAC 2017 agreement amended certain provisions for ARP by revising employee and employer contribution rates. Participants hired before September 1, 2017, must contribute 5 percent of their eligible compensation, and their employer must contribute 7 percent of eligible compensation. Participants hired

on or after September 1, 2017, have the option to contribute 6.5 percent or 5 percent of their eligible compensation, and their employer must contribute 6.5 percent of eligible compensation. There is no minimum vesting period for ARP. Other ARP provisions are described in Chapter 66 of the State General Statutes, *State Employees Retirement Act*.

Legislation effective July 1, 2023, changed the University's State funding structure concerning employer contributions (see Note 13). As a result, for the fiscal year ended June 30, 2025, the University did not make any contributions or report pension expenses for ARP, as these were funded by the State.

**Department of Dining Services**

The University's Department of Dining Services (DDS) employs 494 full-time staff, of which 62 participate in either SERS or ARP. The remaining 432 are eligible to participate in two other defined contribution plans: the University of Connecticut Department of Dining Services Money Purchase Pension Plan (MPPP) or the University of Connecticut Department of Dining Services 403(b) Retirement Plan (403(b) Retirement Plan). Both plans are administered through a third-party administrator, Pension Consultants, Inc. The fiduciary of the plans has the authority to supervise and control the operation of the plans including the authority to make and amend rules and regulations relating to the administration of the plans.

Under the provisions of MPPP, all employees of DDS with at least 700 hours of service and 12 months of service are eligible to participate. DDS is required to contribute 10 percent or 7 percent of covered compensation for eligible employees, dependent upon hire date, and its employees do not make any contributions to MPPP. Employees are vested after three years of credited service. Any amounts forfeited are used to reduce DDS's contribution. Upon separation of service in accordance with plan provisions, a participant or designated beneficiary can withdraw a lump sum payment or receive annuity payments. Other plan provisions can be found in the MPPP document.

Under the provisions of the 403(b) Retirement Plan, all employees who perform services for DDS as common law employees are eligible to participate. For any participant employed who has at least 700 hours of service, DDS is required to match 50 percent of the first 4 percent of the employee's contributions. Participant and State matches are both 100 percent vested. Upon separation of service in accordance with plan provisions, a participant or designated beneficiary can withdraw a lump sum payment. Other plan provisions can be found in the 403(b) Retirement Plan document.

For the fiscal year ended June 30, 2025, pension expense was $951,000, net of forfeitures of $23,000, for MPPP, and $181,000 for the 403(b) Retirement Plan. At June 30, 2025, the University recorded payables for outstanding contributions of $464,000 and $85,000, for MPPP and the 403(b) Retirement Plan, respectively, as part of other current liabilities in the accompanying Statement of Net Position. Furthermore, the assets and activities of the MPPP are included in the accompanying Fiduciary Statements.

## NOTE 10. OTHER POST-EMPLOYMENT BENEFITS (OPEB)

The State provides OPEB benefits to University employees through the State Employee OPEB Plan (SEOPEBP). SEOPEBP does not issue stand-alone financial reports but is reported as a fiduciary fund within the State's ACFR. Financial reports are available on the website of the Office of the State Comptroller.

*Plan description.* SEOPEBP is a single-employer defined benefit OPEB plan that covers employees of the State who are receiving benefits from a qualifying State-sponsored retirement system. This plan is administered by the State Comptroller's Healthcare Policy and Benefits Division under the direction of the State Employees Retirement Commission.

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

*Contributions.* SEOPEBP is primarily funded on a pay-as-you-go basis for non-contributory members and 100 percent for contributory members through an annual appropriation in the General Fund. The contribution requirements of the plan members and the State are established and may be amended by the State legislature or by agreement between the State and employee unions, upon approval by the State legislature. Current active employees contribute a percentage of their salary to the Retiree Health Care Trust Fund (RHCF) for pre-funding of OPEB benefits. Employees hired prior to July 1, 2017, contribute 3 percent of their salary for a period of 10 years or until retirement, whichever is sooner. In accordance with the SEBAC 2017 agreement, employees hired on or after July 1, 2017, contribute 3 percent of their salary for 15 years. Contributions are refundable to employees who leave State employment prior to completing the required years of service.

Similar to pension, effective July 1, 2023, legislation altered the University's funding structure for employer contributions to SEOPEBP (see Note 13). Beginning in fiscal year 2024, the State assumed responsibility for these contributions, and the University did not make any payments to SEOPEBP.

*Proportionate share of the collective net OPEB liability (NOL) and OPEB expense*. In prior years, the University's proportionate share of the NOL was determined by its share of total contributions. Due to the legislative changes effective after June 30, 2023, the University's proportionate share was reduced to zero as of the June 30, 2024 measurement date, reflecting the State's full funding of contributions. As of the June 30, 2023 measurement date, the University's proportion was 8.56 percent.

With a zero percent proportionate share, the University removed the net OPEB liability and related deferred outflows and deferred inflows of resources from its financial statements. This removal was recorded as a special item in the Statement of Revenues, Expenses, and Changes in Net Position for the fiscal year ended June 30, 2025, rather than being amortized as a change in proportionate share through OPEB expense. Additional details are provided in Note 17. The State remains legally responsible for the OPEB obligations under SEOPEBP and reports the corresponding net OPEB liability, deferred outflows and inflows of resources, and OPEB expense in its ACFR.

## NOTE 11. COMMITMENTS

The University had outstanding commitments, in excess of $500,000 each, of $286.1 million as of June 30, 2025. This amount included $265.2 million related to capital projects for the University and $20.9 million in outstanding commitments related to operating expenses. See Note 7 for commitment amounts related to leases and SBITAs.

## NOTE 12. TUITION WAIVERS AND GRADUATE ASSISTANTSHIPS

The University is required by law to waive tuition for certain veterans and children of veterans, certain students over the age of 62, graduate assistants, and certain other students. The University is also required by collective bargaining agreements to waive tuition for certain employees and their dependents. The University has included the portion of waived tuition related to employees and their dependents as a fringe benefit cost and the same amount as tuition revenue in the accompanying Statement of Revenues, Expenses, and Changes in Net Position. This increased tuition and fee revenues and operating expenses by $8.0 million for the fiscal year ended June 30, 2025. The total amount of waivers not reflected in the accompanying financial statements was $85.5 million in fiscal year 2025. Approximately 86 percent of this amount was provided to graduate assistants.

## NOTE 13. RELATED PARTY TRANSACTIONS

Transactions with related parties occur in the normal course of the University's operations. The following related party transactions were deemed significant and material in nature:

**UConn Health**

The University directly engages in transactions with UConn Health. For the fiscal year ended June 30, 2025, the University recorded $16.5 million in revenues and $2.4 million in expenses related to services specified in the UConn Health MOUs (see Note 1). In addition to the MOUs, the University engaged in other transactions with UConn Health, including amounts received and paid related to grants and contracts and other miscellaneous activities. These transactions are outside the scope of the formal MOUs and may not be reciprocal in nature, as the type of operations and services offered by each entity differ. As of June 30, 2025, the University reported a receivable from UConn Health of $11.2 million.

Amounts reported as other sources of operating revenues and as operating expenses related to the UConn Health MOUs for the year ended June 30, 2025, are as follows (amounts in thousands):

| | Revenues from UConn Health | Expenses Paid to UConn Health |
|---|---|---|
| University safety | $ 8,991 | $ - |
| Research | 2,007 | 1,737 |
| Audit, compliance, privacy | 1,564 | - |
| Library services | 989 | - |
| Information technology | 774 | - |
| Communications (marketing) | 599 | - |
| Ombudsman and institutional equity | 551 | 74 |
| Document production | 473 | - |
| Government relations, finance, and other | 276 | 327 |
| Diversity and inclusion | 190 | - |
| Human resources | 82 | 239 |
| Total | $ 16,496 | $ 2,377 |

The University is also responsible for the management of UCONN 2000 bond funds for UConn Health's construction projects. The unspent portion of these funds was recorded under due to affiliate in the accompanying Statement of Net Position (see Note 6).

**The Foundation**

The Foundation is a tax-exempt organization supporting the University and UConn Health (see Note 1). The University entered into a written agreement with the Foundation whereby the University agreed to provide financial support to the Foundation through a guaranteed contractual amount and the Foundation agreed to reimburse the University for certain operating expenses incurred on the Foundation's behalf. The terms of the agreement also stipulate that goals, objectives, and financial arrangements are reviewed and agreed upon by both parties on an annual basis.

The following transactions occurred between the University and the Foundation as of and for the year ended June 30, 2025 (amounts in thousands):

| | 2025 |
|---|---|
| Total expenses incurred for guaranteed contractual services provided by the Foundation | $ 14,500 |
| Reimbursements from the Foundation for operating expenses | $ 297 |
| Capital and noncapital gift and grant revenue from the Foundation | $ 54,337 |
| Amount receivable from the Foundation* | $ 21,875 |

**Included in accounts receivable, net, in the accompanying Statement of Net Position.*

The Foundation also has the primary responsibility for alumni engagement activities for the University. The University has granted the Foundation rights to use the Alumni Center building, which is owned by the University, at an annual rental amount of $1.

In accordance with the terms of a ground lease between the University and the Foundation, approximately 1.58 acres on which the Foundation building was constructed are leased to the Foundation at an annual rental amount of $1. The initial term of the ground lease is 99 years, and the Foundation has the right to extend the term of the ground lease for another 99 years. The ground lease provides that, at its expiration or earlier termination, the Foundation shall surrender the premises, and title to the building will be transferred to the University.

**The State**

The University receives funding from the State for debt service on capital projects via UCONN 2000 (see Note 6). In addition, the State supports the University's mission by providing appropriations from the General Fund.

State appropriation for the year ended June 30, 2025, consisted of the following (amounts in thousands):

| | 2025 |
|---|---|
| General Fund appropriation received from the State | $ 243,849 |
| Payments for fringe benefits received from the State | 1,472 |
| Total Appropriation and Payments for Fringe Benefits from the State | $ 245,321 |

In June 2023, the General Assembly enacted and the Governor signed PA 23-204, which includes the State budget for the fiscal years 2024 and 2025 biennium and amends the State's funding structure for constituent units of the State system of higher education. Effective July 1, 2023, the State began directly funding all of the University's employee retirement costs related to the State's retirement systems and the Alternate Retirement Plan. The University remains responsible for funding all employee non-retirement fringe benefit costs.

To achieve a budget-neutral effect, the State reduced the General Fund appropriation to the University and no longer associates employee salary and fringe benefit expenses with the General Fund appropriation. For the year ended June 30, 2025, the State funded $187.8 million of retirement and OPEB costs for the University, which also includes administrative expenses. These amounts are not reported as on-behalf revenues or expenses in the accompanying financial statements.

In fiscal year 2025, the University received funding of $75.7 million through the State's American Rescue Plan Act (ARPA) allocation, designated as temporary operating support. The amount was recognized as federal and state financial aid under nonoperating revenues in the accompanying Statement of Revenues, Expenses, and Changes in Net Position for the fiscal year ended June 30, 2025.

Pursuant to various public or special bond acts, the General Assembly empowers the State Bond Commission to allocate and approve the issuance of bonds for a variety of projects or purposes. PA 23-205 authorized $20.0 million of State General Obligation Bonds to fund various projects at the University in fiscal year 2025. The State Bond Commission allocated $10.0 million to finance the purchase of information technology equipment needed to maintain existing systems, replace end-of-life equipment, and make improvements to support the academic and research needs of the University. Furthermore, $10.0 million was allocated for renovations, alterations, and improvements to the Harry A. Gampel Pavilion.

**UConn Innovation Fund, LLC**

On April 14, 2016, the University entered into an agreement with Connecticut Innovations, Inc. and Webster Bank, N.A. to create an investment fund for the purpose of making investments in early-stage technology companies affiliated with the University. The original agreement required each member to contribute $500,000 to the fund during the commitment period that extended to April 2018. In fiscal year 2019, all parties contributed an additional $250,000, per an amendment to the agreement. As of June 30, 2025, the University's contribution totaled $750,000. In fiscal year 2025, UConn Innovations Fund, LLC made cash distributions to each member. The University's share of the distributions was approximately $80,000.

**Mansfield Downtown Partnership, Inc.**

The Mansfield Downtown Partnership, Inc. (MDP) is a not-for-profit corporation that is exempt from taxation under section 501(c)(3) of the Internal Revenue Code and is composed of the Town of Mansfield, the University, and individual business members and residents. MDP is responsible for organizing the enhancement and revitalization of three of the Town of Mansfield's commercial areas: Downtown Storrs, King Hill Road, and Four Corners. In accordance with its governing by-laws, members are required to submit annual dues, as determined by the Board of Directors, in lieu of financial support. In fiscal year 2025, the University paid $175,000 in annual membership dues to MDP.

## NOTE 14. OPERATING EXPENSES BY FUNCTIONAL CLASSIFICATION

The table below details the University's operating expenses by functional classification for the year ended June 30, 2025 (amounts in thousands):

| | Salaries and Wages | Fringe Benefits | Supplies and Other Expenses | Utilities | Depreciation and Amortization | Scholarships and Fellowships | Total |
|---|---|---|---|---|---|---|---|
| Instruction | $ 327,497 | $ 79,784 | $ 35,926 | $ 1 | $ - | $ 211 | $ 443,419 |
| Research | 83,655 | 15,559 | 60,193 | - | - | 960 | 160,367 |
| Public service | 33,970 | 8,713 | 16,063 | - | - | 375 | 59,121 |
| Academic support | 89,718 | 23,915 | 44,833 | 1 | - | 42 | 158,509 |
| Student services | 32,181 | 8,202 | 11,979 | 3 | - | 10 | 52,375 |
| Institutional support | 48,580 | 12,407 | 22,831 | - | - | - | 83,818 |
| Operations and maintenance | 34,060 | 8,189 | 59,806 | 17,309 | - | 26 | 119,390 |
| Depreciation and amortization | - | - | - | - | 147,096 | - | 147,096 |
| Scholarships and fellowships | - | - | 704 | - | - | 27,379 | 28,083 |
| Auxiliary enterprises | 129,191 | 34,270 | 102,049 | 5,549 | - | 119 | 271,178 |
| Total | $ 778,852 | $ 191,039 | $ 354,384 | $ 22,863 | $ 147,096 | $ 29,122 | $1,523,356 |

## NOTE 15. CONTINGENCIES

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

Hazardous environmental conditions exceeding the U.S. Environmental Protection Agency thresholds were identified in certain properties abutting the former Stamford parking garage. Additionally, certain regulated materials were identified in certain properties and in buildings undergoing renovation on the Storrs campus. As of June 30, 2025, a liability of $6.9 million was recorded under current liabilities in the accompanying Statement of Net Position to complete these remediation efforts.

The University also participates in federal, state, and local government programs that are subject to final audit by the granting agencies. Management believes any adjustment of costs resulting from such audits would not have a material effect on the University's financial statements.

## NOTE 16. CHANGE IN ACCOUNTING PRINCIPLE

For fiscal year 2025, the University adopted accounting pronouncement GASB 101, resulting in a change in accounting principle (see Note 1). GASB 101, which addresses the accounting and financial reporting of compensated absences, superseded GASB Statement No. 16, *Accounting for Compensated Absences*. As part of adopting GASB 101, the University restated the beginning balances of compensated absences liabilities as of July 1, 2024, by $19.4 million. The most significant impact resulting from the adoption was a change in the accounting for certain sick leave balances, which are now recognized as a liability when the leave accumulates and is more likely than not to be used for time off or otherwise paid or settled, in accordance with GASB 101.

**Adjustments to and Restatements of Beginning Balances**

The following table presents the adjustments to and restatements of beginning balances as of July 1, 2024, resulting from the adoption of GASB 101 (amounts in thousands):

| | (Previously Reported) June 30, 2024 | GASB 101 | (Restated) July 1, 2024 |
|---|---|---|---|
| **Compensated Absences** | | | |
| Current portion | $ 23,440 | $ 3,302 | $ 26,742 |
| Noncurrent portion | 20,926 | 16,087 | 37,013 |
| Total Compensated Absences | $ 44,366 | $ 19,389 | $ 63,755 |
| **Net Position** | | | |
| Net investment in capital assets | $ 1,013,195 | $ - | $ 1,013,195 |
| Restricted nonexpendable | 16,434 | - | 16,434 |
| Restricted expendable | 1,286,249 | - | 1,286,249 |
| Unrestricted | (2,592,012) | (19,389) | (2,611,401) |
| **Total Net Position** | $ (276,134) | $ (19,389) | $ (295,523) |

## NOTE 17. SPECIAL ITEM – DERECOGNITION OF PENSION AND OPEB BALANCES

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

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, do not establish specific requirements for the allocation of pension and OPEB liabilities to individual funds within the reporting entity. However, related GASB guidance provides that long-term liabilities should be reported in proprietary funds, such as enterprise funds, when they are directly related to and expected to be paid from those funds' resources. Because the University is included as an enterprise fund of the State, and legislation (PA 23-204) removed the University's obligation to fund retirement-related costs, thereby transferring that responsibility to the State, the University no longer recognizes these liabilities. The derecognition was recorded separately in other changes in net position in the accompanying Statement of Revenues, Expenses, and Changes in Net Position for the year ended June 30, 2025.

The derecognition removed net pension and net OPEB liabilities and associated deferred inflows and deferred outflows of resources reported as of July 1, 2024, with a total impact of approximately $2.8 billion. The following table shows the increase (decrease) to net position by plan and balance type* (amounts in thousands):

| | SERS | TRS | SEOPEBP | Total |
|---|---|---|---|---|
| Net Pension Liability | $ 772,476 | $ 4,940 | $ - | $ 777,416 |
| Net OPEB Liability | - | - | 1,335,953 | 1,335,953 |
| Deferred inflows of resources | 393,873 | 1,461 | 579,892 | 975,226 |
| Deferred outflows of resources | (153,892) | (962) | (170,856) | (325,710) |
| Total Impact | $ 1,012,457 | $ 5,439 | $ 1,744,989 | $ 2,762,885 |

**Amounts associated with the State Employees Retirement System (SERS) and Teachers' Retirement System (TRS) represent pension-related balances, while amounts associated with the State Employees OPEB Plan (SEOPEBP) represent OPEB-related balances. Additional information regarding these plans is included in Notes 9 (Retirement Plans) and 10 (Other Post-Employment Benefits).*

# Required Supplementary Information

## State Employees Retirement System (SERS)

**Schedule of University's Proportionate Share of the Collective Net Pension Liability (NPL)**
*($ in thousands)*

| Fiscal Year Ended June 30 | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|---|---|---|---|---|---|---|---|---|---|
| Proportion of the collective NPL | 0.00% | 3.72% | 4.66% | 6.58% | 6.39% | 5.98% | 5.05% | 4.78% | 4.91% | 4.88% |
| Proportionate share of the collective NPL | $ - | $ 772,476 | $1,028,762 | $1,400,123 | $1,514,874 | $1,364,546 | $1,095,530 | $1,007,992 | $1,126,394 | $ 805,629 |
| University's covered payroll | $ - | $ 260,746 | $ 286,088 | $ 271,584 | $ 265,921 | $ 227,836 | $ 198,089 | $ 195,810 | $ 200,845 | $ 189,903 |
| Proportionate share of the collective NPL as a percentage of covered payroll | 0.00% | 296.26% | 359.60% | 515.54% | 569.67% | 598.92% | 553.05% | 514.78% | 560.83% | 424.23% |
| Plan fiduciary net position as a percentage of the total pension liability | 0.00% | 50.59% | 45.76% | 44.55% | 35.84% | 36.79% | 36.62% | 36.25% | 31.69% | 39.23% |

**Schedule of University Pension Contributions**
*($ in thousands)*

| Fiscal Year Ended June 30 | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|---|---|---|---|---|---|---|---|---|---|
| Contractually required employer contribution | $ - | $ - | $ 121,464 | $ 132,911 | $ 117,659 | $ 103,218 | $ 94,410 | $ 72,898 | $ 73,781 | $ 73,668 |
| Actual University contributions | - | - | 121,464 | 132,911 | 117,659 | 103,218 | 94,410 | 72,898 | 73,781 | 73,668 |
| Contribution deficiency (excess) | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| University's covered payroll | $ - | $ - | $ 260,746 | $ 286,088 | $ 271,584 | $ 265,921 | $ 227,836 | $ 198,089 | $ 195,810 | $ 200,845 |
| Actual University contributions as a percentage of covered payroll | 0.00% | 0.00% | 46.58% | 46.46% | 43.32% | 38.82% | 41.44% | 36.80% | 37.68% | 36.68% |

*See accompanying notes to required schedules.*

# Required Supplementary Information

## Teachers' Retirement System (TRS)

**Schedule of University's Proportionate Share of the Collective Net Pension Liability (NPL)**
*($ in thousands)*

| Fiscal Year Ended June 30 | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|---|---|---|---|---|---|---|---|---|---|
| Proportion of the collective NPL | 0.00% | 0.03% | 0.04% | 0.04% | 0.04% | 0.04% | 0.04% | 0.03% | 0.03% | 0.04% |
| Proportionate share of the collective NPL | $ - | $ 4,940 | $ 6,852 | $ 6,173 | $ 7,789 | $ 6,159 | $ 4,748 | $ 4,717 | $ 4,976 | $ 4,430 |
| University's covered payroll | $ - | $ 1,107 | $ 1,389 | $ 1,326 | $ 1,334 | $ 1,148 | $ 1,196 | $ 1,364 | $ 1,372 | $ 1,214 |
| Proportionate share of the collective NPL as a percentage of covered payroll | 0.00% | 446.25% | 493.30% | 465.54% | 583.88% | 536.50% | 397.07% | 345.82% | 362.68% | 364.91% |
| Plan fiduciary net position as a percentage of the total pension liability | 0.00% | 58.39% | 54.06% | 60.77% | 49.24% | 52.00% | 57.69% | 55.93% | 52.26% | 59.50% |

**Schedule of University Pension Contributions**
*($ in thousands)*

| Fiscal Year Ended June 30 | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|---|---|---|---|---|---|---|---|---|---|
| Contractually required employer contribution | $ - | $ - | $ 421 | $ 617 | $ 455 | $ 419 | $ 452 | $ 304 | $ 135 | $ 426 |
| Actual University contributions | - | - | 421 | 617 | 455 | 419 | 452 | 304 | 135 | 426 |
| Contribution deficiency (excess) | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| University's covered payroll | $ - | $ - | $ 1,107 | $ 1,389 | $ 1,326 | $ 1,334 | $ 1,148 | $ 1,196 | $ 1,364 | $ 1,372 |
| Actual University contributions as a percentage of covered payroll | 0.00% | 0.00% | 38.03% | 44.42% | 34.31% | 31.41% | 39.37% | 25.42% | 9.90% | 31.05% |

*See accompanying notes to required schedules.*

# Required Supplementary Information

## State Employee Other Post-Employment Benefits (OPEB) Plan

**Schedule of University's Proportionate Share of the Collective Net OPEB Liability (NOL)**
*($ in thousands)*

| Fiscal Year Ended June 30 | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|---|---|---|---|---|---|---|---|
| Proportion of the collective NOL | 0.00% | 8.56% | 8.93% | 8.75% | 8.87% | 9.05% | 7.49% | 7.39% |
| Proportionate share of the collective NOL | $ - | $ 1,335,953 | $ 1,383,285 | $ 1,709,176 | $ 2,087,164 | $ 1,871,032 | $ 1,293,696 | $ 1,283,941 |
| University's covered payroll | $ - | $ 486,426 | $ 529,689 | $ 492,277 | $ 473,100 | $ 446,237 | $ 448,931 | $ 435,196 |
| Proportionate share of the collective NOL as a percentage of covered payroll | 0.00% | 274.65% | 261.15% | 347.20% | 441.17% | 419.29% | 288.17% | 295.03% |
| Plan fiduciary net position as a percentage of the total OPEB liability | 0.00% | 14.60% | 12.63% | 10.12% | 6.13% | 5.47% | 4.69% | 3.03% |

**Schedule of University OPEB Contributions**
*($ in thousands)*

| Fiscal Year Ended June 30 | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|---|---|---|---|---|---|---|---|
| Contractually required employer contribution | $ - | $ - | $ 72,843 | $ 75,681 | $ 75,979 | $ 76,889 | $ 68,115 | $ 60,089 |
| Actual University contributions | - | - | 72,843 | 75,681 | 75,979 | 76,889 | 68,115 | 60,089 |
| Contribution deficiency (excess) | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| University's covered payroll | $ - | $ - | $ 486,426 | $ 529,689 | $ 492,277 | $ 473,100 | $ 446,237 | $ 448,931 |
| Actual University contributions as a percentage of covered payroll | 0.00% | 0.00% | 14.98% | 14.29% | 15.43% | 16.25% | 15.26% | 13.38% |

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

*See accompanying notes to required schedules.*

## Required Supplementary Information

**Notes to Required Schedules:**

**SERS, TRS, and State Employees OPEB Plan (SEOPEBP)**

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

**SERS**

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

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



**TRS**

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

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

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

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

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

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

## Required Supplementary Information

**Notes to Required Schedules (*continued*):**

**SEOPEBP**

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

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

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

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

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

# STATISTICAL SECTION

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- Schedule of Expenses by Natural Classification
- Schedule of Expenses by Function
- Schedule of Net Position and Changes in Net Position

**Debt Capacity** 69

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- Schedule of Long-Term Debt
- Schedule of Debt Coverage – Revenue Bonds

**Operating Information** 71

These schedules contain service and capital asset data to help the reader understand how the information in the University's financial report relates to the activities it performs.

- Admissions and Enrollment
- Academic Year Tuition and Mandatory Fees (Storrs Only) and Degrees Conferred
- Faculty and Staff
- Schedule of Capital Asset Information

**Demographic and Economic Information** 75

These schedules offer demographic and economic indicators to help the reader understand the environment within which the University's and State's financial activities take place.

- Demographic and Economic Statistics
- Top Ten Nongovernmental Employers

## SCHEDULE OF REVENUES BY SOURCE

**Last Ten Fiscal Years**

*($ in thousands)*

| | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|---|---|---|---|---|---|---|---|---|---|
| Student tuition and fees, net of scholarship allowances [1] | $ 498,389 | $ 464,993 | $ 461,624 | $ 427,959 | $ 397,237 | $ 422,519 | $ 396,780 | $ 386,921 | $ 367,351 | $ 341,809 |
| ants and contracts | 214,286 | 190,068 | 168,035 | 148,970 | 147,547 | 125,936 | 121,593 | 106,561 | 100,397 | 104,725 |
| local grants and contracts | 30,218 | 25,880 | 24,646 | 17,871 | 16,364 | 19,944 | 17,959 | 19,441 | 16,931 | 21,200 |
| nmental grants and contracts | 36,835 | 23,777 | 20,052 | 23,871 | 20,012 | 21,042 | 23,577 | 18,386 | 28,005 | 19,490 |
| services of educational departments | 18,312 | 16,906 | 17,423 | 22,687 | 25,355 | 15,688 | 22,710 | 23,708 | 20,325 | 20,543 |
| Sales and services of auxiliary enterprises, net of ship allowances [1] | 248,737 | 229,660 | 195,672 | 171,753 | 73,577 | 169,016 | 211,036 | 210,990 | 209,851 | 210,455 |
| ces | 30,856 | 33,909 | 32,351 | 30,745 | 26,943 | 31,960 | 29,750 | 14,009 | 11,909 | 10,758 |
| perating Revenues | 1,077,633 | 985,193 | 919,803 | 843,856 | 707,035 | 806,105 | 823,405 | 780,016 | 754,769 | 728,980 |
| opriation | 245,321 | 256,038 | 420,505 | 459,788 | 397,910 | 376,866 | 356,898 | 342,987 | 374,113 | 384,747 |
| service commitment for interest | 76,325 | 77,089 | 78,623 | 75,947 | 74,170 | 78,963 | 77,333 | 70,740 | 64,757 | 53,092 |
| nd state financial aid [2] | 150,945 | 103,976 | 93,249 | 134,741 | 115,892 | 64,549 | 42,222 | 37,986 | 34,800 | 38,968 |
| | 54,463 | 37,427 | 44,393 | 33,502 | 24,715 | 21,790 | 28,185 | 19,732 | 23,628 | 25,380 |
| t income | 28,554 | 25,056 | 14,066 | 1,742 | 794 | 7,881 | 11,957 | 6,059 | 2,996 | 1,448 |
| operating revenues, net | 614 | - | 1,950 | - | 2,594 | 207 | 745 | - | - | - |
| onoperating Revenues | 556,222 | 499,586 | 652,786 | 705,720 | 616,075 | 550,256 | 517,340 | 477,504 | 500,294 | 503,635 |
| | **$ 1,633,855** | **$ 1,484,779** | **$ 1,572,589** | **$ 1,549,576** | **$ 1,323,110** | **$ 1,356,361** | **$ 1,340,745** | **$ 1,257,520** | **$ 1,255,063** | **$ 1,232,615** |

*(% of total revenues)*

| | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|---|---|---|---|---|---|---|---|---|---|
| ition and fees, net of scholarship allowances [1] | 30.5% | 31.4% | 29.4% | 27.6% | 30.0% | 31.1% | 29.6% | 30.8% | 29.3% | 27.7% |
| Federal grants and contracts | 13.1% | 12.8% | 10.7% | 9.6% | 11.2% | 9.3% | 9.1% | 8.5% | 8.0% | 8.5% |
| local grants and contracts | 1.9% | 1.7% | 1.6% | 1.2% | 1.2% | 1.5% | 1.3% | 1.5% | 1.3% | 1.6% |
| nmental grants and contracts | 2.3% | 1.6% | 1.3% | 1.5% | 1.5% | 1.6% | 1.8% | 1.4% | 2.2% | 1.6% |
| services of educational departments | 1.1% | 1.1% | 1.1% | 1.5% | 1.9% | 1.2% | 1.7% | 1.9% | 1.6% | 1.7% |
| Sales and services of auxiliary enterprises, net of ship allowances [1] | 15.2% | 15.5% | 12.4% | 11.1% | 5.6% | 12.4% | 15.7% | 16.8% | 16.7% | 17.1% |
| ces | 1.9% | 2.3% | 2.1% | 2.0% | 2.0% | 2.4% | 2.2% | 1.1% | 0.9% | 0.9% |
| perating Revenues | 66.0% | 66.4% | 58.6% | 54.5% | 53.4% | 59.5% | 61.4% | 62.0% | 60.0% | 59.1% |
| opriation | 15.0% | 17.2% | 26.7% | 29.7% | 30.1% | 27.8% | 26.6% | 27.3% | 29.9% | 31.2% |
| service commitment for interest | 4.7% | 5.2% | 5.0% | 4.9% | 5.6% | 5.8% | 5.8% | 5.6% | 5.2% | 4.3% |
| nd state financial aid [2] | 9.2% | 7.0% | 5.9% | 8.6% | 8.7% | 4.7% | 3.1% | 3.0% | 2.8% | 3.2% |
| | 3.3% | 2.5% | 2.8% | 2.2% | 1.9% | 1.6% | 2.1% | 1.6% | 1.9% | 2.1% |
| t income | 1.7% | 1.7% | 0.9% | 0.1% | 0.1% | 0.6% | 0.9% | 0.5% | 0.2% | 0.1% |
| operating revenues, net | 0.1% | 0.0% | 0.1% | 0.0% | 0.2% | 0.0% | 0.1% | 0.0% | 0.0% | 0.0% |
| onoperating Revenues | 34.0% | 33.6% | 41.4% | 45.5% | 46.6% | 40.5% | 38.6% | 38.0% | 40.0% | 40.9% |
| | **100.0%** | **100.0%** | **100.0%** | **100.0%** | **100.0%** | **100.0%** | **100.0%** | **100.0%** | **100.0%** | **100.0%** |

*(1) Beginning in fiscal year 2024, the amounts reported were impacted by a change in the accounting estimate for scholarship discounts and allowances.*

*(2) For fiscal years 2016 and 2017, federal and state financial aid were reclassified from operating to nonoperating categories in order to provide comparison among years.*

## SCHEDULE OF EXPENSES BY NATURAL CLASSIFICATION

**Last Ten Fiscal Years**

*($ in thousands)*

| | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|---|---|---|---|---|---|---|---|---|---|
| Salaries and wages | $ 778,852 | $ 732,876 | $ 685,254 | $ 674,458 | $ 617,225 | $ 602,873 | $ 569,872 | $ 569,359 | $ 556,411 | $ 557,497 |
| enefits [1] | 191,039 | 279,491 | 247,699 | 515,739 | 685,126 | 597,737 | 417,689 | 338,545 | 349,328 | 287,553 |
| s and other expenses | 354,384 | 321,055 | 294,184 | 248,545 | 226,404 | 257,977 | 279,602 | 264,456 | 245,357 | 245,871 |
| | 22,863 | 22,639 | 27,552 | 22,475 | 17,295 | 20,167 | 21,063 | 19,655 | 19,039 | 19,737 |
| ation and amortization | 147,096 | 144,389 | 139,628 | 135,566 | 122,695 | 117,870 | 119,346 | 108,185 | 104,807 | 98,767 |
| ships and fellowships [2] | 29,122 | 23,837 | 33,945 | 50,948 | 28,866 | 23,367 | 11,409 | 8,870 | 11,791 | 12,437 |
| Operating Expenses | 1,523,356 | 1,524,287 | 1,428,262 | 1,647,731 | 1,697,611 | 1,619,991 | 1,418,981 | 1,309,070 | 1,286,733 | 1,221,862 |
| Interest expense | 70,559 | 71,940 | 69,286 | 68,338 | 66,114 | 71,102 | 70,460 | 64,672 | 59,129 | 51,333 |
| Disposal of capital assets, net | 591 | 4,479 | 3,263 | 2,346 | 3 | 1,912 | 2,345 | 1,524 | 1,418 | 8,486 |
| onoperating expenses, net | - | 290 | - | 5,230 | - | - | - | 2,475 | 1,776 | 3,893 |
| Nonoperating Expenses | 71,150 | 76,709 | 72,549 | 75,914 | 66,117 | 73,014 | 72,805 | 68,671 | 62,323 | 63,712 |
| | **$ 1,594,506** | **$ 1,600,996** | **$ 1,500,811** | **$ 1,723,645** | **$ 1,763,728** | **$ 1,693,005** | **$ 1,491,786** | **$ 1,377,741** | **$ 1,349,056** | **$ 1,285,574** |

*(% of total expenses)*

| | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|---|---|---|---|---|---|---|---|---|---|
| and wages | 48.9% | 45.8% | 45.7% | 39.1% | 35.0% | 35.6% | 38.2% | 41.3% | 41.2% | 43.3% |
| enefits [1] | 12.0% | 17.4% | 16.5% | 29.9% | 38.8% | 35.3% | 28.0% | 24.6% | 25.9% | 22.4% |
| s and other expenses | 22.2% | 20.1% | 19.6% | 14.4% | 12.9% | 15.2% | 18.7% | 19.2% | 18.2% | 19.1% |
| | 1.4% | 1.4% | 1.8% | 1.3% | 1.0% | 1.2% | 1.4% | 1.4% | 1.4% | 1.5% |
| ation and amortization | 9.2% | 9.0% | 9.3% | 7.9% | 7.0% | 7.0% | 8.0% | 7.9% | 7.8% | 7.7% |
| ships and fellowships [2] | 1.8% | 1.5% | 2.3% | 3.0% | 1.6% | 1.4% | 0.8% | 0.6% | 0.9% | 1.0% |
| Operating Expenses | 95.5% | 95.2% | 95.2% | 95.6% | 96.3% | 95.7% | 95.1% | 95.0% | 95.4% | 95.0% |
| expense | 4.4% | 4.4% | 4.6% | 4.0% | 3.7% | 4.2% | 4.7% | 4.7% | 4.4% | 4.0% |
| l of capital assets, net | 0.1% | 0.3% | 0.2% | 0.1% | 0.0% | 0.1% | 0.2% | 0.1% | 0.1% | 0.7% |
| onoperating expenses, net | 0.0% | 0.1% | 0.0% | 0.3% | 0.0% | 0.0% | 0.0% | 0.2% | 0.1% | 0.3% |
| Nonoperating Expenses | 4.5% | 4.8% | 4.8% | 4.4% | 3.7% | 4.3% | 4.9% | 5.0% | 4.6% | 5.0% |
| | **100.0%** | **100.0%** | **100.0%** | **100.0%** | **100.0%** | **100.0%** | **100.0%** | **100.0%** | **100.0%** | **100.0%** |

*(1) Beginning in fiscal year 2025, the University no longer reports pension and OPEB expenses, as legislation shifted these costs to the State of Connecticut.*

*(2) Beginning in fiscal year 2024, the reported amounts were impacted by a change in the accounting estimate for scholarship discounts and allowances.*

## SCHEDULE OF EXPENSES BY FUNCTION

**Last Ten Fiscal Years**

*($ in thousands)*

| | 2025 [1] | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|---|---|---|---|---|---|---|---|---|---|
| Instruction | $ 443,419 | $ 463,772 | $ 441,925 | $ 532,976 | $ 568,509 | $ 518,689 | $ 438,702 | $ 419,691 | $ 419,251 | $ 390,364 |
| h | 160,367 | 143,902 | 121,925 | 122,049 | 116,706 | 102,859 | 97,258 | 88,469 | 80,953 | 80,070 |
| ervice | 59,121 | 58,488 | 50,982 | 58,663 | 65,942 | 66,985 | 56,081 | 49,417 | 53,116 | 53,903 |
| ic support | 158,509 | 167,582 | 156,016 | 185,523 | 213,169 | 204,759 | 170,050 | 147,264 | 138,912 | 139,643 |
| services | 52,375 | 55,264 | 48,125 | 60,091 | 63,114 | 62,243 | 49,730 | 44,856 | 40,087 | 38,916 |
| nal support | 83,818 | 88,542 | 81,095 | 100,243 | 108,742 | 106,092 | 90,086 | 75,357 | 74,226 | 66,580 |
| Operations and maintenance of plant | 119,390 | 110,922 | 114,228 | 147,428 | 186,963 | 178,009 | 151,589 | 138,184 | 137,259 | 122,034 |
| ation and amortization | 147,096 | 144,389 | 139,628 | 135,566 | 122,695 | 117,870 | 119,346 | 108,185 | 104,807 | 98,767 |
| Scholarships and fellowships [2] | 28,083 | 23,007 | 32,789 | 50,548 | 28,454 | 23,449 | 10,979 | 8,232 | 10,306 | 9,748 |
| y enterprises | 271,178 | 268,419 | 241,549 | 254,644 | 223,317 | 239,036 | 235,160 | 229,415 | 227,816 | 221,837 |
| expense | 70,559 | 71,940 | 69,286 | 68,338 | 66,114 | 71,102 | 70,460 | 64,672 | 59,129 | 51,333 |
| l of capital assets, net | 591 | 4,479 | 3,263 | 2,346 | 3 | 1,912 | 2,345 | 1,524 | 1,418 | 8,486 |
| Other nonoperating expenses, net | - | 290 | - | 5,230 | - | - | - | 2,475 | 1,776 | 3,893 |
| | **$ 1,594,506** | **$ 1,600,996** | **$ 1,500,811** | **$ 1,723,645** | **$ 1,763,728** | **$ 1,693,005** | **$ 1,491,786** | **$ 1,377,741** | **$ 1,349,056** | **$ 1,285,574** |

*(% of total expenses)*

| | 2025 [1] | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|---|---|---|---|---|---|---|---|---|---|
| Instruction | 27.8% | 29.0% | 29.5% | 30.9% | 32.2% | 30.5% | 29.4% | 30.5% | 31.1% | 30.3% |
| h | 10.1% | 9.0% | 8.1% | 7.1% | 6.6% | 6.1% | 6.5% | 6.4% | 6.0% | 6.2% |
| ervice | 3.7% | 3.6% | 3.4% | 3.4% | 3.7% | 4.0% | 3.8% | 3.6% | 3.9% | 4.2% |
| ic support | 9.9% | 10.5% | 10.4% | 10.8% | 12.1% | 12.1% | 11.4% | 10.7% | 10.2% | 10.8% |
| services | 3.3% | 3.5% | 3.2% | 3.5% | 3.6% | 3.7% | 3.3% | 3.3% | 3.0% | 3.0% |
| nal support | 5.2% | 5.5% | 5.4% | 5.8% | 6.2% | 6.3% | 6.0% | 5.5% | 5.5% | 5.2% |
| ons and maintenance of plant | 7.5% | 6.9% | 7.6% | 8.5% | 10.6% | 10.5% | 10.2% | 10.0% | 10.2% | 9.5% |
| ation and amortization | 9.2% | 9.0% | 9.3% | 7.9% | 7.0% | 7.0% | 8.0% | 7.8% | 7.8% | 7.7% |
| ships and fellowships [2] | 1.8% | 1.4% | 2.2% | 2.9% | 1.6% | 1.4% | 0.7% | 0.6% | 0.8% | 0.8% |
| y enterprises | 17.0% | 16.8% | 16.1% | 14.8% | 12.7% | 14.1% | 15.8% | 16.6% | 16.9% | 17.3% |
| expense | 4.4% | 4.5% | 4.6% | 4.0% | 3.7% | 4.2% | 4.7% | 4.7% | 4.4% | 4.0% |
| l of capital assets, net | 0.1% | 0.3% | 0.2% | 0.1% | 0.0% | 0.1% | 0.2% | 0.1% | 0.1% | 0.7% |
| Other nonoperating expenses, net | 0.0% | 0.0% | 0.0% | 0.3% | 0.0% | 0.0% | 0.0% | 0.2% | 0.1% | 0.3% |
| | **100.0%** | **100.0%** | **100.0%** | **100.0%** | **100.0%** | **100.0%** | **100.0%** | **100.0%** | **100.0%** | **100.0%** |

*(1) Beginning in fiscal year 2025, the University no longer reports pension and OPEB expenses, as legislation shifted these costs to the State of Connecticut. This change impacted several functional expense categories associated with fringe benefits.*

*(2) Beginning in fiscal year 2024, the reported amounts were impacted by a change in the accounting estimate for scholarship discounts and allowances.*

## SCHEDULE OF NET POSITION AND CHANGES IN NET POSITION
## Last Ten Fiscal Years

*($ in thousands)*

| | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|---|---|---|---|---|---|---|---|---|---|
| nues | $ 1,633,855 | $ 1,484,779 | $ 1,572,589 | $ 1,549,576 | $ 1,323,110 | $ 1,356,361 | $ 1,340,745 | $ 1,257,520 | $ 1,255,063 | $ 1,232,615 |
| nses | 1,594,506 | 1,600,996 | 1,500,811 | 1,723,645 | 1,763,728 | 1,693,005 | 1,491,786 | 1,377,741 | 1,349,056 | 1,285,574 |
| Income (Loss) Before Other Changes in Net Position | 39,349 | (116,217) | 71,778 | (174,069) | (440,618) | (336,644) | (151,041) | (120,221) | (93,993) | (52,959) |
| service commitment for principal | - | 209,225 | - | 214,185 | 140,295 | - | 154,405 | 187,269 | 281,576 | 103,400 |
| tion of pension and OPEB balances [1] | 2,762,885 | - | - | - | - | - | - | - | - | - |
| Capital allocation | 20,000 | 45,000 | | - | - | - | - | - | - | - |
| Capital grants and gifts | 4,733 | 7,454 | 3,608 | 1,976 | 11,640 | 2,276 | 3,907 | 5,099 | 1,388 | 5,071 |
| o permanent endowments | 79 | 191 | 9 | 1,996 | 164 | 171 | 171 | 338 | 1,149 | 14 |
| Athletic conference fee | - | - | - | - | (3,500) | (16,436) | - | - | - | - |
| o affiliate | - | - | - | (228) | (2,000) | - | - | - | - | - |
| hanges in Net Position | 2,827,046 | 145,653 | 75,395 | 43,860 | (294,019) | (350,633) | 7,442 | 72,485 | 190,120 | 55,526 |
| n, beginning | (276,134) | (421,787) | (500,218) | (545,792) | (251,773) | 98,860 | 80,228 | 1,243,245 | 1,053,125 | 997,599 |
| Cumulative effect of accounting changes and error s [2] | (19,389) | - | 3,036 | 1,714 | - | - | 11,190 | (1,235,502) | - | - |
| **osition, Ending** | **$ 2,531,523** | **$ (276,134)** | **$ (421,787)** | **$ (500,218)** | **$ (545,792)** | **$ (251,773)** | **$ 98,860** | **$ 80,228** | **$ 1,243,245** | **$ 1,053,125** |
| ment in capital assets | 963,863 | 1,013,195 | 925,881 | 877,499 | 842,048 | 804,723 | 752,961 | 773,104 | 682,891 | 612,618 |
| nonexpendable | 16,470 | 16,434 | 16,219 | 16,187 | 14,164 | 15,132 | 15,005 | 15,044 | 14,483 | 12,593 |
| expendable | | | | | | | | | | |
| h, instruction, scholarships and other | 48,826 | 35,810 | 30,552 | 22,316 | 25,824 | 16,582 | 21,716 | 32,273 | 34,058 | 24,455 |
| | 1,998 | 1,882 | 1,794 | 1,822 | 1,981 | 2,180 | 2,608 | 2,566 | 2,543 | 2,520 |
| projects | 160,608 | 41,535 | 2,788 | 5,622 | 5,399 | 10,434 | 17,506 | 22,852 | 58,816 | 111,062 |
| rvice | 1,111,628 | 1,207,022 | 1,087,353 | 1,179,340 | 1,051,763 | 997,489 | 1,087,975 | 1,020,814 | 915,179 | 705,947 |
| Unrestricted | 228,130 | (2,592,012) | (2,486,374) | (2,603,004) | (2,486,971) | (2,098,313) | (1,798,911) | (1,786,425) | (464,725) | (416,070) |
| **Net Position** [3] | **$ 2,531,523** | **$ (276,134)** | **$ (421,787)** | **$ (500,218)** | **$ (545,792)** | **$ (251,773)** | **$ 98,860** | **$ 80,228** | **$ 1,243,245** | **$ 1,053,125** |

*(1) Special item recorded for the removal of pension and OPEB balances.*

*(2) Fiscal year 2025: Implementation of GASB 101, Compensated Absences.*
*2023: Implementation of GASB 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements, and GASB 96, Subscription-Based Information Technology Arrangements.*
*2022: Implementation of GASB 87, Leases.*
*2019: Correction of an error related to compensated absences.*
*2018: Implementation of GASB 75, Accounting and Financial Reporting for Postretirement Benefits Other Than Pensions.*

*(3) Fiscal years 2021 – 2016: Components of net position were restated due to reclassifications of the State debt service commitment for principal receivable, debt related to UConn Health projects, and unspent bond proceeds.*

## SCHEDULE OF LONG-TERM DEBT
## Last Ten Fiscal Years

*($ in thousands, except for outstanding debt per student)*

| | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|---|---|---|---|---|---|---|---|---|---|
| bligation bonds | $ 1,499,380 | $ 1,635,145 | $ 1,548,375 | $ 1,683,350 | $ 1,583,660 | $ 1,568,905 | $ 1,700,180 | $ 1,661,785 | $ 1,504,995 | $ 1,303,870 |
| bonds | 260,455 | 271,540 | 183,605 | 194,905 | 200,915 | 206,655 | 233,445 | 240,980 | 105,955 | 112,410 |
| ating bonds | - | - | - | - | - | - | - | - | - | 275 |
| subscription liabilities [1] | 160,575 | 152,637 | 143,298 | 141,388 | 66,634 | 72,749 | 78,515 | 84,199 | 42,818 | 47,229 |
| purchase agreements [2] | 2,804 | 8,270 | 13,619 | 18,847 | - | - | - | - | - | - |
| Long-term software commitments [3] | - | - | - | 7,742 | 9,809 | 7,355 | 7,132 | - | - | - |
| t loans and other | - | - | - | - | - | - | 25 | 62 | 117 | 5,487 |
| American Athletic Conference exit fee | 2,503 | 3,715 | 4,900 | 6,059 | 7,194 | 7,194 | - | - | - | - |
| | 1,925,717 | 2,071,307 | 1,893,797 | 2,052,291 | 1,868,212 | 1,862,858 | 2,019,297 | 1,987,026 | 1,653,885 | 1,469,271 |
| and discounts | 214,177 | 234,182 | 239,330 | 265,571 | 251,536 | 223,648 | 244,077 | 229,155 | 201,858 | 172,757 |
| **Total Long-Term Debt, Net** | $ 2,139,894 | $ 2,305,489 | $ 2,133,127 | $ 2,317,862 | $ 2,119,748 | $ 2,086,506 | $ 2,263,374 | $ 2,216,181 | $ 1,855,743 | $ 1,642,028 |
| quivalent students [4] | 30,866 | 29,696 | 29,100 | 29,215 | 29,750 | 29,530 | 28,646 | 29,424 | 29,220 | 28,832 |
| ng debt per student [5] | $ 69,329 | $ 77,636 | $ 73,303 | $ 79,338 | $ 71,252 | $ 70,657 | $ 79,012 | $ 75,319 | $ 63,509 | $ 56,952 |

*(1) Starting in fiscal year 2022, the University began reporting leases under GASB 87. This amount also includes subscription liabilities reported under GASB 96 starting in fiscal year 2023.*
*(2) Upon the adoption of GASB 87 in fiscal year 2022, the Cogeneration Facility was reclassified to financed purchase agreements. This amount also includes installment loans starting in fiscal year 2022.*
*(3) Upon the adoption of GASB 96 in fiscal year 2023, long-term software commitments were reclassified to lease and subscription liabilities.*
*(4) Source: University of Connecticut Office of Budget, Planning and Institutional Research*
*(5) Ratio excludes the State debt service commitment for the payment of the outstanding general obligation bonds on the University's behalf.*

**SCHEDULE OF DEBT COVERAGE – REVENUE BONDS**
**Last Ten Fiscal Years**
*($ in thousands)*

| | Gross Pledged Revenues [1] | Pledged Revenues [2] | Expenses [3] | Net Pledged Revenues | Total Gross and Net Pledged Revenues Available for Debt Service | Debt Service | Coverage Ratio |
|---|---|---|---|---|---|---|---|
| 2025 | $ 82,238 | $ 227,791 | $ (172,268) | $ 55,523 | $ 137,761 | $ (24,472) | 5.63 |
| 2024 | 80,496 | 199,284 | (153,255) | 46,029 | 126,525 | (20,474) | 6.18 |
| 2023 | 68,351 | 186,129 | (148,329) | 37,800 | 106,151 | (18,355) | 5.78 |
| 2022 | 62,620 | 157,288 | (100,868) | 56,420 | 119,040 | (15,760) | 7.55 |
| 2021 | 48,831 | 66,917 | (85,241) | (18,324) | 30,507 | (15,772) | 1.93 |
| 2020 | 63,018 | 148,070 | (117,763) | 30,307 | 93,325 | (37,542) | 2.49 |
| 2019 | 53,672 | 182,891 | (136,606) | 46,285 | 99,957 | (19,017) | 5.26 |
| 2018 | 52,429 | 176,598 | (135,138) | 41,460 | 93,889 | (12,432) | 7.55 |
| 2017 | 51,486 | 172,444 | (132,742) | 39,702 | 91,188 | (11,554) | 7.89 |
| 2016 | 50,650 | 174,991 | (134,492) | 40,499 | 91,149 | (11,557) | 7.89 |

*(1) Gross pledged revenues include the Infrastructure Maintenance Fee, the General University Fee, the Student Health & Wellness Fee, the Student Recreational Center Fee, and investment income. Beginning in fiscal year 2019, gross revenues also include the FIT (Facilities Investment Together) surcharge.*

*(2) Pledged revenues include the residential life room fee, student apartment rentals, the Greek housing fee, the board (dining) fee, and the parking and transportation fees.*

*(3) Expenses include the cost of maintaining, repairing, insuring, and operating the facilities for which the fees in (2) are imposed, before depreciation. Fiscal years 2020, 2021, and 2022 expenses have been reduced by federal Higher Education Emergency Relief Funds of $10.7 million, $21.3 million, and $28.4 million, respectively. These funds have been identified by the University to offset housing and dining revenue losses incurred during the pandemic.*

** In fiscal year 2024, the debt coverage calculation for fiscal years 2018 to 2023 was updated to include revenues and expenses related to Stamford housing.*

## ADMISSIONS AND ENROLLMENT
## Last Ten Fiscal Years

| FRESHMAN ADMISSIONS (STORRS ONLY) | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|---|---|---|---|---|---|---|---|---|---|
| Applications | 55,479 | 46,645 | 40,894 | 36,753 | 34,437 | 35,096 | 34,886 | 34,198 | 35,980 | 34,978 |
| Offers of admission | 29,065 | 25,164 | 22,293 | 20,433 | 19,316 | 17,346 | 17,015 | 16,360 | 17,560 | 18,598 |
| Percent admitted | 52% | 54% | 55% | 56% | 56% | 49% | 49% | 48% | 49% | 53% |
| Enrolled | 4,478 | 4,189 | 4,069 | 3,663 | 3,825 | 3,603 | 3,749 | 3,683 | 3,822 | 3,774 |
| Yield (enrolled/offers) | 15% | 17% | 18% | 18% | 20% | 21% | 22% | 23% | 22% | 20% |
| Total average SAT | 1,306 | 1,296 | 1,315 | 1,318 | 1,281 | 1,296 | 1,306 | 1,294 | 1,233 | 1,233 |

| ENROLLMENT* | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|---|---|---|---|---|---|---|---|---|---|
| Non-Resident Alien | | | | | | | | | | |
| Male | 1,951 | 2,042 | 2,063 | 1,956 | 2,048 | 2,232 | 2,110 | 2,001 | 1,890 | 1,773 |
| Female | 1,501 | 1,528 | 1,564 | 1,525 | 1,711 | 1,990 | 1,917 | 1,847 | 1,665 | 1,462 |
| Black or African American | | | | | | | | | | |
| Male | 1,099 | 1,012 | 974 | 1,002 | 1,023 | 984 | 944 | 885 | 874 | 813 |
| Female | 1,520 | 1,450 | 1,380 | 1,386 | 1,366 | 1,261 | 1,211 | 1,153 | 1,098 | 1,053 |
| American Indian or Alaska Native | | | | | | | | | | |
| Male | 14 | 8 | 9 | 9 | 13 | 14 | 22 | 16 | 19 | 18 |
| Female | 21 | 19 | 21 | 14 | 18 | 16 | 25 | 27 | 25 | 28 |
| Asian | | | | | | | | | | |
| Male | 1,760 | 1,757 | 1,698 | 1,627 | 1,581 | 1,512 | 1,500 | 1,497 | 1,475 | 1,372 |
| Female | 1,941 | 1,911 | 1,865 | 1,823 | 1,770 | 1,688 | 1,606 | 1,556 | 1,467 | 1,419 |
| Hispanic/Latino | | | | | | | | | | |
| Male | 2,368 | 2,140 | 2,044 | 1,952 | 1,842 | 1,643 | 1,568 | 1,477 | 1,386 | 1,293 |
| Female | 3,215 | 2,945 | 2,772 | 2,705 | 2,588 | 2,202 | 2,014 | 1,800 | 1,616 | 1,468 |
| Native Hawaiian or Other Pacific Islander | | | | | | | | | | |
| Male | 3 | 7 | 3 | 3 | 5 | 5 | 8 | 10 | 8 | 8 |
| Female | 8 | 6 | 7 | 7 | 8 | 11 | 11 | 13 | 12 | 13 |
| Two or More Races | | | | | | | | | | |
| Male | 646 | 601 | 535 | 520 | 487 | 454 | 430 | 394 | 364 | 330 |
| Female | 760 | 692 | 656 | 595 | 596 | 508 | 476 | 464 | 442 | 412 |
| White | | | | | | | | | | |
| Male | 7,319 | 7,243 | 7,507 | 7,826 | 8,224 | 8,520 | 8,821 | 9,089 | 9,518 | 9,809 |
| Female | 8,752 | 8,318 | 8,343 | 8,543 | 8,743 | 8,647 | 8,983 | 9,361 | 9,581 | 9,789 |
| Total Head Count | 32,878 | 31,679 | 31,441 | 31,493 | 32,023 | 31,687 | 31,646 | 31,590 | 31,440 | 31,060 |
| | | | | | | | | | | |
| Percent female | 53.9% | 53.2% | 52.8% | 52.7% | 52.5% | 51.5% | 51.3% | 51.3% | 50.6% | 50.4% |
| Percent minority | 40.6% | 39.6% | 38.1% | 37.0% | 35.3% | 32.5% | 31.0% | 29.4% | 27.9% | 26.5% |
| Percent non-resident alien | 10.5% | 11.3% | 11.5% | 11.1% | 11.7% | 13.3% | 12.7% | 12.2% | 11.3% | 10.4% |

*White includes other/unknown.*

** Includes all undergraduate, graduate, and professional school enrollments at all campuses; excludes Schools of Dentistry and Medicine; includes full-time and part-time students, and degree and non-degree students.*

*Source: University of Connecticut Office of Budget, Planning and Institutional Research*

**ACADEMIC YEAR TUITION AND MANDATORY FEES (STORRS ONLY)**
**Last Ten Fiscal Years**

| | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|---|---|---|---|---|---|---|---|---|---|
| Undergraduate resident | $ 21,044 | $ 20,366 | $ 19,434 | $ 18,524 | $ 17,834 | $ 17,226 | $ 15,730 | $ 14,880 | $ 14,066 | $ 13,366 |
| Undergraduate non-resident | $ 43,712 | $ 43,034 | $ 42,102 | $ 41,192 | $ 40,502 | $ 39,894 | $ 38,098 | $ 36,948 | $ 35,858 | $ 34,908 |
| Graduate resident | $ 22,872 | $ 22,194 | $ 21,262 | $ 20,325 | $ 19,664 | $ 19,056 | $ 17,660 | $ 16,810 | $ 15,996 | $ 15,296 |
| Graduate non-resident | $ 44,784 | $ 44,106 | $ 43,174 | $ 42,237 | $ 41,576 | $ 40,968 | $ 39,272 | $ 38,122 | $ 37,032 | $ 36,082 |

**DEGREES CONFERRED**
**Last Ten Fiscal Years**

| | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|---|---|---|---|---|---|---|---|---|---|
| Associate | 32 | 20 | 24 | 24 | 33 | 26 | 16 | 21 | 30 | 24 |
| Bachelor's | 5,693 | 5,739 | 5,534 | 5,390 | 5,623 | 5,731 | 5,656 | 5,618 | 5,530 | 5,197 |
| Post-baccalaureate | 537 | 592 | 574 | 548 | 537 | 395 | 369 | 299 | 251 | 229 |
| Master's | 1,827 | 1,797 | 1,752 | 1,703 | 1,926 | 1,774 | 1,895 | 2,048 | 1,904 | 1,750 |
| Sixth-year education | 32 | 30 | 57 | 49 | 61 | 50 | 54 | 51 | 62 | 66 |
| Ph.D. | 408 | 432 | 407 | 352 | 368 | 382 | 418 | 384 | 411 | 379 |
| J.D. | 145 | 153 | 153 | 151 | 138 | 141 | 108 | 89 | 155 | 151 |
| LL.M. | 46 | 61 | 34 | 33 | 42 | 50 | 53 | 42 | 43 | 44 |
| Pharm D. | 84 | 57 | 76 | 82 | 77 | 74 | 92 | 98 | 101 | 99 |
| Total | 8,804 | 8,881 | 8,611 | 8,332 | 8,805 | 8,623 | 8,661 | 8,650 | 8,487 | 7,939 |

*Includes May graduates of the current calendar year, and August and December graduates of the previous calendar year.*
*Source: University of Connecticut Office of Budget, Planning and Institutional Research*

**FACULTY AND STAFF**
**Fall Employment**
**Last Ten Fiscal Years**

| | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|---|---|---|---|---|---|---|---|---|---|
| **FACULTY** | | | | | | | | | | |
| Full-time | 1,695 | 1,659 | 1,584 | 1,616 | 1,597 | 1,537 | 1,540 | 1,545 | 1,518 | 1,489 |
| Part-time | 50 | 61 | 59 | 57 | 45 | 54 | 51 | 53 | 32 | 30 |
| Total Faculty | 1,745 | 1,720 | 1,643 | 1,673 | 1,642 | 1,591 | 1,591 | 1,598 | 1,550 | 1,519 |
| Tenured | 857 | 857 | 839 | 895 | 908 | 887 | 858 | 854 | 841 | 848 |
| Percentage tenured | 49% | 50% | 51% | 53% | 55% | 56% | 54% | 53% | 54% | 56% |
| **STAFF** | | | | | | | | | | |
| Full-time | 3,546 | 3,464 | 3,290 | 3,323 | 3,310 | 3,297 | 3,228 | 3,109 | 3,198 | 3,115 |
| Part-time | 131 | 130 | 126 | 131 | 147 | 144 | 150 | 150 | 82 | 158 |
| Total Staff | 3,677 | 3,594 | 3,416 | 3,454 | 3,457 | 3,441 | 3,378 | 3,259 | 3,280 | 3,273 |
| **Total Faculty and Staff** | 5,422 | 5,314 | 5,059 | 5,127 | 5,099 | 5,032 | 4,969 | 4,857 | 4,830 | 4,792 |
| Student to faculty ratio* | 17 to 1 | 16 to 1 | 16 to 1 | 15 to 1 | 16 to 1 | 16 to 1 | 16 to 1 | 16 to 1 | 16 to 1 | 17 to 1 |
| Full-time and part-time faculty | | | | | | | | | | |
| Female | 48% | 47% | 47% | 45% | 44% | 43% | 42% | 41% | 41% | 41% |
| Minority | 25% | 24% | 23% | 24% | 19% | 20% | 20% | 21% | 23% | 23% |
| Full-time and part-time staff | | | | | | | | | | |
| Female | 58% | 57% | 57% | 57% | 58% | 57% | 57% | 57% | 57% | 57% |
| Minority | 17% | 17% | 17% | 17% | 13% | 13% | 14% | 15% | 17% | 17% |
| Staff covered by collective bargaining agreements | 92% | 92% | 92% | 92% | 92% | 90% | 90% | 90% | 90% | 90% |
| Adjunct lecturers | 709 | 767 | 768 | 757 | 705 | 749 | 732 | 709 | 690 | 679 |

** Full-time equivalent students to full-time instructional faculty, Storrs and regional campuses.*
*Source: University of Connecticut Office of Budget, Planning and Institutional Research*

## SCHEDULE OF CAPITAL ASSET INFORMATION
### Last Ten Fiscal Years

| | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|---|---|---|---|---|---|---|---|---|---|
| Academic buildings | | | | | | | | | | |
| Net assignable square feet (in thousands) | 3,324 | 3,030 | 3,011 | 2,892 | 2,888 | 2,890 | 2,876 | 2,847 | 2,654 | 2,753 |
| Number of buildings | 147 | 147 | 146 | 145 | 157 | 158 | 160 | 170 | 168 | 171 |
| Auxiliary and independent operations buildings | | | | | | | | | | |
| Net assignable square feet (in thousands) | 4,584 | 4,584 | 4,504 | 4,060 | 4,069 | 3,937 | 3,638 | 3,859 | 3,753 | 3,277 |
| Number of buildings | 172 | 172 | 188 | 183 | 177 | 178 | 185 | 190 | 189 | 193 |
| Administrative and support buildings | | | | | | | | | | |
| Net assignable square feet (in thousands) | 597 | 892 | 907 | 905 | 888 | 883 | 887 | 832 | 852 | 964 |
| Number of buildings | 78 | 80 | 81 | 80 | 80 | 81 | 83 | 83 | 88 | 97 |
| Total net assignable square feet (in thousands) | 8,505 | 8,506 | 8,422 | 7,857 | 7,845 | 7,710 | 7,401 | 7,538 | 7,259 | 6,994 |
| Total number of buildings | 397 | 399 | 415 | 408 | 414 | 417 | 428 | 443 | 445 | 461 |

*Source: University of Connecticut Office of Cost Analysis and Office of University Planning, Design and Construction*

| | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|---|---|---|---|---|---|---|---|---|---|
| University housing locations* | 110 | 102 | 102 | 102 | 100 | 102 | 101 | 101 | 101 | 115 |
| University housing occupancy* | 13,890 | 12,632 | 12,373 | 11,184 | 4,911 | 12,507 | 12,684 | 12,547 | 12,641 | 12,690 |
| Percentage of main campus undergraduates in campus housing | 65% | 62% | 62% | 57% | 25% | 63% | 63% | 63% | 65% | 67% |

** University housing locations include owned and leased facilities utilized for student housing across all campuses. Occupancy includes all degree types, as well as non-degree students. Certain prior year values have been updated to maintain consistency with the current measurement methodology.*
*Source: Office of Budget, Planning and Institutional Research*

**DEMOGRAPHIC AND ECONOMIC STATISTICS**
**State of Connecticut**
**Last Ten Fiscal Years**

| | Personal Income as of June 30 [1] | Population at July 1 [1] | Per Capita Personal Income [1] | Average Annual Unemployment Rate [2] |
|---|---|---|---|---|
| 2025 | 365,727,600,000 | 3,688,631 | 99,150 | 3.4% |
| 2024 | 342,112,700,000 | 3,625,511 | 94,363 | 4.2% |
| 2023 | 314,865,500,000 | 3,632,752 | 86,674 | 3.9% |
| 2022 | 307,116,000,000 | 3,614,683 | 84,963 | 5.1% |
| 2021 | 290,146,700,000 | 3,544,930 | 81,848 | 8.5% |
| 2020 | 290,641,600,000 | 3,561,513 | 81,606 | 5.1% |
| 2019 | 284,136,600,000 | 3,570,160 | 79,587 | 3.8% |
| 2018 | 265,636,709,000 | 3,588,236 | 74,030 | 4.5% |
| 2017 | 251,389,254,000 | 3,568,714 | 70,443 | 4.8% |
| 2016 | 252,249,206,000 | 3,586,640 | 70,330 | 5.5% |

*(1) Source: U.S. Department of Commerce*
*(2) Source: Connecticut Department of Labor*

**TOP TEN NONGOVERNMENTAL EMPLOYERS**
**State of Connecticut**
**Current Year and Ten Years Ago**

| | 2025 | | |
|---|---|---|---|
| **NAME** | **Employees in CT** | **Percentage of Total CT Employment** | **Rank** |
| Yale New Haven Health System | 30,056 | 1.6% | 1 |
| Hartford Healthcare | 23,355 | 1.2% | 2 |
| Yale University | 17,089 | 0.9% | 3 |
| RTX Corp. | 16,500 | 0.9% | 4 |
| General Dynamics Electric Boat | 16,071 | 0.9% | 5 |
| CVS Health Corp. and subsidiaries (2) | 8,942 | 0.5% | 6 |
| Walmart Stores Inc. | 8,572 | 0.5% | 7 |
| Trinity Health of New England (3) | 7,705 | 0.4% | 8 |
| The Travelers Cos. Inc. | 7,400 | 0.4% | 9 |
| Sikorsky, a Lockheed Martin Company (4) | 7,092 | 0.4% | 10 |
| Total | 142,782 | 7.7% | |

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

*Source: Hartford Business Journal*

*(1) Formerly Raytheon Technologies; presence in Connecticut includes Collins Aerospace and Pratt & Whitney.*
*(2) Data from 2023 survey.*
*(3) Includes St. Francis Hospital and Medical Center, St. Mary's Hospital, Mount Sinai Rehabilitation Hospital and Johnson Memorial Medical Center.*
*(4) Data from Q1 2024.*
*(5) Figure from Fall 2015.*
*(6) Approximate figure as of March 2016.*
*(7) On Nov. 6, 2015, Lockheed Martin acquired Sikorsky Aircraft from Farmington-based United Technologies Corp. for $9 billion.*
*(8) Employee numbers are approximate.*

UCONN
UNIVERSITY OF CONNECTICUT

# Annual Comprehensive Financial Report

## For the Year Ended June 30, 2025

Included as an Enterprise Fund of the State of Connecticut




UCONN HEALTH

UCONN HEALTH

# Annual Comprehensive Financial Report

## For the Year Ended June 30, 2025

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# INTRODUCTORY SECTION

**Letter of Transmittal**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

| | 2025 | 2024 | 2023 |
|---|---|---|---|
| | | ($ in thousands) | |
| American Rescue Plan Act (ARPA) | $ 54,886 | $ 51,500 | $ 72,700 |

**Economic Condition**

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

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

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

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

**Awards and Acknowledgements**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

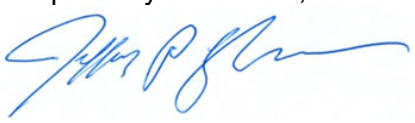
Our researchers continue their impressive cutting-edge clinical trials, high-impact study publications, and research breakthroughs. A few of the many highlights from this past year include:

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

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

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

Respectfully Submitted,



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

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

## Board of Directors

***Members at Large***

| | |
|---|---|
| Dr. Kenneth Alleyne | *Bloomfield* |
| Francis X. Archambault, Jr. | *Hartford* |
| Richard M. Barry | *Avon* |
| Richard T. Carbray, Jr. | *Rocky Hill* |
| Cheryl A. Chase | *Hartford* |
| Britt-Marie Cole-Johnson | *Hartford* |
| Geoffrey Matous | *West Hartford* |
| Tim Shannon | *Stamford* |

***Appointed by the Governor***

| | |
|---|---|
| Patricia Baker | *Cheshire* |
| Joel Freedman | *South Glastonbury* |

***Members Ex Officio***

| | |
|---|---|
| Radenka Maric | *West Hartford* |
| Charlene Casamento | *Hartford* |
| Manisha Juthani | *New Haven* |

***Appointed by Chairperson, Board of Trustees***

| | |
|---|---|
| John Driscoll | *Stamford* |
| Andy F. Bessette | *West Hartford* |
| Mark L. Boxer | *Glastonbury* |

**FINANCIAL OFFICERS**

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

# TRUSTEES
## As of June 30, 2025

### Board of Trustees

***Members ex officio***

The Honorable Ned Lamont
Governor of the State of Connecticut
*President ex officio* — *Hartford*

The Honorable Bryan Hurlburt
Commissioner of Agriculture
*Member ex officio* — *Hartford*

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

The Honorable Charlene M. Russell-Tucker
Commissioner of Education
*Member ex officio* — Hartford

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

***Appointed by the Governor***

| | |
|---|---|
| Daniel D. Toscano, *Chairman* | *Darien* |
| Andrea Dennis-LaVigne, *Vice-Chair* | *Simsbury* |
| Trisha M. Bailey | Orlando, FL |
| Andy F. Bessette | *West Hartford* |
| Mark L. Boxer | *Glastonbury* |
| Charles F. Bunnell | *Waterford* |
| Shari G. Cantor | *West Hartford* |
| Marilda L. Gandara | *Hartford* |
| Denis J. Nayden | *Jupiter, FL* |
| Kevin J. O'Connor | *Greenwich* |
| Thomas D. Ritter | *Hartford* |
| Philip E. Rubin | *Fairfield* |

***Elected by the Alumni***

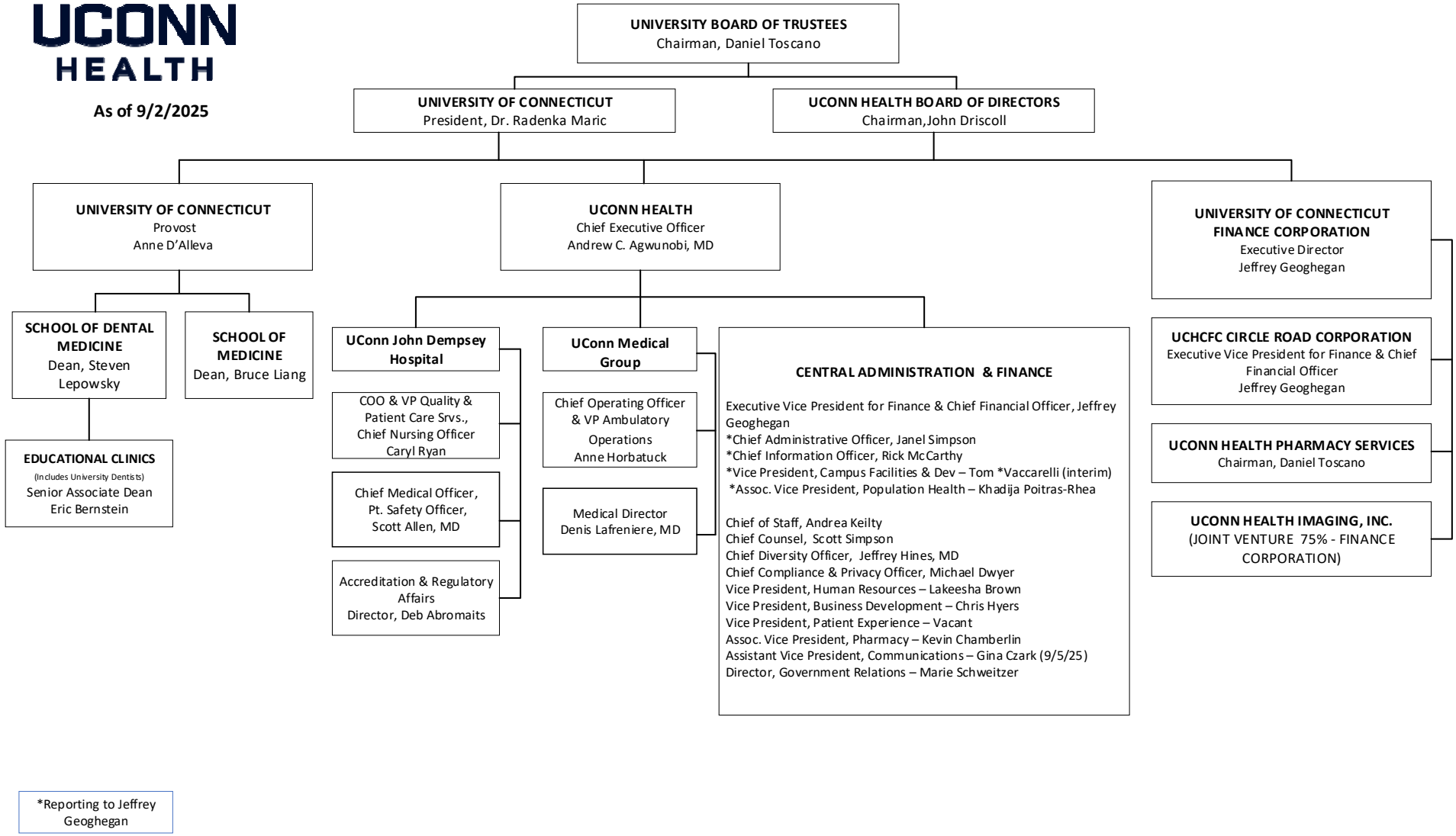
| | |
|---|---|
| Jeanine A. Gouin | *Durham* |
| Bryan K. Pollard, Secretary | *Middletown* |

***Elected by the Students***

| | |
|---|---|
| Sean K. Dunn | *Storrs* |
| Fabio R. Saccomanno | *West Hartford* |

UCONN HEALTH

As of 9/2/2025




*Reporting to Jeffrey Geoghegan

# FINANCIAL SECTION

STATE OF CONNECTICUT

AUDITORS OF PUBLIC ACCOUNTS

JOHN C. GERAGOSIAN

STATE CAPITOL
210 CAPITOL AVENUE
HARTFORD, CONNECTICUT 06106-1559

CRAIG A. MINER

## INDEPENDENT AUDITORS' REPORT

Board of Directors of the
University of Connecticut Health Center

### Opinions

We have audited the accompanying financial statements of the business-type activities of the University of Connecticut Health Center (UConn Health), a component unit of the University of Connecticut system, which includes the University of Connecticut, UConn Health, and the University of Connecticut Foundation, Inc., which consist of the statement of net position as of June 30, 2025, and the related statements of revenues, expenses and changes in net position and cash flows for the year then ended, and the related notes to the financial statements.

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

We did not audit:

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

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

**Basis for Opinions**

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

**Emphasis of Matter**

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

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

**Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about UConn Health's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

**Auditors' Responsibilities for the Audit of the Financial Statements**

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

In performing an audit in accordance with generally accepted auditing standards, we:

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of UConn Health's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about UConn Health's ability to continue as a going concern for a reasonable period of time.

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

**Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Schedule of UConn Health's Proportionate Share of Collective Net Pension Liability and related ratios, the Schedule of UConn Health's Pension Contributions, the Schedule of UConn Health's Proportionate Share of the Net OPEB Liability and related ratios, and the Schedule of UConn Health's OPEB Contributions, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Supplementary Information**

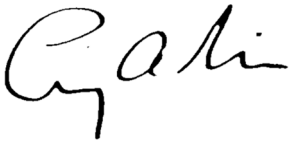
Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise UConn Health's basic financial statements. The consolidating financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, the consolidating financial statements are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

**Other Information**

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

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





John C. Geragosian
State Auditor

Craig A. Miner
State Auditor

December 5, 2025

State Capitol
Hartford, Connecticut

# Management's Discussion and Analysis

## INTRODUCTION

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

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

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

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

## OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

## FINANCIAL HIGHLIGHTS

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

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

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

## STATEMENTS OF NET POSITION

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

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

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

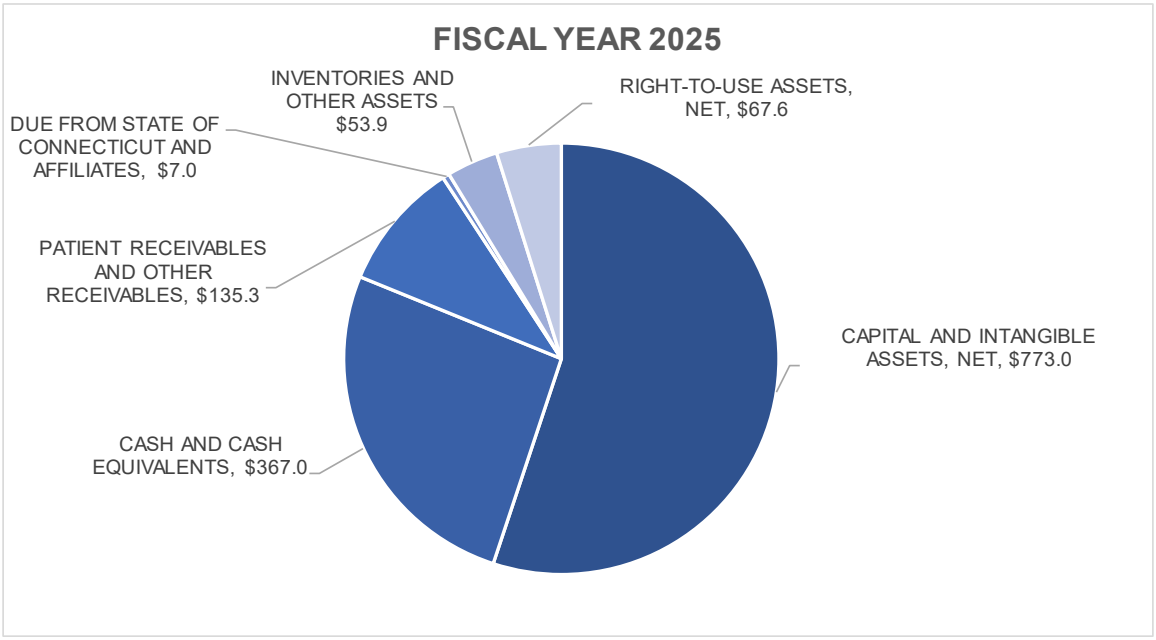
Total liabilities, including the deferred inflow of resources, decreased by $3,087.3 billion from 2024. The driver of that was the derecognition of pension and OPEB liabilities as the State assumed responsibility for retiree costs.

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

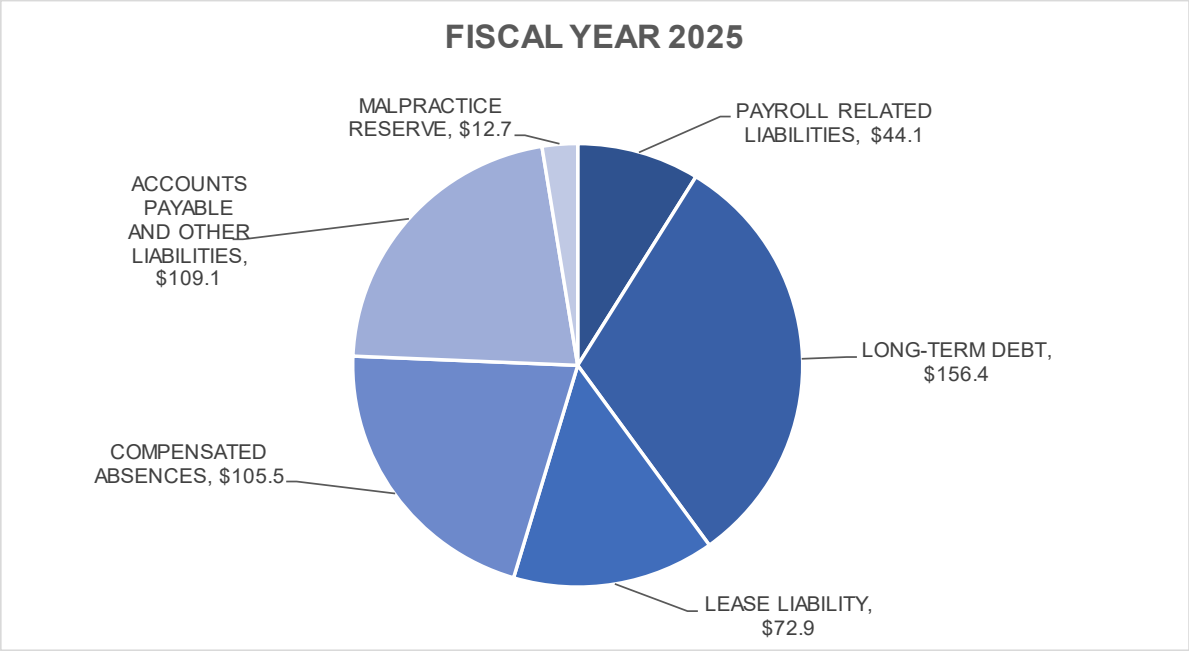
The following table shows a condensed schedule of net position as of June 30, 2025 and 2024:

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

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



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




## Net Position

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

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

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

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

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

## STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

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

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

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

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

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

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

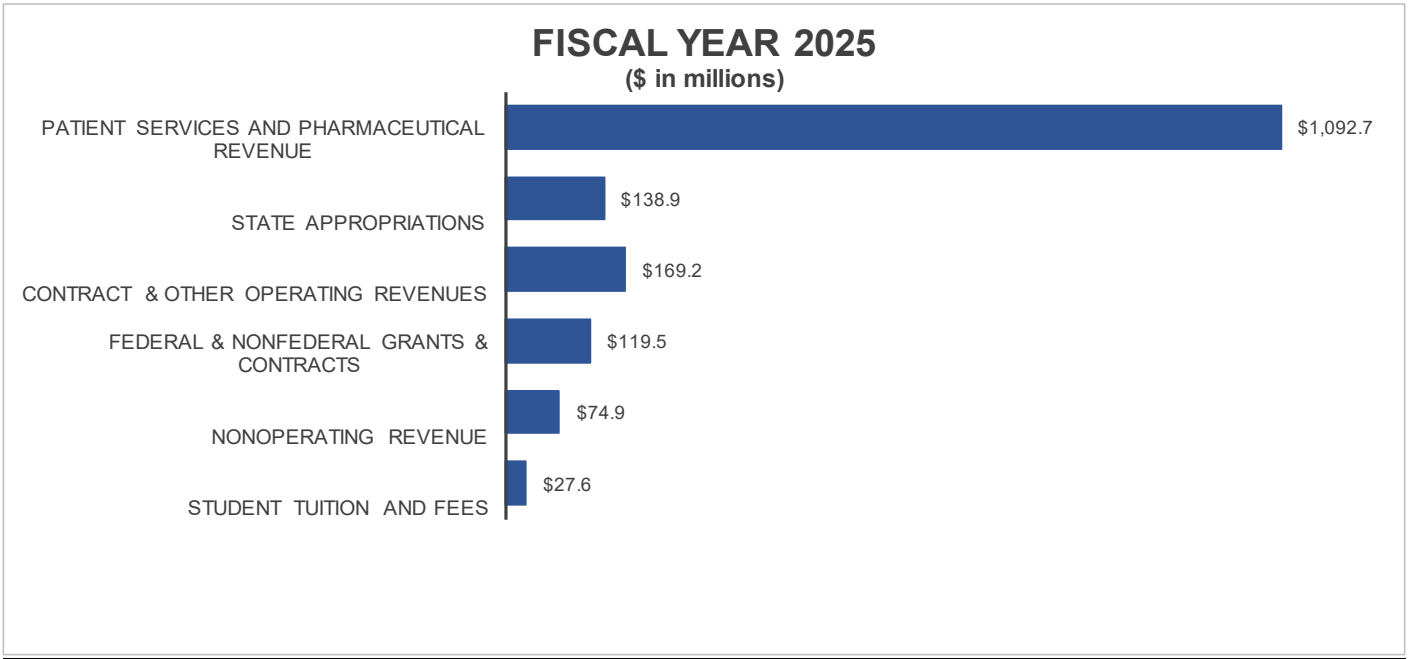
## Revenue

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

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

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

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

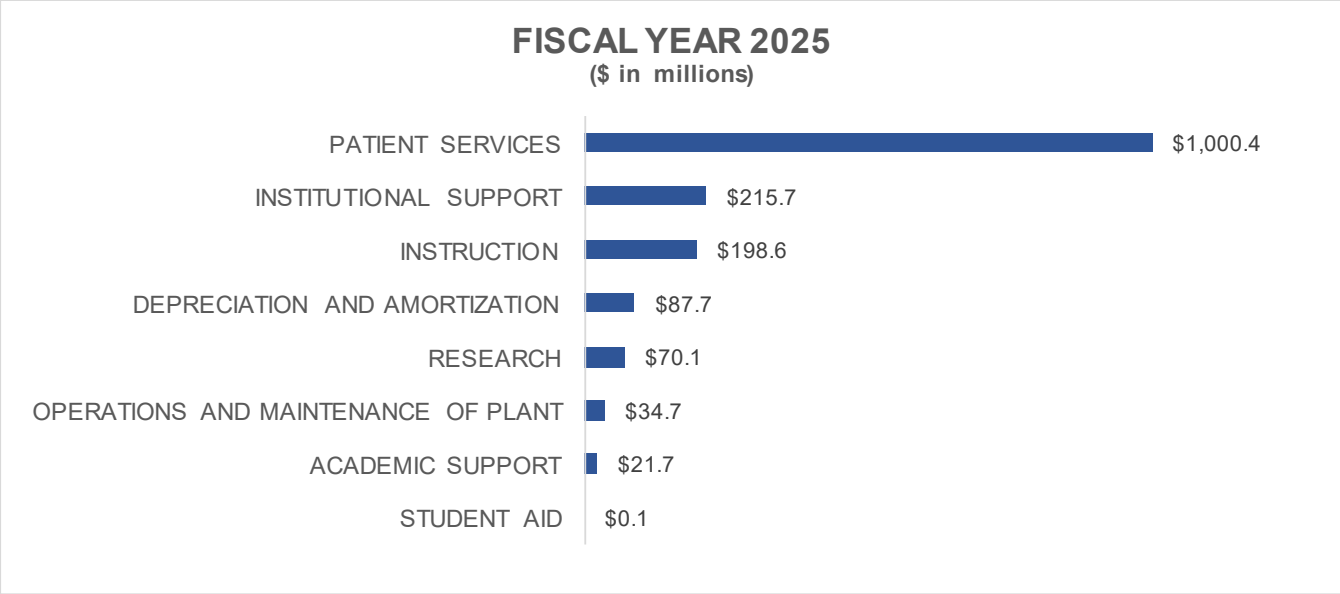



## Expenses

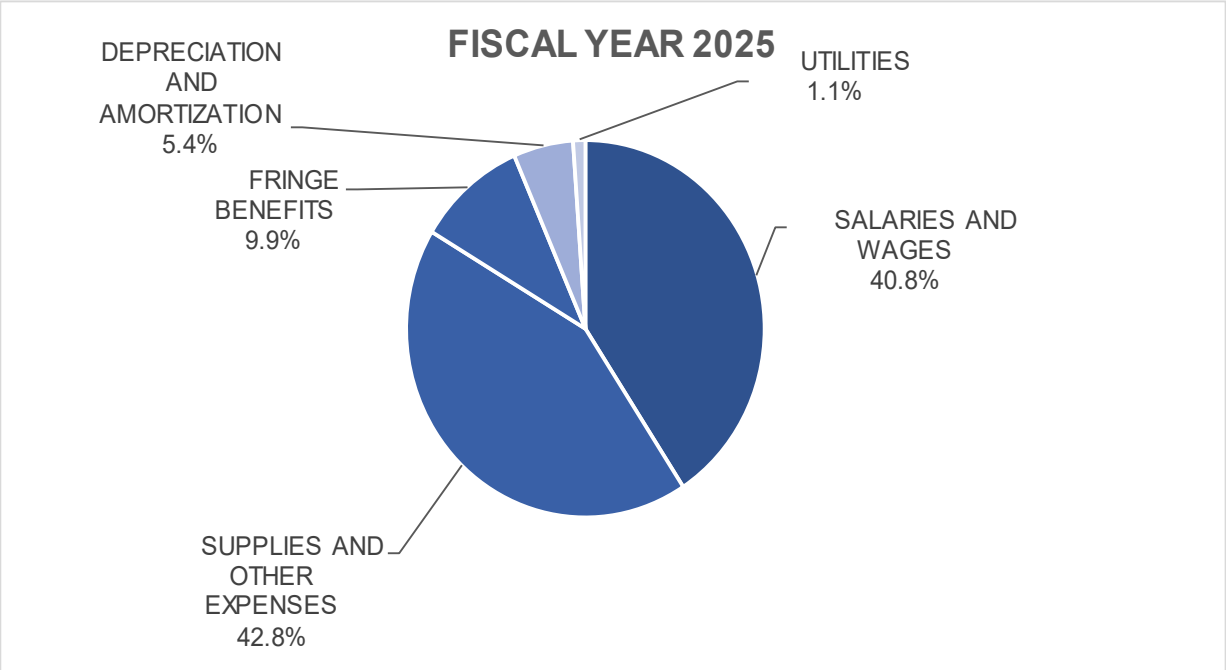
Highlights of expenses including operating and non-operating expenses presented on the statements of revenues, expenses and changes in net position are as follows:

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

The following graph shows the functional expenses of UConn Health:




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



## STATEMENTS OF CASH FLOWS

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

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

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

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

## CAPITAL AND INTANGIBLE ASSETS

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

| | 2025 | 2024 | $ Change | % Change |
|---|---|---|---|---|
| | | ($ in millions) | | |
| Land | $ 13.5 | $ 13.5 | $ - | 0.0% |
| Construction in progress | 24.2 | 38.8 | (14.6) | -37.6% |
| Fine art | 1.4 | 1.3 | - | -1.4% |
| Buildings and building improvements | 1,314.4 | 1,278.3 | 36.1 | 2.8% |
| Equipment | 292.0 | 290.8 | 1.2 | 0.4% |
| Computer software | 83.2 | 78.2 | 5.0 | 6.4% |
| Equipment - financed | 0.1 | 0.1 | - | 0.0% |
| Less accumulated depreciation | (955.8) | (905.7) | (50.1) | 5.5% |
| Capital assets, net | $ 773.0 | $ 795.3 | $ (22.4) | -2.8% |

| | 2025 | 2024 | $ Change | % Change |
|---|---|---|---|---|
| | | ($ in millions) | | |
| Right-to-use assets building | $ 60.5 | $ 58.3 | $ 2.2 | 3.8% |
| Right-to-use assets equipment | 36.9 | 33.9 | 3.0 | 8.8% |
| Right-to-use assets subscriptions | 39.8 | 35.4 | 4.4 | 12.4% |
| Less accumulated amortization | (69.6) | (57.2) | (12.4) | 21.7% |
| Right-to-use assets, net | $ 67.6 | $ 70.4 | $ (2.8) | -4.0% |

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

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

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

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

## DEBT ACTIVITIES

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

## FISCAL YEAR 2026 OUTLOOK

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

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

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

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

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

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

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

## CONTACTING UCONN HEALTH'S FINANCIAL MANAGEMENT

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

# FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**Schedule of Non-Cash Financing Transactions**

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

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

# NOTES TO FINANCIAL STATEMENTS

**UCONN HEALTH**
**Notes to Financial Statements**
**For the Years Ended June 30, 2025**

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Reporting Entity

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

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

### Basis of Presentation

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

### Proprietary Fund Accounting

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

### Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, deferred inflows and outflows of resources, and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Financial statement areas where management applies the use of significant estimates consist primarily of the allowances for uncollectible accounts, contractual allowances, malpractice reserves, right-to-use assets, lease liabilities, subscription liabilities, third-party reimbursement reserves and compensated absences.

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

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

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

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

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

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

Investment income also includes amounts received from endowments.

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

**Accounts Receivable and Net Patient Services and Pharmaceutical Revenues**

Net patient service revenues are reported at the estimated net realizable amounts from patients, third-party payers, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payers. Settlements are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

The amount of the allowance for uncollectible accounts is based upon management's assessment of historical and expected net collections, business and economic conditions, trends in Medicare and Medicaid healthcare coverage and other collection indicators.

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

**Contract and Other Receivables**

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

**Due from/to Affiliate**

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

**Due from/to State**

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

**Leases and SBITA**

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

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

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

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

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

**Inventories**

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

**Prepaid Expense**

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

**Deposits with Vendors**

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

**Capital and Intangible Assets**

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

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

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

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

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

**Impairment of Long-Lived Assets**

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

**Medical Malpractice**

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

**Compensated Absences**

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

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

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

**Third-Party Payors**

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

**Deferred Inflows of Resources**

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

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

**State Funding for Employee Retirement and OPEB Plans**

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

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

**Net Position**

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

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

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

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

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

**Revenues and Expenses**

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

UConn Health uses the criteria listed below:

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

**Scholarship Discounts and Allowances**

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

**University of Connecticut MOUs**

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

**Regulatory Matters**

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

**Home Office Allocation**

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

**Recently Adopted Accounting Pronouncements**

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

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

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

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

***CHANGE IN ACCOUNTING PRINCIPLE***

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

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

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

**Upcoming Accounting Pronouncement**

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

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

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

## 2. CASH DEPOSITS AND INVESTMENTS

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

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

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

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

**Short-Term Investment Fund (STIF)**

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

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

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

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

**Funds Held by Outside Fiscal Agents**

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

**Funds Held in Escrow**

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

## 3. HYPOTHECATION

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

| | 2025 | |
|---|---|---|
| | John Dempsey Hospital | UConn Medical Group |
| Amount drawn under hypothecation | $ - | $ - |
| Remaining amounts available under hypothecation | $ 69,108,572 | $ 14,486,095 |

## 4. GROSS PATIENT SERVICE, PHARMACEUTICAL AND IMAGING REVENUE

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

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

**Significant Concentrations**

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

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

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

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

## 5. LEASE RECEIVABLE

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

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

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

Future lease payments are summarized in the table below:

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

## 6. CHARITY CARE

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

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

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

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

## 7. ENDOWMENTS

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

## 8. RESIDENCY TRAINING PROGRAMS

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

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

## 9. CONTINGENCIES

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

## 10. CAPITAL AND INTANGIBLE ASSETS

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

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

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

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

| | 2024 | Additions | Deletions | 2025 |
|---|---|---|---|---|
| Capital assets not being depreciated | | | | |
| Land | $ 13,537,051 | $ - | $ - | $ 13,537,051 |
| Construction in progress | 38,816,708 | 35,741,601 | (50,310,301) | 24,248,008 |
| Fine art | 1,348,912 | 20,700 | - | 1,369,612 |
| Total capital assets not being depreciated | 53,702,671 | 35,762,301 | (50,310,301) | 39,154,671 |
| Depreciable capital assets | | | | |
| Buildings and building improvements | 1,278,283,815 | 37,684,638 | (1,579,700) | 1,314,388,753 |
| Equipment | 290,799,943 | 20,646,271 | (19,413,120) | 292,033,094 |
| Computer software | 78,209,223 | 5,816,094 | (805,634) | 83,219,683 |
| Equipment- financed | 71,009 | - | - | 71,009 |
| Total depreciable capital assets | 1,647,363,990 | 64,147,003 | (21,798,454) | 1,689,712,539 |
| Less accumulated depreciation: | | | | |
| Buildings and building improvements | 628,926,975 | 44,524,108 | (1,579,700) | 671,871,383 |
| Equipment | 224,993,940 | 18,505,705 | (18,889,132) | 224,610,513 |
| Computer software | 51,713,594 | 8,383,441 | (805,634) | 59,291,401 |
| Equipment - financed | 71,009 | - | - | 71,009 |
| Total accumulated depreciation | 905,705,518 | 71,413,254 | (21,274,466) | 955,844,306 |
| Depreciable capital assets, net | | | | |
| Buildings and building improvements | 649,356,840 | (6,839,470) | - | 642,517,370 |
| Equipment | 65,806,003 | 2,140,566 | (523,988) | 67,422,581 |
| Computer software | 26,495,629 | (2,567,347) | - | 23,928,282 |
| Equipment- financed | - | - | - | - |
| Total depreciable capital assets, net | 741,658,472 | (7,266,251) | (523,988) | 733,868,233 |
| Capital and intangible assets, net | $ 795,361,143 | $ 28,496,050 | $ (50,834,289) | $ 773,022,904 |

| | 2024 | Additions | Deletions | 2025 |
|---|---|---|---|---|
| Right-to-use assets | | | | |
| Right-to-use assets building | $ 58,334,464 | $ 2,153,499 | $ (87,456) | $ 60,400,507 |
| Right-to-use assets equipment | 33,888,580 | 3,512,491 | (463,498) | 36,937,573 |
| Right-to-use assets subscriptions | 35,410,808 | 7,695,019 | (3,272,343) | 39,833,484 |
| Total right-to-use assets | 127,633,852 | 13,361,009 | (3,823,297) | 137,171,564 |
| Right-to-use assets amortization | | | | |
| Right-to-use assets building | 12,737,442 | 5,191,819 | (87,456) | 17,841,805 |
| Right-to-use assets equipment | 14,407,491 | 5,215,162 | (463,498) | 19,159,155 |
| Right-to-use assets subscriptions | 30,038,721 | 5,839,755 | (3,272,343) | 32,606,133 |
| Total accumulated amortization | 57,183,654 | 16,246,736 | (3,823,297) | 69,607,093 |
| Right-to-use assets, net | | | | |
| Right-to-use building | 45,597,022 | (3,038,320) | - | 42,558,702 |
| Right-to-use equipment | 19,481,089 | (1,702,671) | - | 17,778,418 |
| Right-to-use subscriptions | 5,372,087 | 1,855,264 | - | 7,227,351 |
| Right-to-use assets, net | $ 70,450,198 | $ (2,885,727) | $ - | $ 67,564,471 |

## 11. LONG-TERM LIABILITIES, LEASES AND SUBSCRIPTIONS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**Medical Malpractice Insurance**

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

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

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

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

## 12. RETIREMENT PLAN AND OTHER POST EMPLOYMENT BENEFITS

**State Retirement Systems**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**Alternate Retirement Plan**

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

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

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

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

**Post-Employment Benefits other than Pension**

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

**General Information about the SEOPEBP**

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

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

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

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

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

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

## 13. BOND FINANCED ALLOTMENTS

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

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

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

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

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

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

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

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

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

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

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

## 14. COMMITMENTS

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

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

## 15. RELATED PARTY TRANSACTIONS

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

| | | 2025 |
|---|---|---|
| Amount expensed to University for Foundation services | $ | 1,500,000 |
| Amount received from Foundation for personnel services and operating expenses | $ | 3,830,514 |
| Amount received from Foundation from endowments and gifts | $ | 1,699,979 |

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

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

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

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

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

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

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

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

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

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

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

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

## 16. OPERATING EXPENSES BY NATURAL AND FUNCTIONAL CLASSIFICATION

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

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

## 17. SPECIAL ITEM – DERECOGNITION OF PENSION AND OPEB BALANCES

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

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

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

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

## 18. SUBSEQUENT EVENTS

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

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

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

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

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

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

# REQUIRED SUPPLEMENTARY INFORMATION

# UCONN HEALTH
## Required Supplementary Information
## State Employees' Retirement System (SERS)

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

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

| | *SERS* *($ in thousands)* | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Fiscal Year Ended June 30 | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
| Proportion of collective NPL | 0.00% | 4.18% | 4.07% | 5.59% | 5.01% | 4.45% | 3.62% * | 5.50% | 5.36% | 5.29% |
| Proportionate share of the collective NPL | $ - | $ 866,352 | $ 896,735 | $ 1,188,398 | $ 1,188,704 | $ 1,014,303 | $ 784,023 | $ 1,159,362 | $ 1,230,753 | $ 873,351 |
| UConn Health's covered payroll | $ - | $ 302,495 | $ 255,874 | $ 237,938 | $ 222,553 | $ 175,810 | $ 150,434 | $ 205,188 | $ 200,050 | $ 184,762 |
| Proportionate share of the collective NPL as a percentage of covered payroll | 0.00% | 286.40% | 350.46% | 499.46% | 534.12% | 576.93% | 521.17% | 565.02% | 615.22% | 472.69% |
| Plan fiduciary net position as a percentage of the total pension liability | 0.00% | 50.59% | 45.76% | 44.55% | 35.84% | 36.79% | 36.62% | 36.25% | 31.69% | 39.23% |

* SERS % decline due to discontinuation of CMHC and the transfer of staff to DOC.

**Schedule of UConn Health's Pension Contributions**

Based on contributions for the Fiscal Year Ended June 30,

| | *SERS* *($ in thousands)* | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| For the year ended June 30 | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
| Contractually required employer contribution | $ - | $ - | $ 136,225 | $ 115,854 | $ 99,867 | $ 80,994 | $ 70,177 | $ 52,170 | $ 84,860 | $ 80,493 |
| Actual UConn Health contribution | - | - | 136,225 | 115,854 | 99,867 | 80,994 | 70,177 | 52,170 | 84,860 | 80,493 |
| Contribution deficiency/(excess) | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| UConn Health's covered payroll | $ - | $ - | $ 302,495 | $ 255,874 | $ 237,938 | $ 222,553 | $ 175,810 | $ 150,434 | $ 205,188 | $ 200,050 |
| Actual UConn Health contributions as a percentage of covered payroll | 0.00% | 0.00% | 45.03% | 45.28% | 41.97% | 36.39% | 39.92% | 34.68% | 41.36% | 40.24% |

*See accompanying notes to required schedules.*

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

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

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

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

**Schedule of UConn Health's Pension Contributions**

Based on contributions for the Fiscal Year Ended June 30,

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

*See accompanying notes to required schedules.*

## State Employee Other Post-Employment Benefits (OPEB) Plan

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

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

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

**SCHEDULE OF UCONN HEALTH'S OPEB CONTRIBUTION**

Based on contribution for the Fiscal Year Ended June 30,

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

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

## Notes to Required Pension and OPEB Schedules:

SERS, TRS, and SEOPEBP

### Changes in Legislation

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

SERS

### Changes of Benefit Terms

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

### Changes in Assumptions

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

TRS

### Changes of Benefit Terms

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

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

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

**Notes to Required Pension and OPEB Schedules (continued):**

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

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

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

SEOPEBP

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

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

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

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

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

## OTHER SUPPLEMENTARY INFORMATION

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

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

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

| | 2025 | | | |
|---|---|---|---|---|
| | Primary Institution | John Dempsey Hospital | Eliminations | Total |
| LIABILITIES | | | | |
| Current Liabilities | | | | |
| Accounts payable and accrued liabilities | $ 46,513,302 | $ 27,455,340 | $ - | $ 73,968,642 |
| Due to State of Connecticut | 5,451,952 | 3,634,489 | - | 9,086,441 |
| Accrued salaries | 21,832,855 | 13,207,551 | - | 35,040,406 |
| Compensated absences - current portion (Note 11) | 38,065,328 | 27,944,944 | - | 66,010,272 |
| Due to John Dempsey Hospital | 25,665,204 | - | (25,665,204) | - |
| Due to third party payors | (4,296,621) | 25,627,108 | - | 21,330,487 |
| Due to Affiliates (Note 15) | 11,174,167 | - | - | 11,174,167 |
| Unearned revenue | 1,784,079 | 854,146 | - | 2,638,225 |
| Malpractice reserve (Note 11) | 3,184,000 | - | - | 3,184,000 |
| Right-to-use liabilities - current portion (Note 11) | 7,585,098 | 11,645,559 | (3,097,307) | 16,133,350 |
| Long-term debt - current portion (Note 11) | 7,336,126 | - | - | 7,336,126 |
| Total current liabilities | 164,295,490 | 110,369,137 | (28,762,511) | 245,902,116 |
| Noncurrent Liabilities | | | | |
| Malpractice reserve (Note 11) | 9,561,000 | - | - | 9,561,000 |
| Compensated absences - net of current portion (Note 11) | 22,761,340 | 16,709,808 | - | 39,471,148 |
| Right-to-use liabilities - net of current portion (Note 11) | 39,432,448 | 79,077,080 | (61,775,743) | 56,733,785 |
| Long-term debt - net of current portion (Note 11) | 149,089,039 | - | - | 149,089,039 |
| Total noncurrent liabilities | 220,843,827 | 95,786,888 | (61,775,743) | 254,854,972 |
| Total liabilities | $ 385,139,317 | $ 206,156,025 | $ (90,538,254) | $ 500,757,088 |
| Deferred inflows of resources right-to-use assets | $ 345,482 | $ 13,642,671 | $ - | $ 13,988,153 |
| NET POSITION | | | | |
| Net investment in capital assets | $ 318,791,217 | $ 286,456,485 | $ 6,047,373 | $ 611,295,075 |
| Restricted for | | | | |
| Nonexpendable | | | | |
| Scholarships | 61,451 | - | - | 61,451 |
| Expendable | | | | |
| Research | 2,519,137 | - | - | 2,519,137 |
| Loans | 467,084 | - | - | 467,084 |
| Capital projects | 38,564,154 | - | - | 38,564,154 |
| Unrestricted | 91,326,457 | 144,130,870 | - | 235,457,327 |
| Minority interest - Uconn Health Imaging, LLC | 686,222 | - | - | 686,222 |
| Total net position | $ 452,415,721 | $ 430,587,355 | $ 6,047,373 | $ 889,050,449 |

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

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

# STATISTICAL SECTION

**SCHEDULE OF REVENUES BY SOURCE**

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

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

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

**SCHEDULE OF EXPENSES BY FUNCTION**

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

| | For the Year Ended June 30, (percent of total expenses) | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | **2025** | **2024** | **2023** | **2022** | **2021** | **2020** | **2019** | **2018** | **2017** | **2016** |
| **Expenses:** | | | | | | | | | | |
| Instruction | 12.1% | 12.0% | 10.4% | 11.7% | 12.0% | 13.2% | 13.8% | 14.8% | 14.8% | 15.8% |
| Research | 4.3% | 4.3% | 3.7% | 5.1% | 3.9% | 4.3% | 4.6% | 4.6% | 5.2% | 5.5% |
| Patient services | 61.0% | 63.2% | 66.0% | 64.5% | 64.5% | 65.7% | 58.3% | 61.5% | 62.4% | 60.9% |
| Academic support | 1.3% | 1.3% | 1.0% | 1.5% | 1.7% | 1.6% | 1.3% | 1.6% | 1.7% | 1.7% |
| Institutional support | 13.1% | 11.5% | 10.5% | 9.4% | 10.6% | 6.9% | 11.2% | 9.2% | 7.2% | 7.6% |
| Operations and maintenance of plant | 2.2% | 1.8% | 1.3% | 1.8% | 1.8% | 1.9% | 3.3% | 3.1% | 3.3% | 3.6% |
| Depreciation and amortization | 5.3% | 5.2% | 6.3% | 5.4% | 4.9% | 5.7% | 6.5% | 4.4% | 4.5% | 3.9% |
| Student aid | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Total operating expenses | 99.3% | 99.3% | 99.2% | 99.4% | 99.4% | 99.3% | 99.0% | 99.2% | 99.1% | 99.0% |
| Transfer to State and outside programs | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.2% | 0.0% | 0.0% | 0.0% |
| Interest expense | 0.7% | 0.7% | 0.8% | 0.6% | 0.6% | 0.7% | 0.8% | 0.8% | 0.9% | 1.0% |
| Total nonoperating expenses | 0.7% | 0.7% | 0.8% | 0.6% | 0.6% | 0.7% | 1.0% | 0.8% | 0.9% | 1.0% |
| **Total Expenses** | **100%** | **100%** | **100%** | **100%** | **100.0%** | **100%** | **100%** | **100%** | **100%** | **100%** |

**SCHEDULE OF EXPENSES BY NATURAL CLASSIFICATION**

| | For the Year Ended June 30, (amounts in thousands) | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | **2025** | **2024** | **2023** | **2022** | **2021** | **2020** | **2019** | **2018** | **2017** | **2016** |
| **Expenses:** | | | | | | | | | | |
| Salaries and wages | $ 664,471 | $ 605,094 | $ 550,183 | $ 504,575 | $ 465,759 | $ 443,132 | $ 418,558 | $ 438,122 | $ 444,948 | $ 452,363 |
| Fringe benefits | 161,054 | 385,289 | 146,527 | 412,259 | 509,160 | 396,019 | 254,030 | 369,185 | 331,533 | 264,911 |
| Supplies and other expenses | 697,900 | 600,118 | 568,593 | 483,364 | 428,553 | 353,870 | 368,279 | 333,986 | 291,166 | 282,218 |
| Utilities | 17,802 | 13,203 | 13,843 | 14,121 | 8,194 | 14,020 | 12,887 | 12,429 | 13,133 | 12,617 |
| Depreciation and amortization | 87,660 | 89,388 | 86,362 | 81,543 | 72,487 | 72,893 | 72,575 | 52,637 | 52,046 | 41,469 |
| Total operating expenses | 1,628,887 | 1,693,092 | 1,365,508 | 1,495,862 | 1,484,153 | 1,279,934 | 1,126,329 | 1,206,359 | 1,132,826 | 1,053,578 |
| Transfer to State and outside programs | - | - | - | - | - | - | 1,991 | - | - | - |
| Interest on capital asset - related debt | 11,531 | 11,285 | 10,586 | 9,547 | 9,424 | 9,354 | 9,619 | 9,909 | 10,214 | 10,487 |
| Total nonoperating expenses | 11,531 | 11,285 | 10,586 | 9,547 | 9,424 | 9,354 | 11,610 | 9,909 | 10,214 | 10,487 |
| **Total Expenses** | **$ 1,640,418** | **$ 1,704,377** | **$ 1,376,094** | **$ 1,505,409** | **$ 1,493,577** | **$ 1,289,288** | **$ 1,137,939** | **$ 1,216,268** | **$1,143,040** | **$1,064,065** |

| | For the Year Ended June 30, (percent of total expenses) | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | **2025** | **2024** | **2023** | **2022** | **2021** | **2020** | **2019** | **2018** | **2017** | **2016** |
| **Expenses:** | | | | | | | | | | |
| Salaries and wages | 40.5% | 35.5% | 40.0% | 33.5% | 31.2% | 34.4% | 36.8% | 36.0% | 38.9% | 42.5% |
| Fringe benefits | 9.8% | 22.6% | 10.6% | 27.4% | 34.1% | 30.7% | 22.3% | 30.4% | 29.0% | 24.9% |
| Supplies and other expenses | 42.5% | 35.2% | 41.3% | 32.1% | 28.7% | 27.4% | 32.4% | 27.5% | 25.5% | 26.5% |
| Utilities | 1.1% | 0.8% | 1.0% | 0.9% | 0.5% | 1.1% | 1.1% | 1.0% | 1.1% | 1.2% |
| Depreciation and amortization | 5.4% | 5.2% | 6.3% | 5.5% | 4.9% | 5.7% | 6.4% | 4.3% | 4.6% | 3.9% |
| Total operating expenses | 99.3% | 99.3% | 99.2% | 99.4% | 99.4% | 99.3% | 99.0% | 99.2% | 99.1% | 99.0% |
| Transfer to State and outside programs | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.2% | 0.0% | 0.0% | 0.0% |
| Interest on capital asset - related debt | 0.7% | 0.7% | 0.8% | 0.6% | 0.6% | 0.7% | 0.8% | 0.8% | 0.9% | 1.0% |
| Total nonoperating expenses | 0.7% | 0.7% | 0.8% | 0.6% | 0.6% | 0.7% | 1.0% | 0.8% | 0.9% | 1.0% |
| **Total Expenses** | **100%** | **100%** | **100%** | **100%** | **100%** | **100%** | **100%** | **100%** | **100%** | **100%** |

**SCHEDULE OF NET POSITION AND CHANGES IN NET POSITION**

| | For the Year Ended June 30, (amounts in thousands) | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | **2025** | **2024** | **2023** | **2022** | **2021** | **2020** | **2019** | **2018** | **2017** | **2016** |
| Total revenues (from schedule of revenues by source) | $ 1,622,730 | $ 1,485,721 | $ 1,586,916 | $ 1,507,603 | $ 1,251,112 | $ 1,110,484 | $ 1,061,483 | $ 1,092,456 | $1,041,111 | $1,039,559 |
| Total expenses (from schedule of expenses by natural classification and function) | 1,640,418 | 1,704,377 | 1,376,094 | 1,505,409 | 1,493,577 | 1,289,288 | 1,137,939 | 1,216,268 | 1,143,040 | 1,064,065 |
| Income (Loss) before other changes in net position | (17,688) | (218,656) | 210,822 | 2,194 | (242,465) | (178,804) | (76,456) | (123,812) | (101,929) | (24,506) |
| Transfer from affiliate | - | - | - | 228 | 2,000 | - | - | - | - | - |
| Capital appropriations | 13,000 | 21,000 | 40,000 | 13,000 | 680 | - | 13,000 | 88,806 | 43,479 | 175,000 |
| Derecognition of pension and OPEB balances | 2,407,220 | - | - | - | - | - | - | - | - | - |
| Contributions - minority interest UConn Health Imaging, LLC | 175 | 667 | - | - | - | - | - | - | - | - |
| Loss on disposal | (524) | (225) | (85) | (779) | (196) | (332) | (1,898) | (3,092) | (989) | (695) |
| Net other changes in net position | 2,419,871 | 21,442 | 39,915 | 12,449 | 2,484 | (332) | 11,102 | 85,714 | 42,490 | 174,305 |
| Total changes in net position | 2,402,183 | (197,214) | 250,737 | 14,643 | (239,981) | (179,136) | (65,354) | (38,098) | (59,439) | 149,799 |
| Net position-beginning of year (as previously stated) | (1,472,855) | (1,275,641) | (1,525,946) | (1,539,857) | (1,299,314) | (1,120,178) | (1,014,953) | 126,332 | 185,771 | 35,972 |
| Cumulative effect of implementing GASB 75 | - | - | - | - | - | - | - | (1,103,187) | - | - |
| Cumulative effect of implementing GASB 87 and 96 | - | - | (432) | (732) | (563) | - | - | - | - | - |
| Cumulative effect of implementing GASB 101 | (40,278) | - | - | - | - | - | - | - | - | - |
| Cumulative effect of accounting changes and error corrections | - | - | - | - | - | - | (39,871) | - | - | - |
| Net position-beginning of year as restated | (1,513,133) | (1,275,641) | (1,526,378) | (1,540,589) | (1,299,877) | (1,120,178) | (1,054,824) | (976,855) | 185,771 | 35,972 |
| **Net position, ending** | **$ 889,050** | **$ (1,472,855)** | **$ (1,275,641)** | **$ (1,525,946)** | **$ (1,539,858)** | **$ (1,299,314)** | **$ (1,120,178)** | **$(1,014,953)** | **$ 126,332** | **$ 185,771** |
| Net investment in capital assets | $ 611,295 | $ 620,098 | $ 620,796 | $ 646,777 | $ 690,037 | $ 731,730 | $ 784,280 | $ 867,913 | $ 823,325 | $ 734,480 |
| Restricted for | | | | | | | | | | |
| Nonexpendable | | | | | | | | | | |
| Scholarships | 61 | 61 | 61 | 61 | 61 | 61 | 61 | 61 | 61 | 61 |
| Expendable | | | | | | | | | | |
| Research | 2,519 | 2,090 | 224 | 1,093 | 1,107 | 1,792 | 1,588 | (127) | (8) | (876) |
| Loans | 467 | 391 | 333 | 283 | 244 | 283 | 589 | 523 | 31 | 953 |
| Capital projects | 38,564 | 14,026 | 54,484 | 26,185 | 3,444 | 4,363 | 7,881 | 37,660 | 37,061 | 117,466 |
| Unrestricted | 235,458 | (2,110,033) | (1,951,539) | (2,200,345) | (2,234,751) | (2,037,543) | (1,914,577) | (1,920,983) | (734,138) | (666,313) |
| Minority interest - UConn Health Imaging, LLC | 686 | 512 | - | - | - | - | - | - | - | - |
| **Total net position** | **$ 889,050** | **$ (1,472,855)** | **$ (1,275,641)** | **$ (1,525,946)** | **$ (1,539,858)** | **$ (1,299,314)** | **$ (1,120,178)** | **$(1,014,953)** | **$ 126,332** | **$ 185,771** |

**SCHEDULE OF LONG-TERM DEBT**

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

**FACULTY AND STAFF**

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

The FTE information prior to 2019 includes CMHC

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

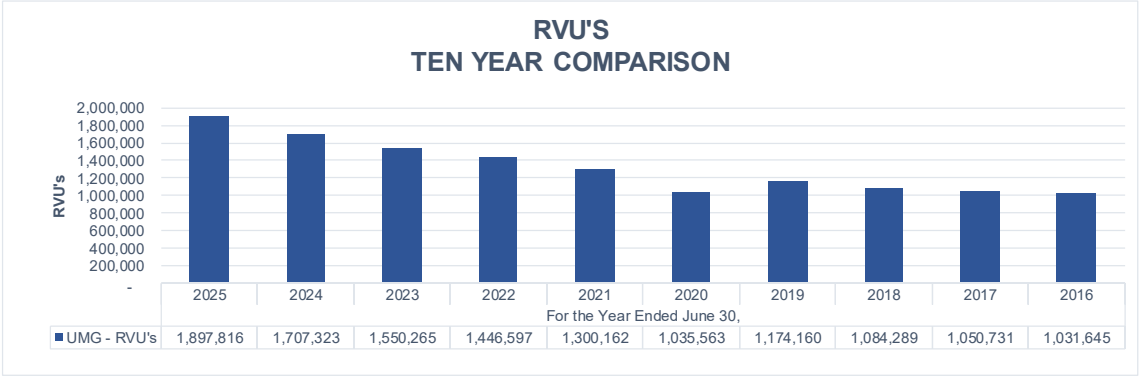
| | For the Fiscal Year Ended June 30, | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
| Academic | | | | | | | | | | |
| Net assignable square feet (in thousands) | 84 | 84 | 84 | 84 | 84 | 84 | 84 | 82 | 82 | 74 |
| Number of buildings/major areas of Main Building* | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 1 |
| Research buildings | | | | | | | | | | |
| Net assignable square feet (in thousands) | 478 | 478 | 478 | 478 | 478 | 478 | 478 | 456 | 456 | 456 |
| Number of buildings/major areas of Main Building* | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 6 | 6 | 6 |
| Patient care buildings | | | | | | | | | | |
| Net assignable square feet (in thousands) | 873 | 873 | 873 | 873 | 873 | 868 | 868 | 885 | 885 | 885 |
| Number of buildings/major areas of Main Building* | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 |
| Administrative and support buildings | | | | | | | | | | |
| Net assignable square feet (in thousands) | 985 | 985 | 985 | 985 | 985 | 985 | 985 | 865 | 865 | 873 |
| Number of buildings/major areas of Main Building* | 11 | 11 | 11 | 11 | 11 | 11 | 11 | 11 | 11 | 12 |
| Total net assignable square feet (in thousands) | 2420 | 2420 | 2420 | 2420 | 2420 | 2415 | 2415 | 2288 | 2288 | 2288 |
| Number of buildings/major areas of Main Building* | 26 | 26 | 26 | 26 | 26 | 26 | 26 | 25 | 25 | 25 |

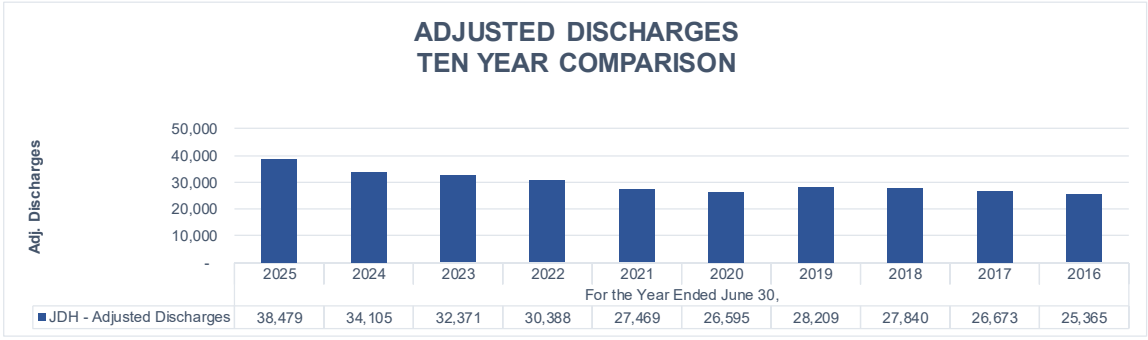
*The Main Building at UConn Health has commonly been understood and tracked by major areas assigned separate names and alphanumeric identifiers. These areas are counted
Many buildings have more than one usage. For the purposes of this schedule, the buildings (or areas of the Main Building) are categorized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

**RVU'S AND DISCHARGES**

| | For the Year Ended June 30, | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
| UMG - RVU's | 1,897,816 | 1,707,323 | 1,550,265 | 1,446,597 | 1,300,162 | 1,035,563 | 1,174,160 | 1,084,289 | 1,050,731 | 1,031,645 |

| | For the Year Ended June 30, | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
| JDH - Adjusted Discharges | 38,479 | 34,105 | 32,371 | 30,388 | 27,469 | 26,595 | 28,209 | 27,840 | 26,673 | 25,365 |



**DEMOGRAPHIC AND ECONOMIC STATISTICS**
State of Connecticut
Last Ten Fiscal Years

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

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

**TOP TEN NONGOVERNMENTAL EMPLOYERS**
**State of Connecticut**
**Current Year and Ten Years Ago**

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

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

*Source: Hartford Business Journal*

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

*(2) Data from 2023 survey.*

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

*(4) Data from Q1 2024.*

*(5) Figure from Fall 2015.*

*(6) Approximate figure as of March 2016.*

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

*(8) Employee numbers are approximate.*

UCONN
HEALTH

# ATTACHMENT 3.1

# ATTACHMENT 3.1

University of Connecticut Board of Trustees
University of Connecticut Health Center Board of Directors

**Joint Audit & Compliance Committee**
**December 11, 2025**

Status of Audit Assignments
As of November 30, 2025

| Audit Project | Campus | Current Status | Anticipated JACC Meeting | | | |
|---|---|---|---|---|---|---|
| | | | Dec 2025 | Mar 2026 | Jun 2026 | Sep 2026 |
| Artificial Intelligence Governance | UH | Report | ▬ | | | |
| Faculty Workloads | UC | Report | ▬ | | | |
| Special Payroll - UConn Health | UH | Report | ▬ | | | |
| Time and Effort Reporting - UConn Health | UH | Report | ▬ | | | |
| Athletics IT General Controls | UC | Fieldwork | | ▬ | | |
| Faculty Consulting FY25 | UC/UH | Fieldwork | | ▬ | | |
| Fleet Vehicles | UC | Fieldwork | | ▬ | | |
| Student Health and Wellness - Mental Health | UC | Fieldwork | | ▬ | | |
| University of Connecticut Foundation FY25 | UC/UH | Fieldwork | | ▬ | | |
| Client Revenue Contracts | UH | Planning | | ▬ | | |
| Graduate Medical Education | UH | Planning | | ▬ | | |
| axiUm Application Controls | UH | Planning | | | ▬ | |
| Wound Care and Hyperbaric Medicine | UH | Planning | | | ▬ | |

| Special Projects/Consulting | Campus | Current Status | |
|---|---|---|---|
| | | In Progress | Project Final |
| Facilities Operations – Contract Review | UC | ▬ | |

# ATTACHMENT 3.2

# ATTACHMENT 3.2

# University of Connecticut & UConn Health
# Joint Audit & Compliance Committee Meeting
# December 11, 2025

## Status of Audit Observations
## Aging of Overdue Management Actions by Functional Area Based on Original Due Date
## As of November 30, 2025

| Functional Area | Not Due | | | 0-3 Mos | | | 3-6 Mos | | | 6-12 Mos | | | 1-2 Yrs | | | 2-3 Yrs | | | > 3 Yrs | | | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | L | M | H | L | M | H | L | M | H | L | M | H | L | M | H | L | M | H | L | M | H | |
| UConn: | | | | | | | | | | | | | | | | | | | | | | |
| UC Athletics | 1 | | | | | | | 5 | | | | | | | | | | | | | | 6 |
| UC College of Liberal Arts and Sciences | | | | | | | | | | | | | | | | | | 2 | | | | 2 |
| UC Controller | | | | | | | | 1 | | 2 | 2 | 1 | | | | | | | | | 1 | 7 |
| UC Facilities Operations | | | | | | | | | | | | | | | | | | | | 5 | | 5 |
| UC Foundation Administration | | | | | | | 1 | | | | | | | | | | | | | | | 1 |
| UC Human Resources | | 3 | | | | | | | | | | | | | | | | | | 2 | | 5 |
| UC Information Technology Services | | | | | | | | | | | 2 | 12 | | 3 | 6 | | 2 | | | | | 25 |
| UC Office of Global Affairs | | | | | | | | | | | | | | | | | 1 | | | | | 1 |
| UC Office of the Provost | | | | 1 | 1 | | 2 | 3 | | | 1 | | | | | | | | | | | 8 |
| UC OVPR | 1 | 2 | | | | | | | | | | | | | | | | | | | | 3 |
| UC Procurement | 1 | 3 | | 1 | | | 1 | | | | | | | | | | | | | | | 6 |
| UC Research Compliance Services | | | | | | | | | | | | | | | | | | | 2 | | | 2 |
| UC Sponsored Program Services | | 3 | | | | | | | | | | | | | | | | | | | | 3 |
| UConn Total | 3 | 11 | | 2 | 1 | | 4 | 9 | | 2 | 5 | 13 | | 3 | 6 | | 3 | 2 | 2 | 7 | 1 | 74 |
| | | | | | | | | | | | | | | | | | | | | | | |
| UConn Health: | | | | | | | | | | | | | | | | | | | | | | |
| UCH Ambulatory Care | | | | | 1 | | | | | | 1 | | | | | | | | | | | 2 |
| UCH CEO and EVP for Health Affairs | | | | | | | | | | | | | | | | | | | | 2 | | 2 |
| UCH CFO | | 1 | | | 1 | | 1 | 2 | 1 | | | | | | | | | | | | | 6 |
| UCH Human Resources | | | | | | | | | | | | | | | | | | | 2 | | | 2 |
| UCH Information Technology Services | | 4 | 4 | | | | | | | | | | | 2 | 2 | | 2 | 2 | | 2 | 3 | 21 |
| UCH JDH Administration | | 5 | | | 8 | 3 | | 1 | 1 | | 2 | | 1 | 3 | | | 2 | | | 1 | | 27 |
| UCH JDH and UMG Revenue Cycle Management | | | | | | | | | | 1 | 1 | | | 6 | | | | | | | | 8 |
| UCH Procurement | | 1 | | | | | 1 | | | | | | | | | | | | | | | 2 |
| UCH School of Dental Medicine | | | | | | | | | | | | | | | | | | | | 2 | | 2 |
| UCH School of Medicine | | | | | | | | | | | | | | | | | | | 2 | | | 2 |
| UConn Health Total | | 11 | 4 | | 10 | 3 | 2 | 3 | 2 | 1 | 4 | | 1 | 11 | 2 | | 4 | 2 | 4 | 7 | 3 | 74 |
| | | | | | | | | | | | | | | | | | | | | | | |
| UConn & UConn Health Total | 3 | 22 | 4 | 2 | 11 | 3 | 6 | 12 | 2 | 3 | 9 | 13 | 1 | 14 | 8 | | 7 | 4 | 6 | 14 | 4 | 148 |

**Note: The net number of management open actions decreased by 7 from 155 to 148 from the prior reported quarter.**

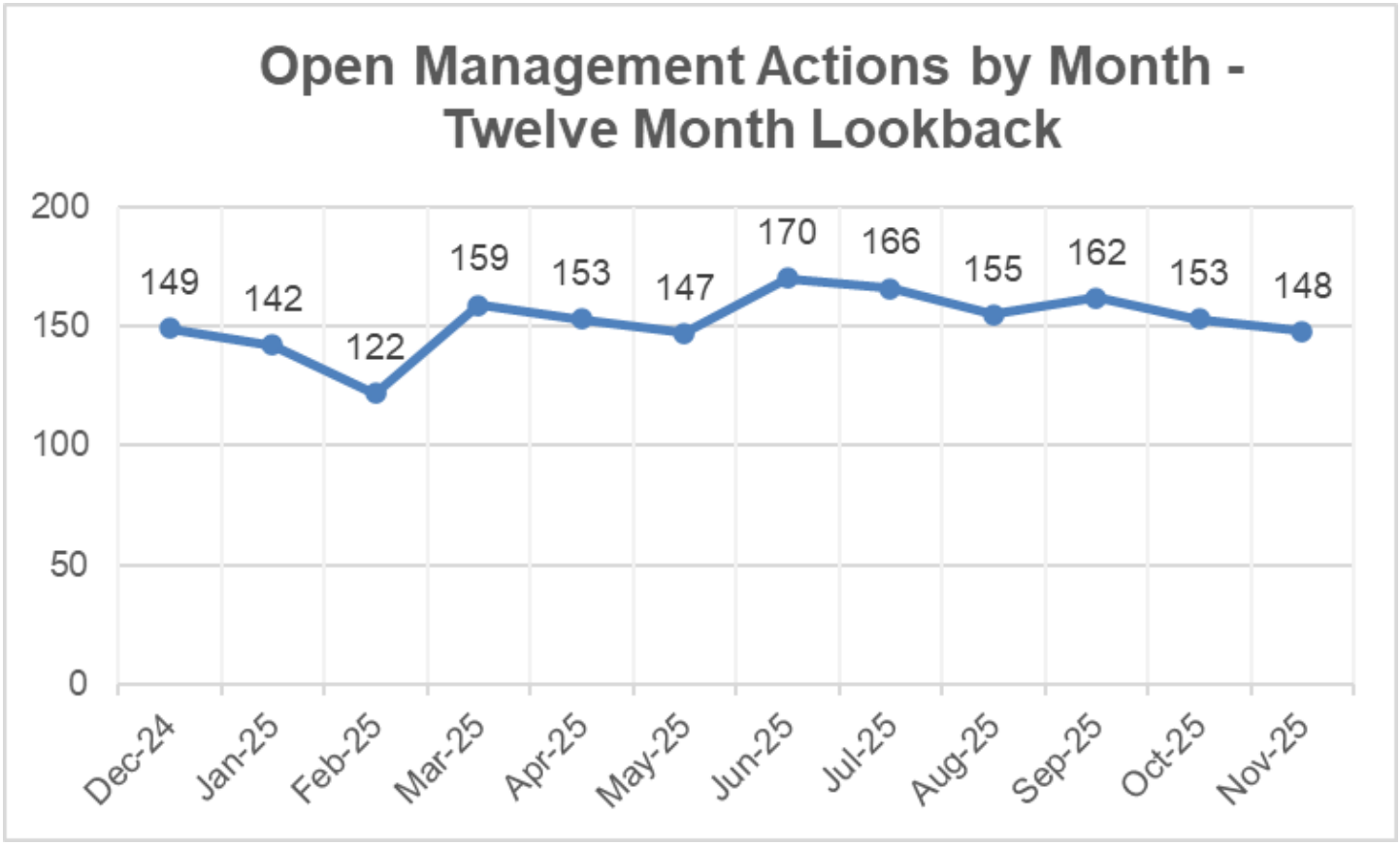
# University of Connecticut & UConn Health
# Joint Audit & Compliance Committee Meeting
# December 11, 2025

## Status of Audit Observations
## Aging of Overdue Management Actions by Finding Category Based on Original Due Date
## As of November 30, 2025

| Finding Category | Not Due | | | 0-3 Mos | | | 3-6 Mos | | | 6-12 Mos | | | 1-2 Yrs | | | 2-3 Yrs | | | > 3 Yrs | | | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | L | M | H | L | M | H | L | M | H | L | M | H | L | M | H | L | M | H | L | M | H | |
| UConn: | | | | | | | | | | | | | | | | | | | | | | |
| Business Process Improvement | 1 | 5 | | 1 | | | 2 | 5 | | 1 | | 1 | | | | | | | | 1 | | 17 |
| Documentation | | | | | | | 1 | | | 1 | | | | 1 | | | | | | | | 3 |
| Management Oversight | 2 | 4 | | | | | | | | | 1 | | | | | | | | | | | 7 |
| Policy | | 2 | | | | | | 2 | | | 1 | | | | | | 1 | | 1 | 1 | | 8 |
| Regulatory Compliance | | | | | | | | 1 | | | | | | | | | | | 1 | | 1 | 3 |
| Security | | | | | | | | | | | 1 | 12 | | 1 | 5 | | 1 | 2 | | 5 | | 27 |
| Segregation of Duties | | | | | | | | 1 | | | | | | 1 | | | | | | | | 2 |
| Technology | | | | | 1 | | 1 | | | | 2 | | | | | | | | | | | 4 |
| Training | | | | 1 | | | | | | | | | | | | | 1 | | | | | 2 |
| Use of Resources | | | | | | | | | | | | | | | 1 | | | | | | | 1 |
| UConn Total | 3 | 11 | | 2 | 1 | | 4 | 9 | | 2 | 5 | 13 | | 3 | 6 | | 3 | 2 | 2 | 7 | 1 | 74 |
| | | | | | | | | | | | | | | | | | | | | | | |
| UConn Health: | | | | | | | | | | | | | | | | | | | | | | |
| Business Process Improvement | | 2 | | | 1 | | 2 | 1 | 1 | 1 | | | | | | | | | 2 | 1 | | 11 |
| Documentation | | 1 | | | | | | 1 | | | | | | 2 | | | 1 | | 1 | | | 6 |
| Management Oversight | | | | | | | | | | | 1 | | | 4 | | | | | | 1 | | 6 |
| Monitoring | | | | | | | | | | | | | | 3 | 1 | | 1 | | | 2 | | 7 |
| Physical Security of Assets | | | | | | | | | 1 | | | | | | | | | | | | | 1 |
| Policy | | | | | | | | | | | | | | 1 | | | | | 1 | | | 2 |
| Regulatory Compliance | | 1 | | | 7 | | | | | | 3 | | | 1 | | | 1 | | | | | 13 |
| Security | | 4 | 4 | | 2 | 2 | | 1 | | | | | | | 1 | | | 2 | | 1 | 2 | 19 |
| Technology | | 3 | | | | 1 | | | | | | | | | | | 1 | | | | 1 | 6 |
| Training | | | | | | | | | | | | | 1 | | | | | | | | | 1 |
| Use of Resources | | | | | | | | | | | | | | | | | | | | 2 | | 2 |
| UConn Health Total | | 11 | 4 | | 10 | 3 | 2 | 3 | 2 | 1 | 4 | | 1 | 11 | 2 | | 4 | 2 | 4 | 7 | 3 | 74 |
| | | | | | | | | | | | | | | | | | | | | | | |
| UConn & UConn Health Total | 3 | 22 | 4 | 2 | 11 | 3 | 6 | 12 | 2 | 3 | 9 | 13 | 1 | 14 | 8 | | 7 | 4 | 6 | 14 | 4 | 148 |

University of Connecticut & UConn Health
Joint Audit & Compliance Committee Meeting
December 11, 2025

Status of Audit Observations
Trend Analysis of Monthly Balances of Open Management Actions
As of November 30, 2025




**Analysis:**

**The effective collaboration between UConn and UConn Health and AMAS reflects a continued commitment to resolving outstanding open actions, as depicted in the downward trend in the above line graph minus the upticks for new required management actions.**

# University of Connecticut & UConn Health
# Joint Audit & Compliance Committee Meeting
# December 11, 2025

## Status of Audit Observations
## Management Actions Closed by Functional Areas and Risk Level
## For the Period September 1, 2025 to November 30, 2025

| Functional Area | Implemented | | | No Longer Applicable | | | Total |
|---|---|---|---|---|---|---|---|
| | L | M | H | L | M | H | |
| UConn: | | | | | | | |
| UC Athletics | | | | | 1 | | 1 |
| UC Controller | | 5 | | | | | 5 |
| UC Facilities Operations | | 1 | | | | | 1 |
| UC Human Resources | 1 | | | | 1 | | 2 |
| UC Procurement | | 3 | | | | | 3 |
| UC Sponsored Program Services | | 2 | | | | | 2 |
| UConn Total | 1 | 11 | | | 2 | | 14 |
| | | | | | | | |
| UConn Health: | | | | | | | |
| UCH CFO | | 1 | | | | | 1 |
| UCH Information Technology Services | | | 2 | | | | 2 |
| UCH JDH Administration | 2 | 2 | | | | | 4 |
| UCH JDH and UMG Revenue Cycle Management | | 2 | | | | | 2 |
| UConn Health Total | 2 | 5 | 2 | | | | 9 |
| | | | | | | | |
| UConn & UConn Health Total | 3 | 16 | 2 | | 2 | | 23 |

# University of Connecticut & UConn Health
# Joint Audit & Compliance Committee Meeting
# December 11, 2025

## Status of Audit Observations
## Risk Level Descriptions

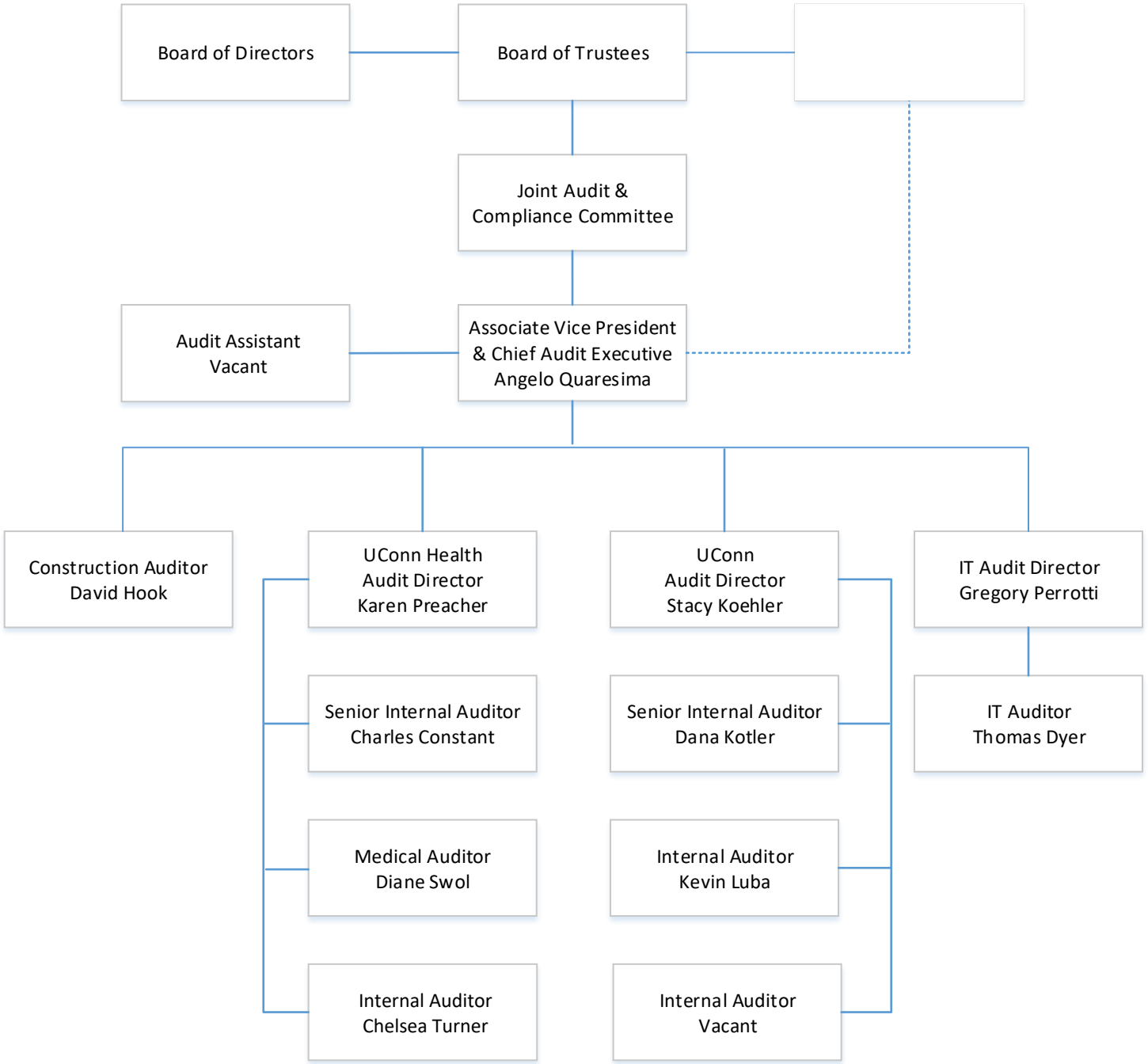
**The description of the risk levels identified in this report is based on the following methodology. Observations are ranked based on an analysis of the likelihood and impact of a control or process failure. Considerable professional judgment is used to determine the risk ratings. Accordingly, others could evaluate the results differently and draw different conclusions. The risk levels provide information about the condition of risks and internal controls at one point in time. Future changes in environmental factors and personnel actions may significantly impact the risk ratings.**

| | |
|---|---|
| Low | Observation has a low probability of occurring. Preventive controls do not exist but detection and mitigating controls exist. Minimal exposure that will not typically lead to a material error and corrective action may lead to improvements in efficiencies and effectiveness. The issues identified may include:<br><br>• Noncompliance with internal policies<br>• Lack of internal policy that is not mandated by federal and state requirements<br>• Minimal financial losses<br>• Minor operational issues |
| Moderate | Observation is likely to occur or has occurred. Preventive and detection controls do not exist but mitigating controls exist. Exposure that requires priority attention because the observation has or may result in:<br><br>• More than minimal financial losses or fraud or theft of resources<br>• Noncompliance with laws and regulations or accreditation standards<br>• Ineffective internal policy or practice<br>• Reputation damage<br>• Negative impact to audit area under review, which includes continuity, security and privacy issues<br>• Safety and health concerns |
| High | Observation has a high probability of occurring or has occurred at a high rate. Preventive, detection and mitigating controls do not exist. High impact exposure that requires immediate attention because the observation has or may result in:<br><br>• Substantial financial losses or fraud or theft of resources<br>• Noncompliance with significant laws and regulations<br>• Serious reputation damage<br>• Negative impact to systemwide operations, which includes continuity, security and privacy issues<br>• Significant safety and health concerns |

# ATTACHMENT 3.3

# ATTACHMENT 3.3

# Office of Audit and Management Advisory Services




**November 1, 2025**

# ATTACHMENT 3.4

# ATTACHMENT 3.4

ACUA
Association of College & University Auditors

# Federal Research Time and Effort Reporting

## ACUA Kick Starter

Association Of College & University Auditors

Dana Kotler, University of Connecticut

August 2025

## Background

Time and effort reporting is a federal requirement under the Uniform Guidance (2 CFR Part 200) that ensures compensation for personal services charged to federally funded projects accurately reflects the actual work performed. This process substantiates payroll charges and supports the appropriate allocation of personnel costs to grants and contracts. Accurate time and effort reporting is essential for maintaining compliance with federal regulations, university policies, and sponsor requirements. It helps reduce the likelihood of audit findings and preserves the integrity of federally funded research. This Kick Starter addresses key risk areas and audit considerations related to time and effort reporting, including certification processes, cost sharing, and payroll cost transfers.

## Key Risks

- Compliance
  - Noncompliance with Uniform Guidance requirements
  - Certifications not reflecting actual work performed
  - Inadequate or missing effort certification documentation
  - Inaccurate or untimely effort reporting or certifications
  - Improper cost transfers to sponsored projects
  - Key personnel not meeting minimum effort requirements, especially during no-cost extension periods

- Financial
  - Misallocation of salary costs to federal awards
  - Inclusion of unallowable or prior-period salary charges in effort report calculations
  - Cost sharing not properly documented or tracked
  - Salary charges exceeding institutional base salary (IBS) or federal salary caps
  - Inadequate documentation to support payroll charges

- Operational
  - Decentralized or inconsistent effort reporting processes lacking central oversight
  - Reliance on manual processes to review and certify effort and track cost share commitments
  - Insufficient training and guidance for principal investigators (PIs) and administrative staff
  - Inconsistent application of institutional policies across departments
  - Overreliance on budget estimates without after-the-fact-reviews
  - Lack of audit trails for certifications
  - Missing supporting documentation for adjustments

## Key Controls

- Compliance
  - Documented institutional policy on effort reporting and cost sharing that aligns with Uniform Guidance and agency-specific guidance
  - Defined roles and responsibilities for effort reporting, certification and oversight
  - Clearly communicated timeframes for certifications and required documentation
  - Required certification by individuals with appropriate knowledge

- Financial
  - Regular reconciliation of payroll charges to certified effort
  - Salary cap compliance reviews and system validations to ensure salary charges do not exceed federal or agency-imposed limitations
  - Regular comparison of budgeted effort to actual payroll charges to detect variances and ensure appropriate adjustments

  - Established procedures for reviewing and approving payroll cost transfers, including justification requirements and timeliness standards

- Operational
  - Use of centralized electronic systems for effort reporting and certification
  - System validations to identify late or uncertified effort reports or effort below commitment for key personnel
  - Mandatory training on effort reporting for Principal Investigators (PIs) and administrators
  - Ongoing monitoring of effort certifications for timeliness and completeness

## Audit Tests

- Policy and Process Review
  - Review of Institutional and Departmental Policies - Review institutional and departmental policies on effort reporting and cost transfers for alignment with federal requirements.
  - Evaluate whether policies address key elements, including:
    - Authorized Certifiers - Who is permitted to certify effort
    - Required Documentation – Supporting records for certifications and adjustments
    - Timeliness Standards – Deadlines for certification and cost transfers
    - Minimum Effort Requirements - For PIs & key personnel
    - Administrative or Clerical Effort – When and how it may be charged to sponsored projects
  - Training and Awareness - Review training materials to confirm that faculty, PIs, and staff involved in effort certification receive regular training. Interview business officers and research administrators to assess their awareness and understanding of effort reporting obligations.
  - Institutional Base Salary (IBS) and Leave Policies - Verify whether the institution has a written and consistently applied definition of IBS, including which compensation components are included or excluded (e.g., bonuses, administrative stipends, summer salary). Assess whether the institution has clear policies on paid leaves, including sabbatical leave, and how compensation is allocated during those periods.

- Effort Certifications
  - Sample Selection and Timing - Select a sample of employees with salaries charged to sponsored awards. Confirm that effort was certified after the performance period and within the required institutional timeframes.
  - Certification Validity - Verify that certifications were completed by individuals with first-hand knowledge of the work performed, or by appropriately delegated personnel with sufficient supporting documentation.
  - Effort Commitments and Reductions - Evaluate whether committed and minimum levels of effort for PIs and key personnel were met and properly documented.
    - If effort is significantly reduced (typically by 25% or more), confirm that the sponsor was notified and approval was obtained, as required.
  - 100% Effort on Sponsored Awards - Identify instances where employees reported 100% effort on sponsored projects and assess whether institutional activities (e.g., teaching, service) were appropriately excluded.
  - Multiple Projects or Functions - Review processes for capturing and certifying effort for individuals working on multiple projects or across multiple functions to ensure accurate allocation.
  - Consistency with Proposals and Cost Sharing - Ensure that the type of effort proposed or committed to the sponsor is consistent with effort certified. For example, verify that salary is not charged to the project when a cost share commitment was made.

- Payroll Allocation and Validation
  - Salary Rate Compliance - Confirm that salary rates charged to sponsored projects do not exceed the employee's IBS rate or any sponsor-imposed salary limitations (e.g., NIH salary cap).
  - Effort Alignment - Review certified effort to ensure it reasonably reflects the actual work performed and aligns with payroll distributions. Consider interviewing a sample of individuals about the projects they worked on and their effort. They should be able to tell you the specific project or at least describe the type of work they performed.
  - Effort Report Support - Verify that salaries charged to federal awards are fully supported by corresponding effort reports.
  - Sabbatical Salary Charges - Evaluate whether sabbatical salary charged to sponsored projects is reasonable, allowable, and consistent with the faculty member's actual effort on the project during the leave period.
  - Project and Period Accuracy - Check that salaries are properly allocated to the correct projects and performance periods.
  - Allowable Compensation Components - Ensure that only allowable components of compensation (as defined by institutional policy and sponsor terms) are charged to sponsored projects.

- Cost Transfers and Adjustments
  - Sample Review - Examine a sample of salary cost transfers to and from sponsored projects. Pay particular attention to transfers occurring near the end of the award period, as these may present a higher risk of unallowable charges or attempts to exhaust remaining funds.
  - Documentation and Timeliness - Verify that transfers are documented, timely (generally within 90 days or as defined by institutional policy), and supported by adequate justification.
  - Approval and Oversight - Ensure that all adjustments are reviewed and approved in accordance with institutional procedures.
  - Timing Relative to Effort Certification - Compare the dates of salary cost transfers to the effort certification dates to confirm that:
    - Transfers are completed prior to certifying effort for the applicable period.
    - Transfers after certification are flagged as high risk, as they may undermine the validity of the original certification.

- Cost Sharing Documentation
  - Documentation Review - Examine documentation for both mandatory and voluntary committed cost sharing.
  - Funding Source Verification - Confirm that cost sharing is funded from non-sponsored sources, properly tracked, and supported by documentation.
  - Commitment vs. Actual Contribution - Test whether cost sharing amounts:
    - Match what was proposed or committed to the sponsor
    - Were fully met during the award period
  - Allowability and Allocation - Verify that cost sharing:
    - Is funded from allowable non-federal sources
    - Is not charged to multiple projects
    - Is consistently tracked across departments and systems
  - Voluntary Committed Cost Sharing - Assess whether voluntary committed cost sharing is:
    - Properly recorded
    - Accurately reported
    - Certified in accordance with institutional and sponsor requirements

## Data Analytics

- Effort Certification Trends
  - Late or Missing Certifications - Identify departments or PIs with frequent delays or omissions in effort certification.
  - Retroactive Salary Adjustments and Cost Transfers - Analyze the frequency and timing of retroactive salary changes by PI, department, or award to detect patterns or potential compliance risks.
  - Effort Report Corrections – Flag effort reports with multiple versions or those generated after other reports for the same period, which may indicate inconsistencies or errors.
  - Cost Sharing Compliance - Compare committed cost sharing to actual certified cost share to ensure obligations are met and properly documented.
  - Unauthorized Certifications – Detect effort certifications completed by individuals not authorized to certify, which may compromise the validity of the report.

- Salary Allocation Patterns
  - Salary Rate Compliance - Compare salary distributions across multiple projects for consistency. Consistency refers to alignment with IBS, proportional allocation based on effort, and absence of unexplained fluctuations across funding sources.
  - Overload, Bonus, and Supplemental Pay – Review charges to projects for overload, bonus, or supplemental compensations. These may be unallowable depending on institutional policy and sponsor guidelines.
  - Effort Alignment - Identify instances where 100% effort is charged to a single award or where key personnel (especially faculty/PIs) have 0% effort. While 100% effort may be appropriate for certain non-faculty roles (e.g., graduate students), it warrants closer review for faculty.
  - Effort Report Support - Compare certified effort percentages to salary allocations for each project and individual to identify discrepancies between effort and payroll (e.g., >5% variance) for targeted testing.
  - Sabbatical Salary Charges - Compare salary rates charged to awards with IBS and applicable sponsor caps (e.g., NIH).
  - Leave Period Review - Cross-reference effort certifications and salary charges with HR leave data to identify charges to sponsored projects during paid leave, sabbatical, or FMLA.

- Cost Transfers
  - Late Transfers - Identify cost transfers made more than 90 days after the original transaction. Evaluate whether any transfers exceeding 90 days lack reasonable justification.
  - End-of-Award Transfers - Flag salary transfers posted near award end dates or after effort certifications were completed, as these may indicate attempts to reallocate costs without proper justification or documentation.

## Common Audit Findings

- Policy and Process Review
  - IBS definitions are either missing, not clearly stated, or inconsistently applied across departments.
  - Institutions lack documented policies for handling salary during sabbatical, FMLA, or other paid leave periods.
  - Training on effort reporting is not consistently provided to PIs or administrative staff.
  - Departmental staff unaware of institutional policies or certification requirements

- Effort Certifications
  - Effort reports certified by individuals without direct knowledge of the work performed

  - Certifications submitted late or before the end of the reporting period
  - Certified effort based on budgeted percentages rather than actual effort performed
  - Reductions in committed effort for key personnel not properly documented or disclosed to the sponsor
  - Effort certifications showing 100% effort on sponsored awards without supporting documentation showing that the individual was relieved of other institutional duties
  - Effort certified for individuals during sabbatical, FMLA, or other leave periods without sufficient justification or supporting documentation

- Payroll Allocation and Validation
  - Salaries charged to federal awards exceeded the employee's IBS or applicable sponsor-imposed caps
  - Compensation elements such as bonuses, incentive pay, or administrative supplements were improperly included in salary charges to federal awards, contrary to Uniform Guidance
  - Payroll charges did not align with certified effort percentages
  - Salary charged to awards during periods of leave periods without adequate documentation demonstrating continued project-related activity or prior sponsor approval

- Cost Transfers and Adjustments
  - Salary cost transfers initiated more than 90 days after the original transaction without adequate justification
  - Salary transfers were processed after effort certifications had been submitted
  - Justifications for cost transfers were vague or incomplete (e.g., "to correct error" or "to use funds"),
  - A pattern of frequent cost transfers involving the same employees, departments, or awards

- Cost Sharing
  - Cost sharing commitments not fully satisfied or tracked
  - Supporting documentation for cost sharing is incomplete, missing, or inconsistent with sponsor requirements
  - Unallowable sources, such as other federal awards, were used to fulfill cost sharing commitments
  - The same cost sharing effort or expense was applied to multiple awards

## Tips & Tricks

- Clarify Key Concepts – Ensure auditees understand the distinction between *effort reporting* and *payroll allocation*, as this is a frequent source of confusion.
- Collaborate Across Functions – Engage with Research Administration and Payroll to gain a comprehensive view of the payroll lifecycle and related controls.
- Watch for Red Flags in Certifications - Be alert to signs that payroll allocation – not actual effort - is being certified.
- Cross-Check with Travel Records – Review travel during the certification period to assess whether travel charged to an award is reasonably consistent with the certified effort.
- Scrutinize Cost Transfer Justifications – Look for vague justifications such as "to correct error," "to spend down," or "to use available funds" - these often indicate weak justification.
- Evaluate Certification Practices – Assess whether high-level administrators (e.g., deans, department chairs) are routinely certifying effort on behalf of others—this may raise red flags.

## Resources

- U.S. Office of Management and Budget Uniform Guidance – 2 CFR 200.430: Compensation—personal services (https://www.ecfr.gov/current/title-2/subtitle-A/chapter-II/part-200/subpart-E/subject-group-ECFR6d6c3c622cf17e0/section-200.430)
- Council on Governmental Relations (COGR) – Guidance on Effort Reporting (https://www.cogr.edu)
- National Institutes of Health – Grants Policy Statement (https://grants.nih.gov/policy/index.htm)
- National Science Foundation Proposal & Award Policies & Procedures Guide (https://www.nsf.gov/publications/pub_summ.jsp?ods_key=pappg)

# ATTACHMENT 4.1

# ATTACHMENT 4.1

# Financial Aid Compliance and Impacts of Federal Spending Bill

No Attachment
Presentation Only

# ATTACHMENT 4.2

# ATTACHMENT 4.2

Executive Summary

# Office of University Compliance Annual Report

## Celebrating 20 years of excellence

See the full interactive 20th anniversary report here

Approaching its twentieth year, the Office of University Compliance (OUC) has evolved from establishing foundational compliance elements to leading a mature, enterprise-wide program that promotes accountability, ethical conduct, and institutional integrity across UConn and UConn Health. Grounded in best practices and with oversight by the Joint Audit and Compliance Committee (JACC), the OUC supports a decentralized compliance model that empowers every department to share responsibility for compliance and ethics.

## Program Governance and Oversight

The Chief Compliance Officer reports directly to the Office of the President with a dotted line to the JACC, ensuring objectivity and visibility at the highest levels. The Chief Compliance Officer is responsible for the coordination and facilitation of the University's Compliance Program.

## 2025 Program Highlights

***Self-Assessment and Strategic Focus***
In 2025, the OUC conducted a self-assessment aligned with the U.S. Department of Justice's Evaluation of Corporate Compliance Programs. The review emphasized data-driven improvement, and the resulting FY26 compliance workplan focuses on strengthening risk identification, enhancing collaboration, and expanding internal analytics.

***Investigations and Reporting***
The OUC processed its highest volume of reports to date, reflecting growing program awareness and trust. Enhanced data tracking and trend analysis inform proactive risk mitigation. The Reportline remains a 24/7 confidential reporting mechanism supporting open lines of communication.

***Education and Development***
Initiated in 2006, Annual Compliance and Ethics Training has evolved into an interactive, accessible program incorporating adult learning principles and e-learning best practices. In 2025, data analysis led to a

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# Executive Summary

strategic shift toward targeted communication campaigns, significantly improving engagement rates. Future plans include expanding role-specific and scenario-based learning.

***Policy Program***

Launched in 2020, the Policy Program now provides a unified governance infrastructure across campuses, improving transparency, consistency, and accountability. In 2025, it supported major clinical accreditation efforts at UConn Health, producing over 130 new or revised documents in one quarter. The next phase will integrate compliance data dashboards, evaluate program maturity, and reduce out-of-date policies.

***Privacy Program***

Now led by a University Privacy Officer, the Privacy Program has transitioned from a reactive to a strategic function, working to implement lifecycle-based management and planning initiatives around data governance, AI, and global privacy regulations. Future priorities include privacy metrics and dashboards and enhancing privacy-by-design practices.

***Minor Protection Program***

Since returning to OUC in 2024, the Minor Protection Program continues to strengthen registration, monitoring, and data strategies for programs serving minors, reinforcing UConn's commitment to youth safety.

## Looking Ahead

The OUC remains committed to continuous improvement, collaboration, and proactive risk mitigation. By integrating compliance data, advancing education and policy maturity, and supporting decentralized accountability, the Office ensures UConn's compliance framework remains principled, effective, and responsive to future challenges.

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# ATTACHMENT 4.3

# ATTACHMENT 4.3

**Healthcare Compliance, Privacy & Integrity Program – Summary Dashboard**
JACC, Thursday, December 11, 2025

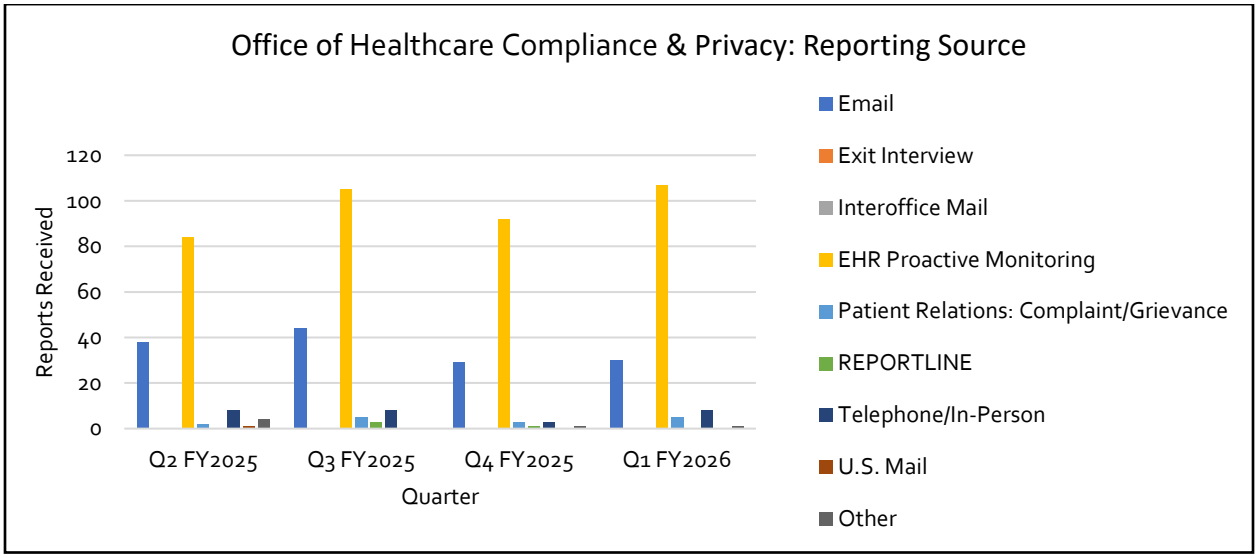
| 1. Policies, Procedures, and Standards of Conduct | |
|---|---|
| Program Policies | Of the twenty-four (24) current OHCP policies, six (6) are overdue for approval. |

| 2. Oversight | |
|---|---|
| Healthcare Compliance & Privacy Committee | The Committee convened on September 10, 2025, with a quorum present. Members reviewed the Healthcare Compliance & Privacy Dashboard, which reflected stable performance across key metrics, and received results from recent phishing simulation tests along with plans to implement a comprehensive escalation and education program in response to identified vulnerabilities. Staff education initiatives were presented, focusing on emerging impersonation tactics, the critical importance of multi-factor authentication (MFA), and available phishing-prevention resources to strengthen organizational defenses. The Committee received an update on the impending expiration of federal telehealth waivers and reviewed operational planning strategies to ensure continuity of care and compliance with evolving regulatory requirements. New phishing-related concerns were discussed, with members evaluating potential impacts and mitigation strategies. The next quarterly meeting is scheduled for December 18, 2025. |
| Office of Healthcare Compliance & Privacy | OHCP has hired Victoria Halbach as the Administrative Program Coordinator, with Victoria splitting her time between OHCP and the Office of Health Affairs.<br><br>OHCP is continuing its recruitment efforts, and the Compliance Specialist role has now been formally created and posted by Human Resources. The position is currently open for applicants, and recruitment activities are underway. |

| 3. Education & Training | |
|---|---|
| Annual Mandatory Education | The next launch of mandatory healthcare compliance education will occur in Q1 2026. The education will include content on Healthcare Compliance & Privacy and Information Security. |
| Monthly Matters | The topics for Healthcare Compliance & Privacy and IT Security Matters communications, which are sent monthly to all UConn Health employees, were as follows:<br>*September 2025*: How You Use PHI – What's Acceptable and What's Not, Telehealth Waiver Expiration Update, and Guarding Against Baiting.<br>*October 2025*: Celebrating National Compliance & Ethics Week and What to do with Found Media. |

**Healthcare Compliance, Privacy & Integrity Program – Summary Dashboard**
JACC, Thursday, December 11, 2025

## 4. Reporting & Communication




## 5. Auditing & Monitoring

| | |
|---|---|
| Office of Healthcare Compliance & Privacy (OHCP) Work Plan | The Interim Compliance Auditing and Monitoring Plan for fiscal year 2025 had six (6) ongoing projects, of which all six (6) have been completed.<br><br>The 2026 Work Plan has been drafted and will be reviewed and approved by the Healthcare Compliance and Privacy Committee (HCPC) at the December 18, 2025 HCPC Meeting. Additionally, OHCP team members have been continuing to provide support in assessing the compliance needs for potential projects and service offerings that are being reviewed as part of Project Thrive. |

| **Government Post-Payment Audits**<br>Jul. 1, 2025 – Sept. 30, 2025 | **Records Requested** | **$ at Risk** | **Records Pending** | **Records Denied** | **$ Recouped to Date** | **$ Lost to Date** |
|---|---|---|---|---|---|---|
| **RAC – JDH** | 30 | $194,021 | 17 | 0 | $0 | $0 |
| **RAC - UMG** | 23 | $34,644 | 2 | 0 | $0 | $788 |
| **TPE – JDH (IVIG)** | 6 | $19,782 | 0 | 0 | $0 | $0 |
| **TPE – JDH (Prolia)** | 30 | $52,620 | 3 | 0 | $0 | $5,262 |
| **CERT** | 1 | $14,805 | 0 | 0 | $0 | $0 |

**EXPLANATION:** The government contracts various post-payment audit programs to detect and correct improper payments due to billing, coding, documentation, and other types of errors. For each reviewed

encounter/payment ("Record"), the total number of records requested comprises the "Records Requested;" Records identified as having an error comprise the "Records Denied." For each reviewed Record, the originally paid dollars comprise the "$ at Risk" amounts; dollars taken back from that pool due to an identified error comprise the "$ Recouped to Date" amounts. Dollars permanently lost due to denials that were not successfully appealed or overturned comprise "$ Lost to Date."

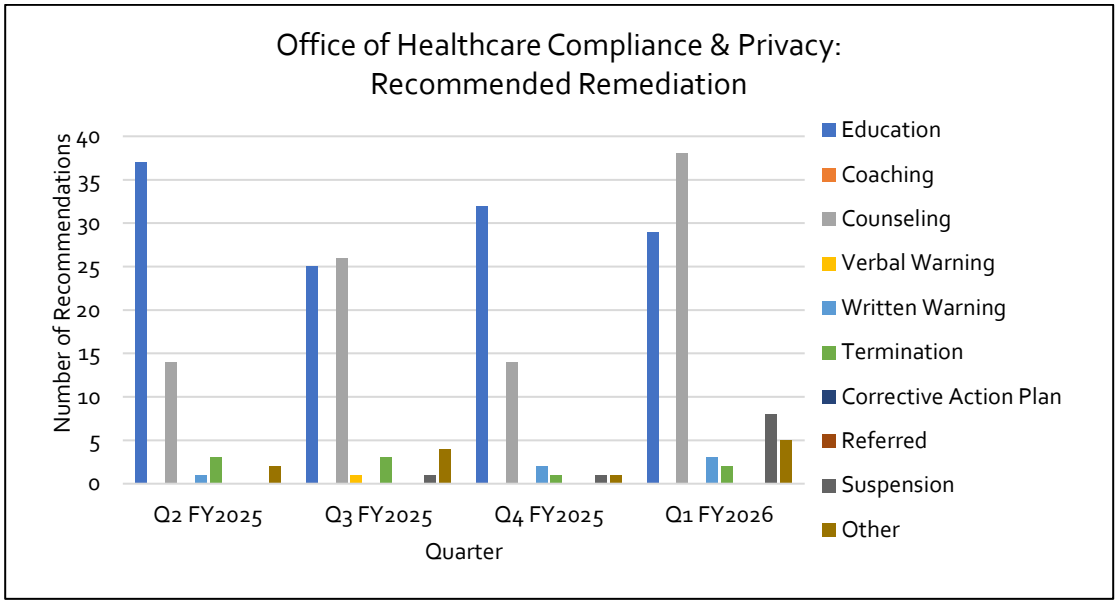
***Recovery Audit Contractor (RAC)*** *– Represents ongoing audits performed by a regionally assigned Medicare program contractor tasked with identifying over- and underpayments made by Medicare Part A and Part B.*

***Medicare Administrative Contractor (MAC)*** *– Represents ongoing audits performed by a private healthcare insurer awarded a geographic jurisdiction to process Medicare Part A and Part B (A/B) medical claims or Durable Medical Equipment (DME) claims for Medicare Fee-For-Service (FFS) beneficiaries.*

***Targeted Probe and Educate (TPE)*** *– Represents a defined audit performed by a Medicare Administrative Contractor for a specific topic based on patterns of claims denials and appeals.*

***Comprehensive Error Rate Testing (CERT)*** *– Represents ongoing audits performed by a CMS contractor to measure the error rate of improper Fee-for-Service payments for failure to meet Medicare requirements for coverage, coding, and billing rules (or failing to provide medical records for an initiated audit).*

## 6. Enforcement & Discipline

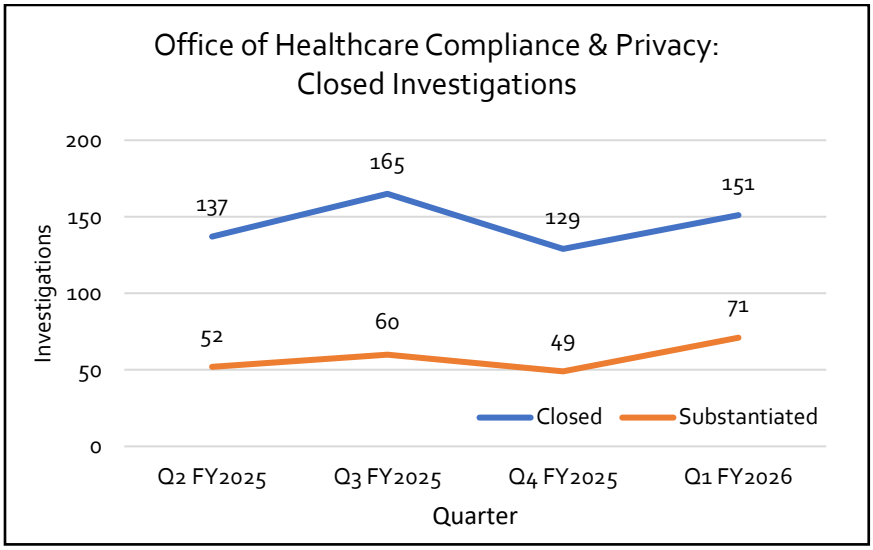


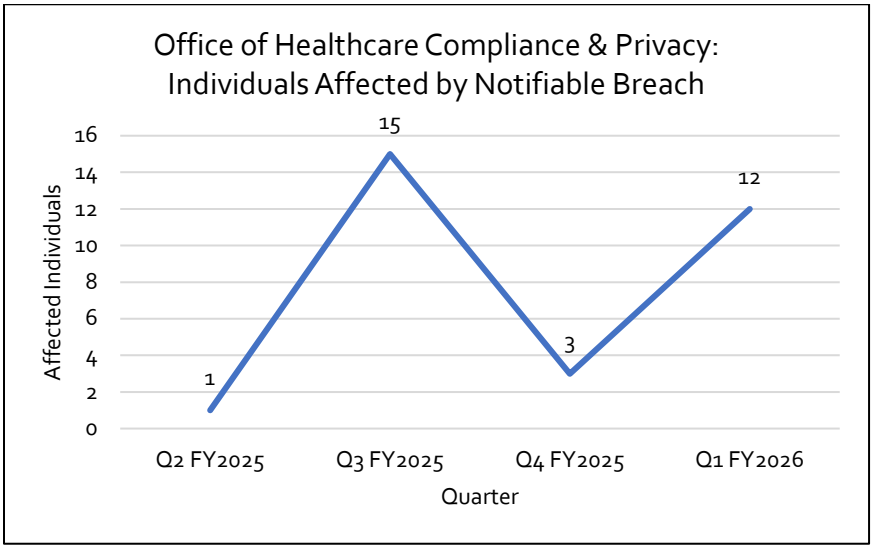

## 7. Response & Prevention

| | |
|---|---|
| Compliance & Privacy Risk Assessment and OHCP Work Plan Development | The risk assessment process for fiscal year 2026 was completed in collaboration with UConn Audit & Management Advisory Services. The OHCP 2026 Work Plan has been drafted and will be reviewed and approved by the Healthcare Compliance & Privacy Committee (HCPC) at the upcoming December 18, 2025 HCPC meeting. |

**Healthcare Compliance, Privacy & Integrity Program – Summary Dashboard**

JACC, Thursday, December 11, 2025



# ATTACHMENT 4.4

# ATTACHMENT 4.4

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# You're Invited

## Compliance Certificate Program for Managers

Join The Office of University Compliance for an opportunity to enhance your leadership skills and foster a culture of compliance with our certificate program:
***Leading with Integrity: A Manager's Guide to Compliance and Ethics.***

This program is tailored specifically for leaders like you who are dedicated to ensuring the highest standards of integrity at UConn. By participating, you'll gain practical insights and strategies to effectively navigate compliance responsibilities in your daily operations.

LEARN MORE

REGISTER NOW

*Registration closes at noon on October 6, 2025.*

### Details

**Open To**
UConn Storrs supervisors and managers
*Please note, participation in this program is limited to the first 20 registrations.*

**When**
Thursday, October 30, 2025
9 am - 4 pm with a lunch break

**Location**
HBL 1102
Storrs Campus

**Facilitated By**
Kimberly Hill
Kayla Hogrefe

### Program Highlights

**Comprehensive Learning**: Dive deep into compliance frameworks and their application in our institutional context.

**Interactive Sessions**: Engage in dynamic discussions and case studies to reinforce your understanding.

**Networking Opportunities**: Connect with peers across disciplines to share best practices and foster mutual growth.

Don't miss out on this chance to elevate your leadership and contribute to a culture of compliance at UConn.

For inquiries or more information, please **contact the Office of University Compliance**.

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# Corporate Compliance & Ethics Week

## November 2-8 is #CCEW

Corporate Compliance & Ethics Week® began in 2005 to shine a spotlight on the importance of compliance and ethics.

This week, take time to explore the compliance program at UConn.

**EXPLORE COMPLIANCE AT UCONN**







## Win a Dairy Bar Gift Certificate

Play Office of University Compliance (OUC) Trivia this week and enter for a chance to win a $10 Dairy Bar gift certificate.

*Entries accepted through November 9.*

**PLAY NOW**

## Do you draft or revise University policies?

**Join us for a Policy 101 Webinar**

**Wednesday, November 5**
**12:00 - 1:00 p.m. EST**

Assistant Director for Policy, Stephanie Guralnick, will cover some key steps and considerations for determining when a new policy is needed, best practices for policy-writing, and how to navigate the policy approval process.

**REGISTER FOR THE WEBEX LINK TO JOIN**

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# Thanks for Joining Us

Virtual Lunch and Learn: Policy 101

During last week's Policy 101, we walked through key steps and considerations, including how to determine when a new policy is needed or an existing one should be revised, best practices for policy-writing, and what to expect during policy review, approval, and publication.

## Access the Presentation Slides




PRESENTATION NOTES

## View the Policy Resource Guide




## More on Policy

The Policy on Policies, Policy Submission Checklist, Policy Glossary, and more.

POLICY ON POLICIES AND RESOURCES

## Have additional questions or need further guidance?

CONTACT POLICY

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# HEALTHCARE COMPLIANCE & PRIVACY AND IT SECURITY MATTERS



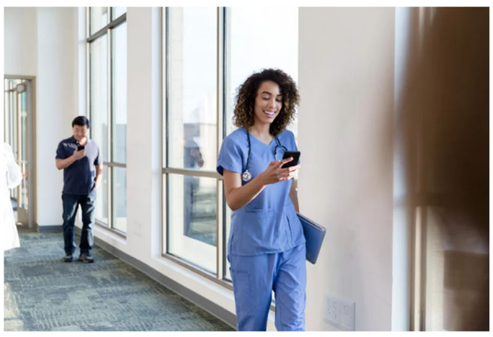

## How You Use PHI – What's Acceptable and What's Not



Do you know what counts as appropriate use of PHI? Access doesn't always mean permission. Learn what's acceptable and what could be a privacy violation.

**Read More**

## Telehealth Waiver Expiration Update



As a follow-up to last month's message regarding the telehealth waiver expiration please note:

Telehealth services for non-behavioral health patients will no longer be covered by Medicare or most other payers after September 30, 2025. Visits must transition back to in-person care to ensure compliance and reimbursement. Additionally, offering telehealth services to self-pay patients that are not available to Medicare, Medicaid, or patients using commercial insurance may raise concerns about discrimination, and access to care could be seen as a potential violation of CMS participation guidelines and therefore is not allowed by UConn Health.

If you have any questions, please contact the Office of Healthcare Compliance & Privacy.




## Guard Against Baiting

Baiting lures you with enticing offers, like free downloads or gifts, to trick you into installing malware or sharing personal information. Always verify the source of unsolicited offers and avoid plugging in unknown devices or clicking unverified links. Report suspicious items or messages to your IT or security team immediately.

**Real-World Example**: During the 2021 holiday season, scammers distributed USB drives labeled as "free gift" in parking lots. When plugged into computers, the drives installed malware that stole data.

Office of Healthcare Compliance & Privacy
263 Farmington Avenue, Farmington, CT 06030

**Phone:** 860.679.6060 **Fax:** 860.679.1016

UCONN HEALTH

# HEALTHCARE COMPLIANCE & PRIVACY AND IT SECURITY MATTERS




## Celebrate National Compliance & Ethics Week with the OHCP

Join the OHCP in celebrating National Compliance & Ethics Week – test your knowledge and take your best shot at compliance and privacy trivia.

Watch Video







## Found Media? Report Unknown Devices

Do not plug in found thumb drives or USB sticks—these could instantly infect your device with malware, putting company data at severe risk. Attackers deliberately leave labeled drives such as “Confidential Payroll” in visible locations to trick you—this tactic has compromised many organizations worldwide.

Take immediate action: If you find unknown media, report it to IT or dispose of it securely. Curiosity can cost you and the company dearly.

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UCONN HEALTH

# ATTACHMENT 5.1

# ATTACHMENT 5.1

# University of Connecticut

# Joint Audit & Compliance Committee Meeting

# Public Session

# December 11th, 2025

UConn – Information Technology Services

## Financials FY2026 Operating

## State Appropriation and Tuition Budget and Forecasted Expenditures:

**FY26 Forecasted Budget**

| | |
|---|---|
| Budget | $ 38.8M |
| Personal Services & Fringe | 24.1M |
| Operating Expenses | 13.8M |
| Carryforward | **$ 0.9M** |

The ITS Operating Budget decreased by $7.7M from FY25 to FY26, primarily due to lower fringe rates and the reallocation of equipment and long-term software expenses to capital funding sources provided to ITS. We anticipate ending FY26 with an estimated $0.9M based on the current projections. This is a decrease of $0.1M from last quarter as ITS has made investments in hiring additional FTE. The projected carryforward will be essential to address the FY27 budget rescission and, if no new capital funding becomes available, to support the replacement of aging equipment and the renewal of long-term software agreements.

## Information Technology Staffing (as of 11/20/25)

- ITS has one new open position.
- There have been two new hires since September 4th, 2025.
- There are no new special payroll hires since September 4th, 2025.
- Since June 6, 2025, there has been one separation.

## Major Outages (as of 11/20/2025)

| Outage Taxonomy | # of Issues | Systems Affected |
|---|---|---|
| | | |
| Network Issue - Software | 0 | |
| Network Issue – Request Flood | 0 | |
| System Issue - Hardware | 0 | |
| System Issue - Software | 0 | |
| Third Party | 0 | |

Total # of Major Outages: 0

# ATTACHMENT 5.2

# ATTACHMENT 5.2

# Joint Audit & Compliance Committee: December 11, 2025
# UConn Health Information Technology Services
# Public Session Key Takeaways

- **Financials FY2026 1st Qtr: $338,964 under budget**
- **Staffing:**
  - **8 open positions**
  - **0 new positions**
- **Completed 20 projects between September – November 2025 or roughly 7 per month which is in line with our rolling monthly average of 7/month.**
  - **Two of the three active projects listed in the IT Infrastructure – Security Program remains in yellow due to delays in network deployment to remote sites and the risk of delay due to dependency on firewall upgrades.**
- **To ensure alignment of efforts and activities with mitigation plans and our other Strategic efforts, meetings of IT Governance were cancelled. Project approvals were done virtually, and prioritization deferred to the Senior Leadership.**
- **IT Applications focus:**

| **Epic Dept. builds (DEPs)** | **Priority project work:** | **In Progress:** |
|---|---|---|
| ▪ UConn Geriatrics at Livewell<br>▪ OPPV Urogyn<br>▪ WHRT Pulmondary<br>▪ OPPV Surgical Oncology 8th Floor<br>▪ TRTN Internal Medicine NEW<br>▪ TRTN Orthopedics<br>▪ TRTN Comp Spine<br>▪ TRTN Pulmonary<br>▪ TRTN Obstetrics & Gynecology<br>▪ TRTN OBGYN US Imaging<br>▪ TRTN Vascular Surgery<br>▪ TRTN Draw Station<br>▪ TRTN Ortho XR IMG (Ortho Read)<br>▪ TRTN Xray Imaging (Rad Read) | • Epic vMay25 upgrade<br>• Outpatient Lumbar Puncture in IR<br>• Women's Health Clinic Relocation/Expansion<br>• Griffin Hospital and UCH Lab Interface<br>• RevSpring IVR & Deviceless Payments API<br>• Biomerieux Blood Culture Instruments replacement<br>• OsmoPRO MAX Interface<br>• Prof Component Date for Pathology and Radiology billing<br>• MyChart Two-Factor Authentication<br>• MyChart Central live 11/20/2025 | • Huron RFI reports<br>• Aetna Contract Termination<br>• IP Psych Beds Medicare De-exemption<br>• THRIVE – Hybrid OR 2 build<br>• THRIVE - Watchman procedure build<br>• THRIVE - Pharmacy project timelines for Medication Dispense / Prep, Specialty Pharmacy, Retail Pharmacy, Home Infusion transition to |

| | | |
|---|---|---|
| ▪ CT6 AACU Infusion<br>▪ CT6 Infusion | | • THRIVE – AACU Move/Expansion from OPPV to CT6<br>• Bone Marrow Transplant Billing Optimization<br>• CAR-T workflow development<br>• Honor Roll v8<br>• Center for Preop Medicine<br>• Spinraza Therapy<br>• EpicCare Link Security Mgmt move to UAR<br>• MyChart History Questionnaire, research & Optimization<br>• DAX Ambient Listening deployment<br>• DAX Ambient Listening Orders Functionality Pilot |

**University of Connecticut**

**Joint Audit & Compliance Committee Meeting**

**Public Session**

**December 11, 2025**

UConn Health – Information Technology Services

Financials FY26 1st Qtr Operating

State Appropriation and Tuition Budget and Forecasted Expenditures:

| | |
|---|---|
| Budget | $15,151,591 |
| Personal Services and Fringe Benefits | $8,904,067 |
| Purchased Services | $5,908,560 |
| FY25 Q4 Actual/Projected | $14,812,627/$15,151,591 |
| FY25 Q4 Variance | $338,964 under budget |

Information Technology Staffing (as of 11/20/2025)

Open Positions, New Positions, Positions on Hold, Terminations, and the areas they represent.

1. Open Positions:
    a. 8 Open Technology Positions
2. New Positions:
    a. 0 new positions
3. Hold: none
4. Terminations: none

Outages (9/01/25- 11/20/25)

| Outage | # of Issues | Duration | Systems Affected | Remediation |
|---|---|---|---|---|
| 11/6/25 - Network Disruption | 1 | 2 hours | All access to the internet | Scheduled maintenance on redundant internal Firewalls did not roll properly causing network disruption to multiple systems.<br><br>A technical review and test or redundancy and failover processes the internal firewalls is underway. Another planned maintenance will be required to apply the patches needed once system redundancy is verified. |

# ATTACHMENT 6.1

# ATTACHMENT 6.1

UCONN
UNIVERSITY OF CONNECTICUT

# BOARD OF TRUSTEES

# Joint Audit and Compliance Committee

# 2026 MEETING SCHEDULE

| Meeting Date | Materials Due Date | Location | Time |
|---|---|---|---|
| Thursday<br>March 26, 2026 | Thursday<br>March 05, 2026 | Virtual | 10:00 a.m. |
| Thursday<br>June 25, 2026 | Thursday<br>June 04, 2026 | Virtual | 10:00 a.m. |
| Thursday<br>September 24, 2026 | Thursday<br>September 03, 2026 | Virtual | 10:00 a.m. |
| Thursday<br>December 17, 2026 | Friday<br>November 27, 2026 | Virtual | 10:00 a.m. |